

ANNUAL REPORT - 2014



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KGN INDUSTRIES LIMITED

Registered office

B-15 Hirnen Shopping Centre, Hirnen Shopping Centre Co. Op. Soc. Ltd.,
S.V. Road, Goregaon West, Mumbai – 400 062, www.kgnindustries.com,
CIN: L23101MH1994PLC206282

Board of Directors

- Mr. Arif I Memon Chairman & Managing Director
- Mr. Babulal Hirani Director
- Mr. Aftab Ahmed Kadri Director(Ceased w.e.f 27.01.2014)
- Dr. M.Y.Khan Director (Ceased w.e.f 28.05.2014)
- Mr. Deepak Raval Director(Ceased w.e.f 23.06.2014)
- Mr. Jignesh Babulal Hirani Additional Director (Appointed w.e.f 28.05.2014)
- Mr. Ajazahmad Abdulgani Ansari Additional Director (Appointed w.e.f 11.08.2014)

Bankers of the Company

1. Axis Bank, Churchgate Branch, Mumbai
2. Axis Bank, Ahmedabad

Auditors

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

Registrar & Share Transfer Agent

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

NOTICE

NOTICE is hereby given that **TWENTIETH ANNUAL GENERAL MEETING OF KGN INDUSTRIES LIMITED** will be held at Bombay Y.M.C.A Central Branch, 12, Nathalal Parekh Marg, Colaba, Mumbai- 400 001 on Friday, **26th September, 2014** at 10.30 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, statement of Profit & Loss for the year ended on that date, together with the Reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Mr. Babulal Hirani (holding DIN 02362983) who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors (pursuant to section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013), to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2015. The retiring Auditor M/s Kirit & Co., Chartered Accountants, Ahmedabad are, however eligible for re-appointment.

SPECIAL BUSINESS:

4. To consider and thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution”
“**RESOLVED THAT** pursuant to provision of Section 161(1) of the Companies Act, 2013 and all other applicable provisions of the Act, if any and Articles of Association of the Company, **Mr. Jignesh Babulal Hirani (Holding DIN 06573673)** who was appointed as an additional Director in the meeting of Board of Directors and who holds office up to the date of ensuing Annual General Meeting and in respect of whom a notice has been received from a member signifying his intention to propose Mr. Jignesh Babulal Hirani candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation”
5. To consider and thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution”
“**RESOLVED THAT** pursuant to provision of Section 161(1) of the Companies Act, 2013 and all other applicable provisions of the Act, if any and Articles of Association of the Company, **Mr. Ajazahmad Abdulgani Ansari (holding DIN 06961260)** who was appointed as an additional Director in the meeting of Board of Directors and who holds office up to the date of ensuing Annual General Meeting and in respect of whom a notice has been received from a member signifying his intention to propose Mr. Ajazahmad Abdulgani Ansari candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotation”

NOTES:

a) The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Annual General Meeting is annexed hereto. The relevant details of Director seeking appointment / re- appointment, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are also annexed.

b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company.

Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable

c) The Register of Members and Share Transfer Books of the Company will be closed from **22nd September, 2014 to 26th September, 2014 (both days inclusive)**.

d) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

e) Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.

f) Members desiring any information on Accounts and/or Operations of the Company are requested to send their queries to the Company at its Registered Office at least 7 days before the date of the Meeting.

g) All correspondence relating to change of address and shares of the Company may please be addressed to the Share Transfer Agents – Link in Time India Private Limited (formerly Intime Spectrum Registry Limited) at 211, Sudarshan Complex, Near Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.

h) The Equity Shares of the Company are compulsorily traded in demat form and the share holders who have not yet dematerialized their shares are requested to dematerialize their shares by opening DP Account with nearest Depository Participants at the earliest to avail the benefits of dematerialization.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice dated 11th August, 2014.

ITEM NO. 4

Mr. Jignesh Babulal Hirani was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 28th May, 2014. Pursuant to Section 161(1) of the Companies Act, 2013, Mr. Jignesh Babulal Hirani holds office only up to the ensuing Annual General Meeting. A notice has been received from a member along with deposit of Rs. 500/- signifying his intention to propose Mr. Jignesh Babulal Hirani as a candidate for the office of Director.

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

None of the Directors, except Mr. Jignesh Babulal Hirani, is in any way concerned or interested in this resolution.

ITEM NO. 5

Mr. Ajazahmad Abdulgani Ansari was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 11th August, 2014. Pursuant to Section 161(1) of the Companies Act, 2013, Mr. Mr. Ajazahmad Abdulgani Ansari holds office only up to the ensuing Annual General Meeting. A notice has been received from a member along with deposit of Rs. 500/- signifying his intention to propose Mr. Ajazahmad Abdulgani Ansari as a candidate for the office of Director.

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

None of the Directors, except Mr. Ajazahmad Abdulgani Ansari, is in any way concerned or interested in this resolution.

For and on behalf of the Board of Directors
KGN INDUSTRIES LIMITED
Sd/-

BABULAL J HIRANI
DIRECTOR

Date : 11th August, 2014
Place : Mumbai

DIRECTORS' REPORT

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

Your Directors have great pleasure in presenting their 20th Annual Report of the Company, along with Audited Accounts for the financial year ended 31st March, 2014.

FINANCIAL RESULTS:

(₹ In Lacs)

PARTIUCLAR	FOR THE YEAR ENDED 31.03.2014	FOR THE YEAR ENDED 31.03.2013
Profit before Depreciation and Amortization Expenses, Finance Cost and Tax Expenses	14.25	104.12
Less : Finance Cost	0.79	0.05
Depreciation and Amortization Expenses	7.81	11.68
	5.65	92.39
Profit before Tax	3.00	27.39
Less : Current Tax	0.64	4.58
Deferred Tax	2.01	60.41
Profit for the year	437.23	392.34
Add : Balance in Profit & Loss Account	439.24	452.75
Less : Appropriation		
Proposed Dividend on Equity Shares	NIL	13.35
Tax on Dividend	NIL	2.17
Add : Undeclared Dividend		
For F.Y. 2012-13		
Undeclared Dividend	13.35	NIL
Tax on Dividend	2.17	NIL
Balance Carried to Balance Sheet	454.76	437.23

DIVIDEND:

During the year Company earned a little Profit. Board of Director want to retain the profit for the future projects and do not recommend any dividend for the year.

Last year Board of Director proposed a dividend of ₹ 0.006 Per Equity Share but Shareholder's in AGM held on 28th September, 2013 cancelled the proposed dividend. Company has written back the dividend amount which was not declared by Shareholder in the last AGM in its Profit & Loss Account. The total amount of dividend undeclared with dividend distribution tax is ₹ 15,51,604.

RESULTS OF OPERATIONS:

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

- Revenue from operations increased by 349.31% to ₹ 542.86 Lacs.
- Total Income increased by 349.27% to ₹ 542.89 Lacs.
- Net Profit before Tax decreased by 93.88% to ₹ 5.65 Lacs.
- Net Profit after Tax decreased by 96.68% to ₹ 2.01 Lacs.

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

AUDITOR AND AUDITORS' REPORT:

The Auditors M/s Kirit & Co., Chartered Accountants, Ahmedabad, retire at the ensuing Annual General Meeting and are being eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under section 141(3) (g) of the Companies Act 2013 and that they are not disqualified for re-appointment.

OBSERVATION IN AUDITORS REPORT:

The observation made by the Auditors in the Auditor's Report read with relevant notes given in the notes on Accounts are self explanatory and therefore do not call for any further comments.

CONSOLIDATED FINANCIAL STATEMENT:

In accordance with the Accounting Standard (AS) – 21 on Consolidated Financial Statements read with AS–23 on Accounting for Investment in Associates and As–27 on Financial Reporting of Interest in Joint Ventures,, the audited Consolidated Financial Statement is provided in the Annual Report.

SUBSIDIARY COMPANIES:

Your Company has one wholly-owned subsidiary, viz. **KGN Projects Limited**.

In accordance with the General circular issued by Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary Companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will provide a copy of separate annual accounts in respect of each of its subsidiary to any shareholder of the Company who asks for it and the said annual accounts will be kept open for inspection at the Registered Office of the Company and that of respective Subsidiary Companies.

ENVIRONMENTAL PROTECTION:

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

DIRECTORS:

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

Mr. Aftab Ahmed Kadri, Mr. M.Y. Khan & Mr. Deepak Raval, directors of the Company have resigned from the Board and your Board of Director has accepted the same in Board Meeting. Board of Director has expressed their appreciation for the assistance and cooperation received from them.

Mr. Deepak Raval has also resigned from the post of Company Secretary & Chief Executive Officer.

The Company has received declarations from all the Independent Directors of the Company Confirming that they meet the criteria of Independence prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under clause 49 of the Listing Agreement with the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENTS:

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

- i) that in preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the directors have prepared the annual accounts of the Company on a going concern basis.

FIXED DEPOSITS:

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

PARTICULARS OF EMPLOYEES:

During the year under review, as there was no employee on the payroll of the Company, drawing salary/remuneration of ₹ 5,00,000/- or more per month, information pertaining to Section 217(2A) of the Companies Act, 2013 is not applicable.

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

The statement of particulars with respect to conservation of energy, technology, absorption and Foreign Exchange earnings and outgo pursuant to section 217(1)(e) of the Companies Act, 2013 read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the company and hence not given.

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors
KGN INDUSTRIES LIMITED
Sd/-

BABULAL J HIRANI
DIRECTOR

Date : 11th August, 2014

Place : Mumbai

MANAGEMENT DISCUSSION ANALYSIS

GLOBAL OVERVIEW

Oil accounts for a large percentage of the world's energy consumption, ranging from a low of 32% for Europe and Asia, to a high of 53% for the Middle East. The world consumes 30 Billion barrels of oil per year with developed nations being the largest consumers. The International Energy Agency forecast that global demand for energy is expected to increase 35% by 2035 as economies in both developed and emerging countries to grow and standards of living improve.

INDUSTRY OVERVIEW

The Indian Oil & Gas Sector is one of the six core industries in India and has very significant forward linkage with the entire economy. India is the world's fourth largest oil consumer. India's oil and gas sector is growing at an annual pace of a little over five percentages. The Oil & Gas industry is expected to be worth US\$ 139,814.7 Million by 2015. India's economic growth is closely connected to energy demand. The need for oil and gas is therefore projected to grow further, providing vast opportunities for investment. Government has enacted various policies such as the New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) policy to encourage investments across the industry's value chain. The country has 9,043 Million barrels of proven oil reserves and 26th largest Natural Gas reserve in the world.

CURRENT BUSINESS REVIEW

KGN Industries limited is listed on Bombay Stock Exchange with market capital of more than **3 Billion**. Company is also having presence in business of Trading in Agricultural & Non-Agricultural Commodities.

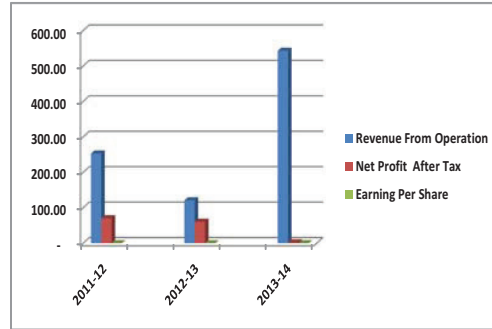
KGN Industries Limited has applied for a Petroleum Exploration License under the Petroleum & Natural Gas Rules, 1959 in respect of VN-ONN-2010/1 Block to explore the Crude Oil and Natural gas.

FINANCIAL HIGHLIGHTS:

- ▶ The revenue from operations increased by 349.31% to ₹ 542.86 Lacs.
- ▶ Total Income Increased by 349.27% to ₹ 542.89 Lacs.
- ▶ Net Profit before Tax decreased by 93.88% to ₹ 5.65 Lacs.
- ▶ Net Profit after Tax decreased by 96.68% to ₹ 2.01Lacs.

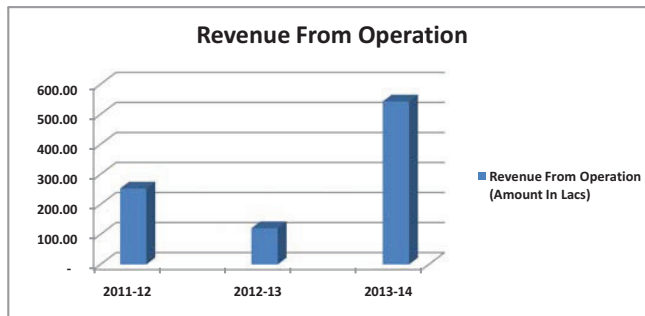
**Business Performance
(Amount In Lacs)**

Year	Revenue From Operation	Net Profit After Tax	Earning Per Share
2011-12	252.85	70.26	0.03
2012-13	120.82	60.41	0.03
2013-14	542.86	2.01	0.001



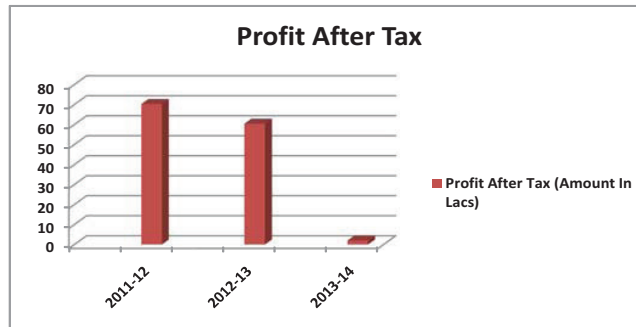
**Revenue From Operation
(Amount In Lacs)**

Year	Revenue From Operation
2011-12	252.85
2012-13	120.82
2013-14	542.86



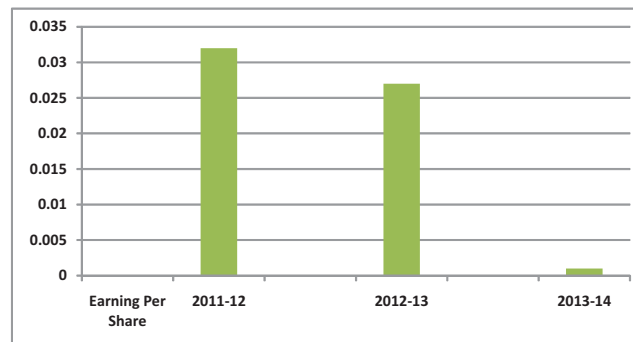
**Profit After Tax
(Amount In Lacs)**

Year	Profit After Tax
2011-12	70.26
2012-13	60.41
2013-14	2.01



Earning Per Share

Year	Earning Per Share
2011-12	0.032
2012-13	0.027
2013-14	0.001



FUTURE OUTLOOK

- ✓ KIL is looking to foray in Oil & Gas Sector hence are looking for strategic tie-ups to get the benefit of synergy through international or domestic players.
- ✓ To Expertise in market the company is conducting proper researches continuously in Oil & Gas Sector, which will improve the exploration process.
- ✓ The Company is planning to adopt new technologies for the exploration.
- ✓ During the year Company earned a better return in Trading in Agriculture and Non Agriculture Commodities hence Company is planning to explore more opportunities in trading in Agriculture and Non Agriculture Commodities.

SUBSIDIARY COMPANY:

KGN Projects Limited is wholly owned subsidiary of the Company having its presence in infrastructure. JSS Project is still going on.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

India's economic growth is closely connected to energy demand. The need for oil and gas is therefore projected to grow further, providing vast opportunities for Investment.

- To meet the demand, the Government of India has adopted various policies, such as allowing 100% foreign direct investment (FDI) in many segments of the sector, such as natural gas, petroleum products, pipelines, and refineries. This move along with various others has made the oil and gas sector in India a more viable place to invest. Today, India's oil and gas sector attract both domestic and foreign investment.
- India is world's fourth largest energy consumer. Its energy needs continue to increase, but national energy shortage and an inadequate energy infrastructure could perpetuate national energy poverty.
- India faces exploding demand and insufficient supply. As the Country's population and needs continue to grow rapidly, it will also need major reforms in infrastructure and efficiency.
- While India has undertaken various programs and initiatives to address energy poverty, they have been faced with logistical problems and inadequate implementation locally. In the case of rural villages, access issues and geographical hindrances make addressing the issue extremely costly and difficult.
- Domestic natural gas production has fallen in recent years, with further drop-offs expected in 2014-15. Given the growing demand and reliance on natural gas for power, issues with obtaining natural gas from other countries, and its own falling production, satisfying natural gas needs is one of India's the most urgent challenges.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

KGN INDUSTRIES LIMITED

Sd/-

BABULAL J HIRANI

DIRECTOR

Date : 11th August, 2014

Place : Mumbai

REPORT ON CORPORATE GOVERNANCE

The Equity Shares of the Company have been listed on the **BSE Limited**.

In accordance with Clause 49 of the Listing Agreement on Corporate Governance (Clause 49) with the BSE Limited (BSE), the report containing the details of corporate governance systems and processes at KGN INDUSTRIES LIMITED are as under:

1. CORPORATE GOVERNANCE PHILOSOPHY:

The Company firmly believes that the governance process must aim at managing the affairs without undue restraints for efficient conduct of its business, so as to meet the aspirations of shareholders, employees, customers, vendors and society at large.

The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosure, credibility among others serve as the means of implementing the philosophy of Corporate Governance in both letter and spirit.

We believe that sound Corporate Governance is critical to enhance and retain investor trust. 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.

The Company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to achieve highest standards of Corporate Governance in the overall interest of all the stakeholders.

2. BOARD OF DIRECTORS:

a. Composition & Category of Directors:

The Company has an Executive Chairman. As on 31st March, 2014 there are 4 Directors on its Board. The number of Non-Executive Directors is more than 50% of the total number of directors. None of the Directors on the Board is a Member of more than 10 Committees or a Chairman on more than 5 Committees, across all companies in which he is a Director, including KGN Industries Limited.

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

Total **four** Board Meetings were held during the Financial Year 2013-2014 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are given hereunder:-

23.05.2013, 13.08.2013, 13.11.2013, 27.01.2014

Name	Category	No. of Board Meetings attended during 2013-14	Whether attended AGM held on 28th September 2013	No. of Directorships in other public companies* as on 31.03.2014		No. of Committee positions held in other public companies** as on 31.03.2014	
				Chairman	Member	Chairman	Member
Mr. Arif Memon (Chairman & Managing Director)	Promoter Executive	0	NO	0	3	0	0
Mr. Babulal J. Hirani	Professional Non Executive	4	YES	1	5	1	2
Mr. Deepak Raval	Executive	4	YES	0	3	0	0
Dr. M.Y.Khan	Non Executive	4	YES	0	0	0	0
Mr. Jignesh Babulal Hirani (appointed w.e.f. 28.05.2014)	Professional Non Executive	0	NO	0	0	0	0
Mr. Ajazahmad Ansari (appointed w.e.f 11.08.2014)	Professional Non Executive	0	NO	0	0	0	0

Details of Director seeking re-appointment:

At the ensuing Annual General Meeting, Mr. Babulal Hirani (holding DIN 02362983), retire by rotation and being eligible offer himself for re-appointment. The brief resume, experience, functional expertise and membership on various Board and committees of the Directors proposed to be re-appointed as mentioned in item no. 2, 4 and 5 of the Notice as per Corporate Governance Code defined under Clause 49 of the Listing Agreement are furnished below:

Name	Mr. Babulal Hirani	Mr. Jignesh Hirani	Mr. Ajazahmad Ansari
Date of Birth	23.11.1945	1.03.1973	14.09.1967
Date of Appointment	10 th October, 2008	28.05.2014	11.08.2014
Experience	Banking Sector	Manufacturing and Trading	Finance Sector
No. of Shares held in the Company	NIL	Nil	NIL
Qualification	B.A	B. COM	B.COM
List of other Directorship	18	2	0
Membership/ Chairman of committees of the other Companies	KGNI ENTERPRISES LIMITED	NIL	NIL

3. AUDIT COMMITTEE:

a. Composition of Committee:

Five Audit Committee meetings were held during 2013-14. The dates on which the said meetings were held are as follows:

20.05.2013, 08.08.2013, 08.11.2013, 20.01.2014, 20.03.2014

NAMES	CATEGORY	NO. OF COMMITTEE MEETINGS HELD	NO. OF COMMITTEE MEETINGS ATTENDED
Mr. Aftabahmed Kadri	Chairman	5	2
Mr. Arif I. Memon	Member	5	0
Mr. Babulal J. Hirani	Member	5	5
Mr. Deepak Raval	Member	5	5
Mr. M.Y.Khan (Chairman w.e.f 20.03.2014)*	Chairman*	5	1

* **Due to resignation of Mr. Aftab Ahmed Kadri from the Board of Directors of the Company w.e.f 27th January, 2014 his office as a member of the Audit Committee is vacated and the Members have appointed Dr. M.Y. Khan as Chairman of the committee.**

b. Role of Audit Committee:

The Role of Audit Committee shall include the following:

1. Oversight of the company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditor for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statement before submission to the board for approval. With particular reference to :
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report .
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.

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

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

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

Review of Information by Audit Committee:

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and result of operations.
2. Statement of significant related party transaction (as defined by the audit committee) Submitted by management;

3. Management letter / letters of internal control weakness issued by the statutory auditors;
4. Internal audit reports relating to internal control weakness; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

4. NOMINATION REMUNERATION & COMPENSATION COMMITTEE:

One Remuneration Committee meetings were held during 2013-14. The date on which the said meeting held is:

8.11.2013

The composition of the Remuneration Committee is as under:

NAMES	CATEGORY	NO. OF COMMITTEE MEETINGS HELD	NO. OF COMMITTEE MEETINGS ATTENDED
Mr. Aftabahmed Kadri	Chairman	1	1
Mr. Arif I. Memon	Member	1	0
Mr. Babulal J. Hirani	Member	1	1
Mr. Deepak Raval	Member	1	1

5. SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE:

Three Shareholders' and Investors' Grievance Committee meetings were held during 2013-14. The dates on which the said meetings were held are as follows:

08.08.2013, 13.11.2013, 18.02.2014

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

NAMES	CATEGORY	NO. OF COMMITTEE MEETINGS HELD	NO. OF COMMITTEE MEETINGS ATTENDED
Mr. Aftabahmed Kadri	Chairman	3	2
Mr. Babulal J. Hirani	Member	3	2
Mr. Deepak Raval	Member	3	3
Dr. M.Y.Khan(Appointed w.e.f 18.02.2014)*	Chairman*	3	1

- * **Due to resignation of Mr. Aftab Ahmed Kadri from the Board of Directors of the Company w.e.f 27th January, 2014 his office as a member of the Shareholders' and Investors' Grievance Committee is vacated and the Members have appointed Dr. M.Y. Khan as Chairman of the committee.**

6. COMPLIANCE COMMITTEE:

Three Compliance Committee meetings were held during 2013-14. The dates on which the said meetings were held are as follows:

17.07.2013, 04.12.2013, 13.02.2014

NAMES	CATEGORY	NO. OF COMMITTEE MEETINGS HELD	NO. OF COMMITTEE MEETINGS ATTENDED
Dr. M.Y.Khan	Chairman	3	3
Mr. Babulal J. Hirani	Member	3	0
Mr. Deepak Raval	Member	3	3

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

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

No. of complaints received	:	0
No. of complaints resolved	:	0
No. of complaints pending	:	0

7. GENERAL BODY MEETINGS:

a) Details of last three Annual General Meetings held:

Financial Year	Location	Date	Day	Time	Type of Meeting	Special Resolutions passed
2012-2013	Bombay YMCA, Central Branch 12, Nathalal Parekh Marg, Colaba, Mumbai- 40 0 001.	28 th September, 2013	Saturday	11.00 a.m.	AGM	0
2011-2012	Y.M.C.A International House, Y.M.C.A Road, Near Maratha Mandir, Mumbai Centra I- 400 008	29 th September, 2012	Saturday	10.00 a.m.	AGM	1
2010-2011	23, Vaswani Mansion, 4 th Floor, Dinshaw Vaccha Road, Opp. K.C. College,	29 th September, 2011	Thursda y	10.00 a.m.	AGM	4

b) Postal Ballot:

No Special Resolution was passed through postal ballot during the Financial Year 2013-14. In the ensuing Annual General Meeting, there is no business requiring Postal Ballot.

8. DISCLOSURES:

During the financial year 2013-14, 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 Compliance with Clause 41 of Listing Agreement with the Stock Exchanges the Company publishes Quarterly and Annual Results in news papers and submits the same to all the Stock Exchanges where the shares of the Company are listed. These Results are normally published in The Business Standard (English) and in Mumbai Lakshadweep (Marathi) News Papers.

10. CEO / CFO CERTIFICATION:

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

11. GENERAL SHAREHOLDER INFORMATION:

a) Detail Programme of the 20th ANNUAL GENERAL MEETING:

DATE : 26th September, 2014
DAY : Friday
TIME : 10.30 A.M.
VENUE : Bombay YMCA, Central Branch
12, Nathalal Parekh Marg, Colaba,
Mumbai- 40 0 001.

b) FINANCIAL YEAR: 1st April, 2013 to 31st March, 2014.

**c) BOOK CLOSURE DATE: 22nd September, 2014 to 26th September, 2014
(both days inclusive)**

d) LISTING ON STOCK EXCHANGES:

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

e) STOCK CODE:

Bombay Stock Exchange Ltd.: 531612

DEMAT INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) FOR EQUITY SHARES : INE 196C01022

f) MONTHWISE STOCK MARKET PRICE DATA (BSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE PERIOD 1st APRIL, 2013 TO 31st MARCH, 2014.

PERIOD FROM April, 2013 to March, 2014	PRICE PER SHARE		NO. OF SHARES TRADED
	HIGH (RS.)	LOW (RS.)	
April, 2013	4.05	2.42	252493
May, 2013	2.38	1.8	657308
June, 2013	2.92	2.09	1241427
July, 2013	4.14	2.97	409695
August, 2013	3.63	2.78	451096
September, 2013	5.00	2.93	2798048
October, 2013	7.05	5.25	366214
November, 2013	6.49	4.85	165564
December, 2013	6.63	5.23	276825
January, 2014	9.39	4.64	806365
February, 2014	13.55	9.38	907523
March, 2014	14.65	10.06	258067

(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. (formerly Intime Spectrum Registry Ltd.)

211, Sudarshan Complex, Near Mithakhali under Bridge,

Navrangpura, Ahmedabad - 380 009.

Telefax: 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, 2014:

SR. NO.	RANGE OF HOLDING	NO. OF SHARE HOLDERS	NO. OF SHARES	% TO CAPITAL
1.	Upto 500	1482	195054	0.0880
2.	501 to 1000	289	252468	0.1130
3.	1001 to 2000	181	285995	0.1290
4.	2001 to 3000	96	248587	0.1120
5.	3001 to 4000	52	192728	0.0870
6.	4001 to 5000	106	515894	0.2320
7.	5001 to 10000	258	2326134	1.0450
8.	Above 10000	719	218483140	98.1950
TOTAL		3212	222500000	100

j) SHAREHOLDING PATTERN AS ON 31st MARCH, 2014:

SR. NO.	CATEGORY	NO. OF SHARES	PERCENTAGE
1.	Indian Public	51376260	23.0905
2.	NRIs / OCBs	28982	0.0157
3.	Mutual Funds and UTI	NIL	NIL
4.	Banks, Financial Institutions and Insurance Companies (Central Institutions)	12525925	5.6296
5.	Clearing Member	2364767	1.0628
6.	Corporate Bodies	34580330	15.5417
7.	Indian Promoters	119953736	53.91
8.	Forfeiture of Shares	NIL	NIL
9.	Hindu Undivided Family	1670000	0.7506
TOTAL		222500000	100%

k) DEMATERIALIZATION OF SHARES AND LIQUIDITY:

Percentage of Shares held in Physical form : 17.29%

Percentage of Shares held in Electronic Form : 82.71%

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

m) ADDRESS FOR CORRESPONDENCE:

Registered Office:

B-15, Hirnen Shopping Center,
Hirnen Shopping Center Co. Op. Soc. Ltd.,
S.V. Road, Goregaon (West) Mumbai - 400062.

For and on behalf of the Board of Directors

KGN INDUSTRIES LIMITED

Sd/-

BABULAL J HIRANI

DIRECTOR

Date : 11th August, 2014

Place : Mumbai

DECLARATION

I, **Babulal Hirani, Director** of the Company, hereby certify that all the members of the Board of Directors and Senior Management personnel of the Company have affirmed their compliance with the Code of Conduct applicable to them, as laid down by the Board of Directors in terms of Clause 49(I)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31st March, 2014.

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

**Place : Mumbai
Date : 11th August, 2014**

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

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, 2014, as stipulated in Clause 49 of the Listing Agreement executed by Company with the Stock Exchanges.

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

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

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

FOR KIRIT & CO.
Chartered Accountants
Sd/-

**Place : Mumbai
Date : 11.08.2014**

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

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

We, **Mr. Babulal Hirani, Director & Jignesh Hirani**, Additional Director KGN Industries Limited (the Company), hereby certify to the Board that:

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

Date : 11.08.2014 Babulal J Hirani : Director
Place : Mumbai Jignesh B Hirani : Additional Director

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, 2014, the statement of Profit & Loss and Cash Flow Statement for the year ended and a summary of Significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

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

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

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

Opinion:

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

- a) In the case of the Balance Sheet, of the state of affairs of the company as on 31st March, 2014.
- b) In the case of the Profit & Loss Account Statement Balance, of the profit for the year ended on 31st March, 2014.
- c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31st March, 2014.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 as amended Companies (Auditor's Report) (Amended) Order, 2004, issued by the Central Government of India in terms of sub – section (4A) of Section 227 of Companies Act, 2013, we enclose in the annexure hereto a statement specified in paragraph 4 and 5 of the said order.
2. As required by section 227(3) of the Act, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books;
 - iii) The Balance Sheet and Profit & Loss Statement Balance dealt with by this report are in agreement with the books of account;
 - iv) On the basis of the written representation received from the directors, as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2014 from being appointed as a Director in terms of sub-section (1) of section 164 of the Companies Act, 2013.
 - v) In our opinion, the Balance Sheet & Profit & Loss Statement Balance complies with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 2013.

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

Place: Ahmedabad
Date: 28th May, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

- 1) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification by the management.
- c) In our opinion, the company has not disposed off any substantial part of fixed assets during the year and the going concern status of the company is not affected.
- 2) There is no Inventories at the beginning as well as at the end of the year.
- 3) a) The company has granted unsecured loan to its Subsidiary Company and other parties covered in the register maintained u/s 189 of the Companies Act, 2013. The maximum amount granted during the year and year end balance of loan to such subsidiary was as per details given below. The terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

S. No.	Name of the Party	Relation with the Company	Maximum Outstanding (in ₹)	Closing Balance As on 31/03/2014 (in ₹)
1.	KGN Projects Limited	Subsidiary Company	23,21,306/-	16,62,393/-
2.	KGN Enterprises Limited	Associates	19,28,95,120/-	15,88,39,809/-

- b) The Company has not taken loans, secured or unsecured from the companies or other parties covered in the register maintained u/s 301 of the Companies Act, 2013.
- 4) In our opinion and according to the information and explanation given to us, there are adequate Internal Control Procedure commensurate with size of a company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been notice in the internal control system.
- 5) a) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 189 of the Companies act, 2013 have been so entered.
- b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 189 of the companies Act, 2013 and exceeding the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.

- 6) The Company has not accepted deposits from the public, within the meaning of section 58A and 58AA of the Act and rules framed there under.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of the business.
- 8) As informed to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 2013 for the Company.
- 9)
 - a) According to the information and explanation given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Fund, Employees State Insurance, Income Tax, Sales Tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.
 - b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty were in arrears, as at 31st March, 2014 for a period of more than six months from the date of they became payable.
 - c) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty which have not been deposited on account of any dispute.
- 10) In our opinion the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11) Based on our examination of the records and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 12) Based on our examination or the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, Debentures and other securities during the year.
- 13) In our opinion and according to the information and explanation given to us, the Company is not a Chit fund or a Nidhi / Mutual benefit fund/society. Accordingly the provisions of the clause 4(xiii) of the said Order are not applicable to the Company.
- 14) During the year under audit, Company has not dealt or traded in shares, securities, debentures and other investments. Therefore we have no comments to offer under clause (xiv) of the Order.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

- 16) The Company has not obtained any term loan during the year and therefore, we have no comments to Offer under clause (xvi) of the Order.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion funds raised on a short-term basis have been used for long term investment and vise-a-versa, during the year.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 189 of the Companies Act, 2013 during the year.
- 19) According to the information and explanations given to us, the Company has not issued any debentures during the year.
- 20) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year and accordingly the provision of the relevant clause of the order is not applicable to the Company.
- 21) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Date: 28th May, 2014
Place: Ahmedabad

Balance Sheet as at 31st March, 2014

(Amount in ₹)

Particulars		Note	As at 31 st March, 2014	As at 31 st March, 2013
I.	EQUITY AND LIABILITIES			
1.	Shareholder's Funds			
	a) Share Capital	1	22,25,00,000	22,25,00,000
	b) Reserves and Surplus	2	39,54,75,766	39,37,23,500
2.	Non-Current Liabilities			
	a) Deferred Tax Liabilities	3	8,14,756	7,50,285
	b) Long-Term Borrowings	4	35,00,000	35,00,000
3.	Current Liabilities			
	a) Short-Term Borrowings	5	1,80,48,025	4,80,42,640
	b) Other Current Liabilities	6	2,75,74,786	3,08,57,949
	c) Short-Term Provisions	7	1,26,24,958	1,72,43,603
	TOTAL		68,05,38,240	71,66,17,927
II.	ASSETS			
1.	Non-Current Assets			
	a) Fixed Assets	8		
	i) Tangible Assets		50,87,300	55,89,271
	ii) Intangible Assets		1,77,600	1,77,600
	iii) Work in Progress		4,57,83,631	4,74,77,652
	b) Non-Current Investments	9	3,02,59,940	3,02,59,940
	c) Long-Term Loans and Advances	10	43,30,76,647	37,17,57,313
	d) Other Non-Current Assets	11	--	3,25,960
2.	Current Assets			
	a) Trade Receivables	12	2,81,50,612	2,64,65,212
	b) Cash And Cash Equivalents	13	35,32,754	35,56,471
	c) Short-Term Loans and Advances	14	9,06,47,576	19,03,68,603
	d) Other Current Assets	15	4,38,22,179	4,06,39,905
	TOTAL		68,05,38,240	71,66,17,927
	Significant Accounting Policies & Notes to Accounts	1 to 28		

The accompanying notes are an Integrate Part of Financial Statements.

As per our Report of even date.

For Kirit & Co.
Chartered Accountants

Sd/-
Kirit Kumar
Proprietor
M. No. 038047
FRN : 132282 W
Date : 28.05.2014
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-
Deepak Raval
Director & Company Secretary

Date : 28.05.2014
Place : Mumbai

Sd/-
Babulal J. Hirani
Director

Profit and Loss Statement Balance for the year ended 31st March 2014

(Amount in ₹)

	Particulars	Note	2013-2014	2012-2013
I.	INCOME			
II.	Revenue From Operations	16	5,42,86,365	1,20,82,165
III.	Other Income	17	2,783	1,744
	Total Revenue (I + II)		5,42,89,148	1,20,83,909
IV.	EXPENDITURE			
	Purchase of Stock In Trade		4,30,35,533	-
	Employee Benefits Expense	18	39,36,554	7,00,355
	Finance Costs	19	79,405	4,878
	Depreciation and Amortization Expense	20	7,80,768	11,68,328
	Other Expenses	21	58,91,756	9,71,843
	Total Expenses		5,37,24,015	28,45,404
V.	Profit Before Tax (III – IV)		5,65,133	92,38,505
VI.	Tax Expense :			
	(1) Current Tax		3,00,000	27,39,273
	(2) Deferred Tax		64,471	4,58,282
VII.	Profit for the Year (V-VI)		2,00,662	60,40,949
VIII.	Earnings per Shares of Rs.1/- each fully paid up (in Rs.)			
	Basic		0.001	0.027
	Diluted		0.001	0.027
	Significant Accounting Policies & Notes to Accounts	1 to 28		

The accompanying notes are an Integrate Part of Financial Statements.

As per our Report of even date.

For Kirit & Co.
Chartered Accountants

Sd/-
Kirit Kumar
Proprietor
M. No. 038047
FRN : 132282 W
Date : 28.05.2014
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-
Deepak Raval
Director & Company Secretary

Sd/-
Babulal J. Hirani
Director

Date : 28.05.2014
Place : Mumbai

Cash Flow Statement For The Year Ended 2013-2014

(Amount in ₹)

Particulars		2013-2014	2012-2013
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax as per Profit and Loss Statement	5,65,133	92,35,505
	Balance Adjustment For :		
	Depreciation and Amortization Expenses	5,28,145	8,42,364
	Finance Cost	79,405	4,878
	Interest on Fixed Deposits	--	-1,068
	Excess Provision	2,783	
	Operating Profit before Working Capital Changes	11,75,466	1,00,84,678
	Adjustment For :		
	(Increase)/Decrease in Trade Receivable	-16,85,400	2,52,86,159
	(Increase)/Decrease in Other Current Assets	-31,82,274	-3,98,83,566
	(Increase)/Decrease in Non-Current Assets	3,25,960	3,25,964
	(Increase)/Decrease in Other Current Liabilities	-17,31,559	2,82,85,262
	(Increase)/Decrease in Short Term Provision	-28,08,033	-12,16,875
	Changes in Working Capital	-90,81,306	1,27,96,945
	Cash Generated From Operations	-79,05,840	2,28,81,623
	Taxes Paid	36,65,000	-
	Net Cash Flow from Operating Activities	-1,15,70,840	2,28,81,623
B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	16,67,845	-4,78,08,588
	Interest on Fixed Deposits	-	1,068
	Change in Investment	-	50,00,000
	Movement in Short Term Loan and Advances	9,97,21,027	-8,65,64,457
	Movement in Long Term Loans and Advances	-6,13,19,334	5,92,01,860
	Net Cash Used in Investing Activities	4,00,69,538	-7,01,70,116
C)	CASH FLOW FROM FINANCE ACTIVITIES		
	Finance Cost	-79,405	-4,878
	Dividend and Dividend Distribution Tax	-	-15,51,604
	Movement in Long Term Borrowing	-	35,00,000
	Movement in Short Term Borrowings	2,99,94,565	-4,45,42,640
	Undeclared Dividend and Tax Thereon	15,51,604	-
	Net Cash used in Financing Activities	-2,85,22,366	4,64,86,158
	Net Cash Flow (A + B + C)	-23,667	-8,02,334
	Cash & Cash Equivalents at the beginning of the year	35,56,471	43,58,856
	Cash & Cash Equivalents at the end of the year	35,32,754	35,56,471

As per our Report of even date.

For Kirit & Co.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M. No. 038047

FRN : 132282 W

Date : 28.05.2014

Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Deepak Raval

Director & Company Secretary

Date : 28.05.2014

Place : Mumbai

Sd/-

Babulal J. Hirani

Director

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. DEPRECIATION:

Depreciation has been provided on Straight Line Method in accordance with the provision of Section 205(2)(b) of the Companies Act, 2013 at the rates prescribed in Schedule XIV of the Companies Act, 2013. In case of addition the depreciation is being provided on pro-rata basis with reference to the day of Acquisition/Installation.

5. INVESTMENTS:

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

6. INVENTORIES:

- i. Valuation of Inventories is inclusive of Taxes or Duties incurred and on FIFO basis except otherwise stated.
- ii. Finished Stocks are being valued at direct cost or net realizable value whichever is lower.
- iii. During the Year Company dealt in trading activities on stock exchange, hence it has no closing stock.

7. PRELIMINARY EXPENDITURE:

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

8. REVENUE RECOGNITION:

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

9. TAXES ON INCOME:

Provision for the current tax is made after taking into consideration benefit admissible under the provision of the Income Tax Act, 1961. Deferred Tax resulting from difference between depreciation as per Companies Act, 2013 and Income Tax Act, 1961. Deferred Tax Liability is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

11. BORROWING COSTS:

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

There are no borrowing costs during the year.

12. IMPAIRMENT OF ASETS:

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 an assets exceeds its Recoverable Amount. An asset is treated as impaired when the carrying cost exceeds its recoverable value.

There is no Impairment of assets during the year.

13. FOREIGN CURRENCY TRANSACTIONS:

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

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

There are no Foreign Currency Transactions during the year.

14. GENERAL ACCOUNTING POLICIES:

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

For Kirit & Co.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M. No. 038047

FRN : 132282 W

Date : 28.05.2014

Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Deepak Raval

Director & Company Secretary

Date : 28.05.2014

Place : Mumbai

Sd/-

Babulal J. Hirani

Director

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2014

(Amount in ₹)

	As at 31 st March 2014		As at 31 st March 2013	
	Number	Amount	Number	Amount
1. SHARE CAPITAL				
Authorised Share Capital				
23,00,00,000 Equity shares of ₹ 1/- each (P.Y.: 23,00,00,000 Equity Shares of ₹ 1/- each)	23,00,00,000	23,00,00,000	23,00,00,000	23,00,00,000
TOTAL	23,00,00,000	23,00,00,000	23,00,00,000	23,00,00,000
Issued, Subscribed & Paid up :				
22,25,00,000 Equity shares of ₹ 1/- each (P.Y.: 22,25,00,000 Equity Shares of ₹ 1/- each)	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000
TOTAL	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000

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

Shares outstanding at the beginning of the year	As at 31 st March 2014		As at 31 st March 2013	
	Number	Amount	Number	Amount
Shares Issued during the year	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000
Shares bought back during the year	-	-	-	-
	-	-	-	-
Shares outstanding at the end of the year	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000

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

	As at 31 st March 2014		As at 31 st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGN Holdings Private Limited	11,99,08,452	53.89%	10,90,89,000	49.03%

2. RESERVE & SURPLUS

		As at 31 st March 2014	As at 31 st March 2013
A.	Share Premium		
	Opening Balance	35,00,00,000	35,00,00,000
		35,00,00,000	35,00,00,000
B.	Profit & Loss Statement Balance		
	Opening Balance	4,37,23,500	3,92,34,155
	(+) Current Year Transfer	2,00,662	60,40,949
	Less : Appropriation	-	-
	Proposed Dividend on Equity Shares [Dividend Per Share – 0.006 (Previous Year ₹ 0.01)]	-	13,35,000
	Dividend Tax	-	2,16,604
	Add: Undeclared Dividend & Tax Thereon*		
	Undeclared Dividend	13,35,000	
	Tax on Undeclared Dividend	2,16,604	
	Closing Balance	4,54,75,766	4,37,23,500
	TOTAL	39,54,75,766	39,37,23,500

2.1* Last year Board of director proposed a dividend of ₹ 0.006 per share but shareholder cancelled the same in AGM held on 28.09.2013, hence Same amount now transferred to Reserve & Surplus.

(Amount in ₹)

	As at 31 st March 2014	As at 31 st March 2013
3. DEFERRED TAX LIABILITIES (NET)		
Opening Balance	7,50,285	2,92,003
Add: During the Year	64,471	4,58,282
Total	8,14,756	7,50,285

	As at 31 st March 2014	As at 31 st March 2013
4. <u>Long Term Borrowing</u>		
a) Others	35,00,000	35,00,000
Total	35,00,000	35,00,000

	As at 31 st March 2014	As at 31 st March 2013
5. <u>Short Term Borrowing</u>		
<u>Unsecured</u>		
a) Others	1,80,48,025	4,80,42,640
Total	1,80,48,025	4,80,42,640

	As at 31 st March 2014	As at 31 st March 2013
6. <u>Other Current Liabilities</u>		
Audit Fees Payable	63,200	1,18,800
TDS Payable	-	46,36,460
Sundry Creditor For Expenses	6,85,003	33,79,590
Professional Tax	-	7,475
Others Current Liabilities*	2,68,26,583	2,27,15,623
Total	2,75,74,786	3,08,57,949

6.1* Includes Service Tax Payable, TDS Payable, Salary Payable, Dividend Payable, Other Payable.

	As at 31 st March 2014	As at 31 st March 2013
7. <u>SHORT TERM PROVISIONS</u>		
(a) Provision for employee benefits		
Salary & Reimbursements	2,64,813	-
(b) Others		
Provision for audit fees	59,400	56,400
Provision for Expenses *	89,550	56,404
Proposed Dividend	-	13,35,000
Tax on Dividend	-	2,16,604
Provision for Income Tax A.Y. 2014-15	3,00,000	-
Provision for Income Tax A.Y. 2013-14	-	27,39,273
Provision for Income tax *	1,19,11,195	1,28,36,922
Total	1,26,24,958	1,72,43,603

7.1* Includes Provision for Telephone Electricity & Society Maintenance.

7.2* Includes Provision for the Year A.Y. 2010-11, A.Y. 2012-13 & A.Y. 2013-14.

KGN INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹)

8.	Fixed Assets	Gross Block					Accumulated Depreciation				Net Block	
		Balance as at 1 st April 2013	Additions / (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 st March 2014	Balance as at 1 st April 2013	Depreciations for the year	Adjustments due to revaluations	On disposals	Balance as at 31 st March 2014	Balance as at 31 st March 2013
a.	Tangible Assets											
	Furniture & Fixtures (6.33%)	6,24,172	-	-	-	6,24,172	85,110	34,123	-	-	5,04,939	5,39,062
	Vehicles (9.50%)	61,72,159	-	-	-	61,72,159	20,64,729	3,90,206	-	-	37,17,224	41,07,430
	Office Equipments (4.75%)	5,37,325	2,500	-	-	5,39,825	91,784	21,219	-	-	4,26,822	4,45,541
	Computers (16.21%)	12,87,855	23,675	-	-	13,11,530	7,90,617	82,598	-	-	4,38,315	4,97,238
	Total	86,21,511	26,175	-	-	86,47,686	30,32,240	5,28,145	-	-	50,87,300	55,89,271
b.	Intangible Assets											
	Trade Mark	1,77,600	-	-	-	1,77,600	-	-	-	-	1,77,600	1,77,600
	Total	1,77,600	-	-	-	1,77,600	-	-	-	-	1,77,600	1,77,600
c.	Work in Progress											
	CBM Block	4,74,77,652	-16,94,020	-	-	4,57,83,631	-	-	-	-	4,57,83,631	4,74,77,652
	Total	4,74,77,652	-16,94,020	-	-	4,57,83,631	-	-	-	-	4,57,83,631	4,74,77,652
	Total	5,62,76,763	-16,67,845	-	-	5,46,08,917	30,32,240	5,28,145	-	-	5,10,48,532	5,32,44,522

(Amount in ₹)

	As at 31 st March 2014		As at 31 st March 2013	
	No. of Shares held	Amount	No. of Shares held	Amount
9. NON-CURRENT INVESTMENTS				
A. TRADE INVESTMENTS	-	-	-	-
B. OTHER INVESTMENTS				
(A) In Equity Shares of Subsidiary Companies <u>UNQUOTED</u> , fully Paid up KGN Projects Limited	99,994	9,99,940	99,994	9,99,940
(B) In Equity Shares of other Companies Asian Logistics Limited		2,92,50,000		2,92,50,000
(C) National Saving Certificate		10,000		10,000
		3,02,59,940		
TOTAL (A + B)	99,994	3,02,59,940	99,994	3,02,59,940

9.1 Preference Shares have been redeemed by the company last year

	As at 31 st March 2014	As at 31 st March 2013
10. LONG TERM LOANS AND ADVANCES		
a. Loans and Advances to Related Parties		
Unsecured, considered good	15,88,39,809	19,28,95,120
KGN Enterprises Limited	12,96,18,543	12,96,18,543
KGN Properties Private Limited		
b. Others Loans and Advances		
Unsecured, considered good	14,46,18,295	4,92,43,650
TOTAL	43,30,76,647	31,17,57,313

	As at 31 st March 2014	As at 31 st March 2013
11. OTHER NON-CURRENT ASSETS		
Preliminary Expenses not Written off	-	3,25,960
TOTAL	-	3,25,960

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

	As at 31 st March 2014	As at 31 st March 2013
12. TRADE RECEIVABLE		
(Unsecured and Considered Good)		
Over Six Months	2,64,65,212	2,64,65,212
Other	16,85,400	
TOTAL	2,81,50,612	2,64,65,212

(Amount in ₹)

		As at 31 st March 2014	As at 31 st March 2013
13.	<u>CASH AND CASH EQUIVALENTS</u>		
	a. Balance with banks	13,60,982	14,64,905
	b. Cash in hand	1,71,772	91,566
	c. Fixed Deposit with Bank	20,00,000	20,00,000
	TOTAL	35,32,754	35,56,471

		As at 31 st March 2014	As at 31 st March 2013
14.	<u>SHORT-TERM LOANS AND ADVANCES</u>		
	a. Security Deposit		
	Unsecured, considered good		
	Deposit with Government Authority	-	-
	Mumbai Office Deposit	8,35,13,200	8,35,13,200
	Other Deposits		
	b. Loans and Advances to Related parties	-	22,11,300
	Unsecured, considered good	7,08,993	7,18,993
	KGN Project Limited		
	Others	-	-
	c. Other (Specify Nature)	16,62,393	23,21,306
	Unsecured, considered good	-	12,00,000
	Balance with Revenue Authority		
	Biotor Industries Limited	-	-
	Legend Powers Pvt. Ltd.	29,97,091	29,56,022
	Others	-	17,20,845
		-	9,24,53,800
		17,65,900	32,73,138
	TOTAL	9,06,47,576	19,03,68,603

14.1* Mumbai Office Deposit was adjusted against monthly office rent payable to Rent Vendor.

		As at 31 st March 2014	As at 31 st March 2013
15.	<u>OTHER CURRENT ASSETS</u>		
	Interest Receivable	1,70,431	1,70,431
	Other Income Receivable	4,06,73,225	3,67,99,828
	Other Receivable	13,163	-
	Prepaid Insurance	45,067	45,067
	Preliminary Expenses not Written Off	3,25,960	3,25,964
	Sales Tax Credit	697	-
	Service Tax Credit	25,93,636	32,98,615
	TOTAL	4,38,22,179	4,06,39,905

Note: Preliminary Expenses to be written off during the Normal Operating Cycle (i.e. 12 months) has been shown here.

(Amount in ₹)

		2013 - 2014	2012 - 2013
16.	<u>REVENUE FROM OPERATION</u>		
	Income from Operation	5,03,99,805	-
	Other Income	38,86,560	1,20,82,165
	TOTAL	5,42,86,365	1,20,82,165

		2013 - 2014	2012 - 2013
17.	<u>OTHER INCOME</u>		
	Interest on Fixed Deposit	-	1,068
	Other Income	2,783	676
	TOTAL	2,783	1,744

		2013 - 2014	2012 - 2013
18.	<u>EMPLOYEE BENEFITS EXPENSE</u>		
	(a) Salaries and Incentives	38,50,269	4,64,265
	(b) Directors' Remuneration	-	2,25,000
	(c) Directors' Sitting Fees	39,200	-
	(d) Staff Welfare Expenses	47,085	11,091
	TOTAL	39,36,554	7,00,355

		2013 - 2014	2012 - 2013
19.	<u>FINANCE COST</u>		
	Bank Charges	868	3,615
	Interest on Professional Tax	-	38
	Interest on TDS	78,536	1,225
	TOTAL	79,405	4,878

		2013 - 2014	2012 - 2013
20.	<u>DEPRECIATION & AMORTISATION EXPENSES</u>		
	Depreciation on Fixed Assets	5,28,145	8,42,364
	Preliminary Expense Written off during the year	2,52,622	3,25,964
	TOTAL	7,80,768	11,68,328

(Amount in ₹)

		2013 - 2014	2012 - 2013
21.	OTHER EXPENSES		
	A. <u>ADMINISTRATION EXPENSES</u>		
	Advertisement Expenses	55,804	5,888
	Audit Fees Expenses	66,000	6,600
	Bad Debts Written Off	-	198
	Books & Periodicals	3,604	1,200
	Brokerage & Commission Expenses	-	5,400
	Car Expenses	1,075	2,278
	Cable and Internet Expenses	1,919	-
	Conveyance Expenses	59,157	8,620
	Demat Expenses	110	190
	Donation Expenses	1,100	50,500
	Electricity Expenses	3,23,886	48,663
	Food & Refreshment Expenses	25,020	9,207
	Gift & Voucher Expenses	-	1,146
	Hotel Club & Hospitality Expenses	3,500	5,427
	Insurance Expenses	17,417	615
	Legal & Professional Fees	1,33,647	15,623
	Listing (BSE & ASE) Fees	1,79,776	17,978
	Lodging & Boarding Expenses	1,27,789	81,391
	Membership Fees Expenses	35,566	3,031
	Miscellaneous Expenses	6,56,014	36,605
	Office Expenses	16,087	23,666
	Office Rent, Rate & Taxes Expenses	36,19,393	4,46,956
	Petrol Expense	19,130	7,760
	Pooja Expenses	10,922	1,583
	Postage & Courier Expenses	13,161	2,731
	Printing & Stationery Expenses	71,470	10,573
	Property Tax	13,751	2,852
	Repair & Maintenance Expenses	47,129	17,744
	ROC Expenses	2,054	1,623
	Sales Promotion Expenses	-	5,179
	Society Maintenance Expenses	49,562	7,583
	Telephone & Broadband Expenses	1,62,966	27,315
	Trading Expenses	696	-
	Travelling Expenses	1,70,328	1,14,476
	Web Development Expenses	3,724	1,242
	TOTAL	58,91,756	9,71,843

22. In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate provisions have been made for all known current and non-current liabilities and provisions are not in excess of the amount reasonably necessary.
23. The Revised Schedule VI as notified under the Companies Act, 2013 has become applicable to the company for the presentation of its Financial Statements for the year ending March 31, 2014. The adoption of Revised Schedule VI requirements has significantly modified the presentation disclosure which have been within these Financial Statements. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year grouping.
24. Contingent Liability is not provided.
25. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.
26. Company has been awarded in NELP Round Block located at Vindhayan, Madhya Pradesh. Last year, Company capitalized 90% of expenses incurred by it since company was not engaged in any other activities. This year Company capitalized 90% of expenses incurred by it during the first three quarters but in last quarter Company generated a good profit from the Consulting Services and company not capitalized any expenses in Block. It transferred expenses which was previously capitalized from Block to profit and loss account after generating income from Consulting Services.

27. RELATED PARTY DISCLOSURES:

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

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

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

ii) Transaction during the year with Related Parties :

(Amount in ₹)

S. No.	Name of Related Party	Nature of Transaction	Transaction Amount	Closing Balance
1	KGN Projects Limited	Loans & Advances Returned (net)	6,58,913	16,62,393
2	KGN Enterprises Limited	Loans & Advances Returned (net)	3,40,55,311	15,88,39,809
3	Arif Memon	Loan Repayment	2,99,94,615	1,80,48,025
4	Deepak Raval	Salary	15,88,084	

28.

Payment to the Auditor	2013-2014 (Amount in ₹)	2012-2013 (Amount in ₹)
a. For Statutory Audit	50,000	50,000
b. For Tax Audit	10,000	10,000
c. For Consulting Fees	6,000	6,000

For Kirit & Co.

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

M. No. 038047

FRN : 132282 W

Date : 28.05.2014

Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Deepak Raval

*Director & Company
Secretary*

Date : 28.05.2014

Place : Mumbai

Sd/-

Babulal J. Hirani

Director

INDEPENDENT AUDITORS' REPORT

To,
The Members of,
KGN INDUSTRIES LIMITED,

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **KGN INDUSTRIES LIMITED ("the Company)**, and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated statement of Profit & Loss and Consolidated Cash Flow Statement for the year ended and a summary of Significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 2013 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as on 31st March, 2014;
- b) In the case of the Consolidated Profit & Loss Account Statement Balance, of the profit of the Group for the year ended on that date and;
- c) In the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Kirit & Co.
Chartered Accountant

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

Place: Ahmedabad
Date: 28th May, 2014

Consolidated Balance Sheet as at 31st March, 2014

(Amount in ₹)

Particulars		Note	As at 31 st , March, 2014	As at 31 st , March, 2013
I.	EQUITY AND LIABILITIES			
1.	Shareholder's Funds			
	a) Share Capital	1	22,25,00,000	22,25,00,000
	b) Reserves and Surplus	2	39,62,88,703	39,45,34,218
2.	Non-Current Liabilities			
	a) Deferred Tax Liabilities (net)	3	8,14,756	7,50,285
	b) Long-Term Borrowings	4	35,00,000	35,00,000
3.	Current Liabilities			
	a) Short-Term Borrowings	5	1,80,89,115	4,80,84,036
	b) Trade Payables		25,63,315	25,63,315
	c) Other Current Liabilities	6	2,75,91,522	3,08,74,685
	d) Short-Term Provisions	7	1,26,40,946	1,76,15,876
	TOTAL		68,39,88,308	72,04,22,365
II.	ASSETS			
1.	Non-Current Assets			
	a) Fixed Assets	8		
	i) Tangible Assets		50,87,300	55,89,271
	ii) Intangible Assets		1,77,600	1,77,600
	iii) Work in Progress		4,57,83,632	4,74,77,652
	b) Non-Current Investments	9	2,92,60,000	2,92,60,000
	c) Long-Term Loans and Advances	10	43,90,76,647	37,17,57,313
	d) Other Non-Current Assets	11	--	3,34,689
2.	Current Assets			
	a) Trade Receivables	12	2,81,50,612	2,64,65,212
	b) Cash And Cash Equivalents	13	36,36,425	36,26,443
	c) Short-Term Loans and Advances	14	8,89,85,184	19,40,47,603
	d) Other Current Assets	15	4,38,30,908	4,16,86,583
	TOTAL		68,39,88,308	72,04,22,365
	Significant Accounting Policies & Notes to Accounts	1 To 28		

For Kirit & Co.
Chartered Accountants

Sd/-
Kirit Kumar
Proprietor
M. No. 038047
FRN : 132282 W
Date : 28.05.2014
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-
Deepak Raval
Director & Company Secretary
Date : 28.05.2014
Place : Mumbai

Sd/-
Babulal J. Hirani
Director

**Consolidated Profit and Loss Statement Balance
for the year ended 31st March 2014**

(Amount in ₹)

	Particulars	Note	2013-2014	2012-2013
I.	INCOME			
II.	Revenue From Operations	16	5,43,14,865	1,21,15,683
III.	Other Income	17	46,131	1,744
	Total Revenue (I + II)		5,43,60,996	1,21,17,427
IV.	EXPENDITURE			
	Purchase of Stock In Trade		4,30,35,533	--
	Employee Benefits Expense	18	39,72,791	7,00,355
	Finance Costs	19	79,404	5,228
	Depreciation and Amortization Expense	20	7,89,496	11,77,057
	Other Expenses	21	59,15,320	9,92,057
	Total Expenses		5,37,92,544	28,74,698
V.	Profit Before Tax (III – IV)		5,68,452	92,42,730
VI.	Tax Expense :			
	(1) Current Tax		3,01,100	27,40,579
	(2) Deferred Tax		64,471	4,58,282
VII.	Profit for the Year (V-VI)		2,02,881	60,43,868
VIII.	Earnings per Shares of Rs.1/- each fully paid up (in Rs.)			
	Basic		0.001	0.027
	Diluted		0.001	0.027
	Significant Accounting Policies & Notes to Accounts	1 to 28		

For Kirit & Co.
Chartered Accountants

Sd/-
Kirit Kumar
Proprietor
M. No. 038047
FRN : 132282 W
Date : 28.05.2014
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-
Deepak Raval
Director & Company Secretary

Sd/-
Babulal J. Hirani
Director

Date : 28.05.2014
Place : Mumbai

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 2013-2014

(Amount in ₹)

Particulars		2013-2014	2012-2013
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax as per Profit and Loss Statement	5,68,452	92,42,730
	Balance Adjustment For :		
	Depreciation and Amortization Expenses	5,28,145	11,77,057
	Excess Provision	2,743	5,228
	Finance Cost	79,404	-
	Interest on Fixed Deposits	-	-1,068
	Operating Profit before Working Capital Changes	11,78,744	1,04,23,947
	Adjustment For :		
	(Increase)/Decrease in Trade Receivable	-16,85,400	2,52,86,159
	(Increase)/Decrease in Other Current Assets	-21,44,325	-3,98,83,566
	(Increase)/Decrease in Non-Current Assets	3,34,689	-
	(Increase)/Decrease in Other Current Liabilities	-32,83,163	2,82,90,820
	(Increase)/Decrease in Short Term Provision	-16,13,773	-12,16,875
	Changes in Working Capital	-83,91,971	1,24,76,539
	Cash Generated From Operations	-72,13,227	2,29,00,485
	Taxes Paid	36,65,000	-
	Net Cash Flow from Operating Activities	-1,08,78,227	2,29,00,485
B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	16,67,845	-4,78,08,588
	Preference Share Redeemed	-	50,00,000
	Being Capital Reserve Created	-	60
	Interest on Fixed Deposits	-	1,068
	Movement in Short Term Loan and Advances	10,50,62,419	-8,66,54,457
	Movement in Long Term Loans and Advances	-6,73,19,334	5,92,01,860
	Net Cash Used in Investing Activities	3,94,10,930	-7,02,60,056
C)	CASH FLOW FROM FINANCE ACTIVITIES		
	Finance Cost	-79,404	-5,228
	Dividend and Dividend Distribution Tax	-	-15,51,604
	Movement in Long Term Borrowing	-	35,00,000
	Movement in Short Term Borrowings	,2,99,94,921	4,45,42,640
	Undeclared Dividend and Tax Thereon	15,51,604	-
	Net Cash used in Financing Activities	-2,85,22,721	4,64,85,808
	Net Cash Flow (A + B + C)	9,982	-8,73,762
	Cash & Cash Equivalents at the beginning of the year	36,26,443	45,00,205
	Cash & Cash Equivalents at the end of the year	36,36,425	36,26,443

For Kirit & Co.

Chartered Accountants

Sd/-
Kirit Kumar
ProprietorM. No. 038047
FRN : 132282 W
Date : 28.05.2014
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-
Deepak Raval
Director & Company SecretaryDate : 28.05.2014
Place : MumbaiSd/-
Babulal J. Hirani
Director

**SIGNIFICANT ACCOUNTING POLICIES ON
CONSOLIDATED ACCOUNTS**

1. PRINCIPLES OF CONSOLIDATION:

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

- i) 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".
 - ii) The difference between the Cost 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.
 - iii) 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 2014 (Including Beneficial Interest)
KGN Projects Limited	India	99.99%

For Kirit & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Kirit Kumar
Proprietor

Sd/-
Deepak Raval
Director & Company Secretary

Sd/-
Babulal J. Hirani
Director

M. No. 038047
FRN : 132282 W
Date : 28.05.2014
Place : Ahmedabad

Date : 28.05.2014
Place : Mumbai

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st March 2014**

(Amount in ₹)

	As at 31 st March 2014		As at 31 st March 2013	
	Number	Amount	Number	Amount
1. SHARE CAPITAL				
Authorised Share Capital				
23,00,00,000 Equity shares of ₹ 1/- each (P.Y.: 23,00,00,000 Equity Shares of ₹ 1/- each)	23,00,00,000	23,00,00,000	23,00,00,000	23,00,00,000
TOTAL	23,00,00,000	23,00,00,000	23,00,00,000	23,00,00,000
Issued, Subscribed & Paid up :				
22,25,00,000 Equity shares of ₹ 1/- each (P.Y.: 22,25,00,000 Equity Shares of ₹ 1/- each)	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000
TOTAL	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000

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

	As at 31 st March 2014		As at 31 st March 2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
	-	-	-	-
Shares outstanding at the end of the year	22,25,00,000	22,25,00,000	22,25,00,000	22,25,00,000

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

	As at 31 st March 2014		As at 31 st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGN Holdings Private Limited	11,99,08,452	53.89%	11,99,08,452	53.89%

(Amount in ₹)

2. RESERVE & SURPLUS

		As at 31 st March 2014	As at 31 st March 2013
A.	Share Premium		
	Opening Balance	35,00,00,000	35,00,00,000
		35,00,00,000	35,00,00,000
B.	Capital Reserve		
	Consolidated Reserve	60	60
		60	60

C.	Profit & Loss Statement Balance		
	Opening Balance	4,45,34,158	4,00,41,894
	(+) Current Year Transfer	2,02,881	60,43,868
	Less : Appropriation		
	Proposed Dividend on Equity Shares [Dividend Per Share ` 0.006/Share (Previous Year ` 0.01/Share)	-	13,35,000
	Dividend Tax	-	2,16,604
	Add: Undeclared Dividend & Tax Thereon*		
	Undeclared Dividend	13,35,000	
	Tax on Undeclared Dividend	2,16,604	
	Closing Balance	4,62,88,643	4,45,34,158
	TOTAL	39,62,88,703	39,45,34,218

2.1* Last year Board of director proposed a dividend of ₹ 0.006 per share but shareholder cancelled the same in AGM held on 28.09.2013, hence same amount now transferred to Reserve & Surplus.

		As at 31 st March 2014	As at 31 st March 2013
3.	DEFERRED TAX LIABILITIES (NET)		
	Opening Balance	7,50,285	-
	Add: During the Year	64,471	7,50,285
	Total	8,14,756	7,50,285

		As at 31 st March 2014	As at 31 st March 2013
4.	Long Term Burrowing		
	a) Others	35,00,000	35,00,000
	Total	35,00,000	35,00,000

		As at 31 st March 2014	As at 31 st March 2013
5.	Short Term Burrowing Unsecured		
	a) Loans and advances from related parties		
	b) Others	1,80,89,115	4,80,84,036
	Total	1,80,89,115	4,80,84,036

(Amount in ₹)

	As at 31 st March 2014	As at 31 st March 2013
6. Other Current Liabilities		
Audit Fees Payable	79,936	1,35,536
TDS Payable	-	46,36,460
Sundry Creditor For Expenses	6,85,003	33,79,590
Professional Tax	-	7,475
Others*	2,68,26,583	2,27,15,623
Total	2,75,91,522	3,08,74,685

6.1* Includes Service Tax Payable, TDS Payable, Salary Payable, Dividend Payable, Other Payable.

	As at 31 st March 2014	As at 31 st March 2013
7. SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Salary & Reimbursements	2,74,083	-
(b) Others		
Provision for audit fees	65,018	59,400
Provision for Expenses *	89,550	56,404
Professional Tax	-	-
Proposed Dividend	-	13,35,000
Tax on Dividend	-	2,16,604
Provision for Income Tax A.Y. 2014-15	3,01,100	-
Provision for Income Tax A.Y. 2013-14	-	27,40,579
Provision for Income tax**	1,19,11,195	1,32,07,899
Total	1,26,40,946	1,76,15,876

7.1 *Includes Provision for Telephone Electricity & Society Maintenance.

7.2 **Includes Provision for the Year A.Y. 2010-11, A.Y. 2012-13 & A.Y. 2013-14.

KGN INDUSTRIES LIMITED
CONSOLIDATE NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹)

8.	Fixed Assets	Gross Block					Accumulated Depreciation				Net Block		
		Balance as at 1 st April 2013	Additions / (Disposals)	Acquired through business combinations	Revaluations / (Impairments)	Balance as at 31 st March 2014	Balance as at 1 st April 2013	Depreciation charge for the year	Adjustments due to revaluations	On disposals	Balance as at 31 st March 2014	Balance as at 31 st March 2013	
a.	Tangible Assets												
	Furniture & Fixtures (6.33%)	6,24,172	-	-	-	6,24,172	85,110	34,123	-	-	1,19,233	5,04,939	5,39,062
	Vehicles (9.50%)	61,72,159	-	-	-	61,72,159	20,64,729	3,90,206	-	-	24,54,935	37,17,224	41,07,430
	Office Equipments (4.75%)	5,37,325	2,500	-	-	5,39,825	91,784	21,219	-	-	1,13,003	4,26,822	4,45,541
	Computers (16.21%)	12,87,855	23,675	-	-	13,11,530	7,90,617	82,598	-	-	8,73,215	4,38,315	4,97,238
	Total	86,21,511	26,175	-	-	86,47,686	30,32,240	5,28,146	-	-	35,60,386	50,87,300	55,89,271
b.	Intangible Assets												
	Trade Mark	1,77,600	-	-	-	1,77,600	-	-	-	-	-	1,77,600	1,77,600
	Total	1,77,600	-	-	-	1,77,600	-	-	-	-	-	1,77,600	1,77,600
c.	Work in Progress												
	CBM Block	4,74,77,652	-16,94,020	-	-	4,57,83,632	-	-	-	-	-	4,57,83,632	4,74,77,652
	Total	4,74,77,652	-16,94,020	-	-	4,57,83,632	-	-	-	-	-	4,57,83,632	4,74,77,652
	Total	5,62,76,763	-16,67,845	-	-	5,46,08,918	30,32,240	5,28,146	-	-	35,60,386	5,10,48,532	5,32,44,522

(Amount in ₹)

	As at 31 st March 2014		As at 31 st March 2013	
	No. of Shares held	Amount	No. of Shares held	Amount
9. NON-CURRENT INVESTMENTS				
B. OTHER INVESTMENTS				
(A) In Equity Shares of other Companies				
Asian Logistics Limited		2,92,50,000		2,92,50,000
(B) National Saving Certificate		10,000		10,000
TOTAL (A + B)	-	2,92,60,000	-	2,92,60,000

	As at 31 st March 2014	As at 31 st March 2013
10. LONG TERM LOANS AND ADVANCES		
a. Loans and Advances to Related Parties		
Unsecured, considered good		
KGN Enterprises Limited	15,88,39,809	19,28,95,120
KGN Properties Private Limited	12,96,18,543	12,96,18,543
b. Others Loans and Advances		
Unsecured, considered good		
Others	15,06,18,295	4,92,43,650
TOTAL	43,90,76,647	37,17,57,313

	As at 31 st March 2014	As at 31 st March 2013
11. OTHER NON-CURRENT ASSETS		
Preliminary Expenses not Written off	-	3,34,689
TOTAL	-	3,34,689

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

	As at 31 st March 2014	As at 31 st March 2013
12. TRADE RECEIVABLE		
(Unsecured and Considered Good)		
Over Six Months	2,64,65,212	2,64,65,212
Other	16,85,400	
TOTAL	2,81,50,612	2,64,65,212

(Amount in ₹)

		As at 31 st March 2014	As at 31 st March 2013
13.	<u>CASH AND CASH EQUIVALENTS</u>		
	a. Balance with banks	13,71,740	14,70,264
	b. Cash in hand	2,64,685	1,56,179
	c. Fixed Deposit with Bank	20,00,000	20,00,000
	TOTAL	36,36,425	36,26,443

		As at 31 st March 2014	As at 31 st March 2013
14.	<u>SHORT-TERM LOANS AND ADVANCES</u>		
	a. Security Deposit		
	Unsecured, considered good	-	-
	Deposit with Government Authority	8,35,13,200	8,35,13,200
	Mumbai Office Deposit*	-	22,11,300
	Other Deposits	7,08,993	7,18,992.60
	b. Loans and Advances to Related parties		
	Unsecured, considered good	-	-
	Others	-	12,00,306
	c. Other (Specify Nature)		12,00,000
	Unsecured, considered good	-	-
	Balance with Revenue Authority	29,97,091	-
	Biotor Industries Limited	-	29,56,022
	Legend Powers Pvt. Ltd.	-	17,20,845
	Others	17,65,900	9,24,53,800
	TOTAL	8,89,85,184	19,40,47,603

14.1* Mumbai Office Deposit was adjusted against monthly office rent payable to Rent Vendor.

		As at 31 st March 2014	As at 31 st March 2013
15.	<u>OTHER CURRENT ASSETS</u>		
	Interest Receivable	1,70,431	1,70,431
	Other Income Receivable	4,06,73,225	3,67,99,828
	Other Receivable	13,163	-
	Prepaid Insurance	45,067	45,067
	Service Tax input Credit	25,93,636	32,98,615
	Preliminary Expenses not Written Off	3,34,689	3,34,693
	TDS Receivable A.Y. 2012-13	-	10,37,949
	Service Tax Credit	697	-
	TOTAL	4,38,30,908	4,16,86,583

Note: Preliminary Expenses to be written off during the Normal Operating Cycle (i.e. 12 months) has been shown here.

(Amount in ₹)

		2013 – 2014	2012 – 2013
16.	<u>REVENUE FROM OPERATION</u>		
	Income from Operation	5,03,99,805	-
	Other Income	39,15,060	1,21,15,683
	TOTAL	5,43,14,865	1,21,15,683

		2013 – 2014	2012 – 2013
17.	<u>OTHER INCOME</u>		
	Interest on Fixed Deposit	-	1,068
	Other Income	46,131	676
	TOTAL	46,131	1,744

		2013 – 2014	2012 – 2013
18.	<u>EMPLOYEE BENEFITS EXPENSE</u>		
	(a) Salaries and Incentives	38,86,506	4,64,265
	(b) Directors' Remuneration	-	2,25,000
	(c) Directors' Sitting Fees	39,200	-
	(d) Staff Welfare Expenses	47,085	11,091
	TOTAL	39,72,791	7,00,355

		2013 – 2014	2012 – 2013
19.	<u>FINANCE COST</u>		
	Bank Charges	868	3,615
	Handling / Shipping Charges	-	38
	Interest on TDS	78,536	1,575
	TOTAL	79,404	5,228

		2013 – 2014	2012 – 2013
20.	<u>DEPRECIATION & AMORTISATION EXPENSES</u>		
	Depreciation on Fixed Assets	5,28,145	8,42,364
	Preliminary Expense Written off during the year	2,61,351	3,34,693
	TOTAL	7,89,496	11,77,057

(Amount in ₹)

	2013 – 2014	2012 – 2013
21. OTHER EXPENSES		
A. <u>ADMINISTRATION EXPENSES</u>		
Advertisement Expenses	55,804	5,888
Audit Fees Expenses	71,618	12,218
Bad Debts Written Off	-	198
Bank Related Charges	450	10,309
Books & Periodicals	3,604	1,200
Brokerage & Commission Expenses	-	5,400
Car Expenses	1,075	2,278
Cable and Internet Expenses	1,919	-
Conveyance Expenses	59,157	8,620
Demat Expenses	110	190
Donation Expenses	1,100	50,500
Electricity Expenses	3,23,886	48,663
Food & Refreshment Expenses	25,020	9,207
Gift & Voucher Expenses	-	1,146
Government Fee For Trade Mark	-	-
Hotel Club & Hospitality Expenses	3,500	5,427
Insurance Expenses	17,417	615
Legal & Professional Fees	1,41,142	15,623
Listing (BSE & ASE) Fees	1,79,776	17,978
Lodging & Boarding Expenses	1,27,789	81,391
Membership Fees Expenses	35,566	3,031
Miscellaneous Expenses	6,56,014	36,605
Office Expenses	26,087	23,666
Office Rent, Rate & Taxes Expenses	36,19,393	4,46,956
Petrol Expense	19,130	7,760
Pooja Expenses	10,922	1,583
Postage & Courier Expenses	13,161	2,731
Printing & Stationery Expenses	71,470	10,573
Property Tax	13,751	2,852
Repair & Maintenance Expenses	47,129	17,744
ROC Expenses	2,054	5,910
Sales Promotion Expenses	-	5,179
Society Maintenance Expenses	49,562	7,583
Telephone & Broadband Expenses	1,62,966	27,315
Trading on Stock Exchange Expenses	696	-
Travelling Expenses	1,70,328	1,14,476
Web Development Expenses	3,724	1,242
TOTAL	59,15,320	9,92,057

22. In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate provisions have been made for all known current and non-current liabilities and provisions are not in excess of the amount reasonably necessary.
23. The Revised Schedule VI as notified under the Companies Act, 2013 has become applicable to the company for the presentation of its Financial Statements for the year ending March 31, 2014. The adoption of Revised Schedule VI requirements has significantly modified the presentation disclosure which have been within these Financial Statements. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year grouping.
24. Contingent Liability is not provided for is ₹ 'NIL'.
25. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.
26. Company has been awarded in NELP Round Block located at Vindhayan, Madhya Pradesh. Last year, Company capitalized 90% of expenses incurred by it since company was not engaged in any other activities. This year Company capitalized 90% of expenses incurred by it during the first three quarters but in last quarter Company generated a good profit from the Consulting Services and company not capitalized any expenses in Block. It transferred expenses which was previously capitalized from Block to profit and loss account after generating income from Consulting Services.

27. RELATED PARTY DISCLOSURES:

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

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

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

ii) Transaction during the year with Related Parties :

(Amount in ₹)

S. No.	Name of Related Party	Nature of Transaction	Transaction Amount	Closing Balance
1	KGN Projects Limited	Loans & Advances Returned (net)	6,58,913/-	16,62,393/-
2	KGN Enterprises Limited	Loans & Advances Returned (net)	3,40,55,311/-	15,88,39,809/-
3	Arif Memon	Loan Repayment	2,99,94,615/-	1,80,48,025/-
4	Deepak Raval	Salary	15,88,084/-	

28.

Payment to the Auditor		2013-2014 (Amount in ₹)	2012-2013 (Amount in ₹)
d.	For Statutory Audit	50,000	50,000
e.	For Tax Audit	10,000	10,000
f.	For Consulting Fees	6,000	6,000

For Kirit & Co.

Chartered Accountant

For and on behalf of the Board of Directors

Sd/-

Kirit Kumar

Proprietor

M.No. 038047

FRN: 132282W

Date: 28th May, 2014

Place: Ahmedabad

Sd/-

Deepak Raval

Director & CS

Date: 28th May, 2014

Place: Mumbai

Sd/-

Babulal J Hirani

Director

SHAREHOLDING PATTERN OF SUBSIDIARIES COMPANIES

**STATEMENTS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 2013
RELATING TO SUBSIDIARY COMPANIES**

	Name of the Subsidiary Companies	KGN Projects Limited
1.	Financial year of the subsidiary company.	31 st March, 2014
2.	Number of shares held in subsidiary company on the above date.	10,000
3.	Extent of share holding interest in %.	99.99%

The net aggregate of profit and losses of the subsidiary company as far as its concerns the members of the holding company.	
Not dealt with in the holding company's accounts:	
a) for the financial year of the subsidiary	NA
b) for the previous financial years since it became holding company's subsidiary	NA
Dealt with in the holding company's accounts:	
a) for the financial year of the subsidiary	2,219
b) for the previous financial years since it became holding company's subsidiary	2,919
c) material changes between the end of the financial years of the subsidiary and holding company.	

DETAILS OF SUBSIDIARY COMPANY 2013-2014

Name of the Subsidiary : KGN Projects Limited Financial Years Ends On 31st March, 2014	Amount in ₹
Share Capital	10,00,000
Reserves	8,12,878
Borrowings	17,03,483
Other Liabilities	25,96,039
Total Liabilities	61,12,400
Cash & Cash Equivalents	1,03,671
Loans & Advances	60,00,000
Other Assets	8,729
Total Assets	61,12,400

Turnover	71,848
Total Income	71,848
Employee Benefit Expense	36,237
Depreciation And Amortization Expense	8,729
Other Expense	23,563
Total Expenses	68,529
Profit before Taxation	3,319
Provision for Taxation	1,100
Profit After Taxation	2,219
Proposed Dividend	NIL
Basic (E.P.S.)	0.02
Diluted (E.P.S.)	0.02

For and on Behalf of the Board of Directors

**Sd/-
Babulal J Hirani
Director**

KGN INDUSTRIES LITMITED

Registered Office: B-15, Hirnen Shopping Centre, Hirnen Shopping Centre Co-Op Housing Society,
S.V. Road, Goregaon (W), Mumbai-400062.

ATTENDANCE SLIP

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

Folio NO.: _____

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

I/We _____ hereby record my / our presence at the 20th Annual General Meeting of the Company held on Friday, 26th day of September, 2014 at 10.30 a.m. at, Bombay YMCA, Central Branch, 12, Nathalal Parekh Marg, Colaba, Mumbai-400 001.

Signature of the Member / Proxy
(To be signed at the time of handing over this slip)

KGN INDUSTRIES LITMITED

Registered Office: B-15, Hirnen Shopping Centre, Hirnen Shopping Centre Co-Op Housing Society,
S.V. Road, Goregaon (W), Mumbai-400062.

PROXY FORM

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

Folio No.: _____

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

I/We _____ of _____ being member(s) of KGN Industries Limited, hereby appoint _____ of _____ or failing him/her, _____ of _____ as my/our proxy to attend and vote for me/ us on my/our behalf at the 20th Annual General Meeting of the Company held on **Friday**, 26th day of September, 2014 at 10.30 a.m. at, Bombay YMCA, Central Branch, 12, Nathalal Parekh Marg, Colaba, Mumbai-400 001. and at any adjournment thereof.

Signed this _____ day of _____ 2014.

Signature _____



Notes:

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

BOOK POST

If undelivered, please return to :



Registered office

B-15 Hirnen Shopping Centre,
Hirnen Shopping Centre Co. Op. Soc. Ltd.,
S.V. Road, Goregaon West, Mumbai – 400 062,
www.kgnindustries.com,
CIN: L23101MH1994PLC206282