



KGN Industries Limited

Regd. Office: 23, Vaswani Mansion, 4th Floor,
Dinshaw, Vaccha Road, Opp. K. C. College,
Church Gate, Mumbai - 400 020
Ph: +91 - 22 - 66541100 / 01 / 02 ♦ Tel: +91 - 22 - 6725 6547
E-mail: info@kgnindustries.com ♦ www.kgnindustries.com
CIN: L23101MH1994PLC206282

KIL/SE/2016-17/P26
Date: 5th October, 2016

To,
The Manager, Listing
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001

Dear Sir,

Sub: Annual Report 2015-16
Ref: Company Code: BSE: 531612

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; we submit herewith the Annual Report for the Financial Year 2015-16 approved and adopted by the members as per the provisions of the Companies Act, 2013 at the 22nd Annual General Meeting of the Company held on Monday, 26th September, 2016 at 11:00 A.M at YWCA Bombay International Centre 18th Madame Cama Road, Fort- Mumbai- 400001.

You are requested to kindly find the above in order and take the same on your record.

Thanking You,

Faithfully Yours,

For, KGN Industries Limited

Babulal Hirani
Director
(DIN: 02362983)



Reg. Office: B- 15, Hirnen Shopping Centre Co. Op. Hsg. Soc. Ltd Near City Centre, S.V Road,
Goregaon (West) Mumbai – 400062

22nd ANNUAL REPORT - 2016



KGN INDUSTRIES LIMITED

CIN : L23101MH1994PLC206282

KGN INDUSTRIES LIMITED

BOARD OF DIRECTORS :

Mr. Babulal Jethalal Hirani	Chairman	(DIN : 02362983)
Mr. Arifbhai Ismailbhai Memon	Managing Director	(DIN : 00209693)
Mr. Jignesh Babulal Hirani	Director	(DIN : 06573673)
Mr. Ajazahmad Ansari	Director	(DIN : 06961260)
Mr. Aftabahmed Kadri	Director	(DIN : 01738367)
Ms. Janki Ranjitsingh Vaghela	Director	(DIN : 03050746)

CHIEF FINANCIAL OFFICER :

Mr. Jignesh Babulal Hirani

AUDITORS :

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

INTERNAL AUDITOR :

M/s. A. Y . Pathan & Associates,
Chartered Accountants,
Ahmedabad

REGISTERED OFFICE :

Vaswani Mansion, 4th Floor, Dinshaw Vaccha Road,
Opp. K.C. College, Churchgate, Mumbai-400020
upto – 13.08.2016

B-15, Hirnen Shopping Centre co.op.hsg. Society Ltd.,
Near CITY Centre, S. V. Road, Goregaon(west), Mumbai-400062.
Tel no. 022-67256547
email : Info@kgnindustries.com
w.e.f – 13.08.2016

CORPORATE OFFICE :

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

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

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

Tel: +91 – 22- 6654 1101

Website: www.kgnindustries.com

E-mail : info@kgnindustries.com

CIN: L23101MH1994PLC206282

NOTICE

NOTICE is hereby given that TWENTY SECOND ANNUAL GENERAL MEETING OF KGN INDUSTRIES LIMITED will be held at YWCA BOMBAY INTERNATIONAL CENTRE 18TH MADAME CAMA ROAD, FORT- MUMBAI- 400001 ON MONDAY AT 26TH SEPTEMBER, 2016 AT 11.00 A.M. TO TRANSACT FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance sheet as on 31st March, 2016 and Profit and Loss Account for the year ended on that date together with the Cash flow Statement along with the Directors Report and Auditors Report thereon.
2. To reappoint Mr. Babulal Jethalal Hirani (DIN: 02362983), Director of the Company who retires by rotation and being eligible offers himself for reappointment.
3. To consider and if thought fit to pass the following resolution as an Ordinary Resolution
“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactments) thereof for the time being in force) and the Rules, the appointment of M/s. Kirit & Company (Firm Registration No. 132282 W) as Statutory Auditors of the Company to hold office till the conclusion of the 23rd Annual General Meeting to be held in the calendar year 2017 be and is hereby ratified (for the financial year 2016-17) and that the Board of Directors be and are hereby authorised to fix the remuneration payable to them for the financial year 2016-17 as recommended by the Audit Committee.”

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

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

**Place : Mumbai
Date : 13th August, 2016**

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies and that a proxy need not be a member of the company. Proxies in order to be effective must be deposited not less than 48 hours before the commencement of the meeting. A member cannot hold more than 50 proxies. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/authority as applicable.
2. The Register of Members and Share Transfer Books will remain close from 20th September, 2016 to 26th September, 2016 (both days inclusive).
3. Members are requested to intimate about the change in address, if any.
4. Members are requested to bring the copies of the annual report as the same will not be distributed at the annual general meeting.
5. Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly.
6. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rules framed there under, Members have been provided with the facility to cast their vote electronically, through the e- voting services provided by the Link Intime India Private Limited, on all resolutions set forth in this Notice.

Notice of the 22nd Annual General Meeting of the Company. Inter alia, indicating the process and manner of e-voting is being sent to all the members whose email Ids are registered with the Company/Depository Participant(s) for communication purpose through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 22nd Annual general Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
- III. The remote e-voting period commences on Friday, 23rd September, 2016 (9:00 a.m.) and ends on Sunday, 25th September, 2016 (5:00 p.m.). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th September, 2016 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- IV. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "KGN Industries Limited".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to umeshvedcs.office@airtelmail.com with a copy marked to evoting@nsdl.co.in
 - B. In case a Member receives physical copy of the Notice of Annual General Meeting [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
 - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the Annual General Meeting:
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

- VI. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 19th September, 2016.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 19th September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Link Intime India Private Limited.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- X. A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mr. Umesh Ved, Company Secretary (Membership No. 4411), Proprietor of M/s. Umesh Ved & Associates, Company Secretaries, Ahmedabad has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e www.kgnindustries.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited.

ITEM NO. 2 :

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

Name of the Director	Mr. Babulal Jethalal Hirani
Father Name	Mr. Jethalal Jivabhai Hirani
Date of Birth	23/11/1945
Date of Appointment	10/10/2008
Qualification	B.A.
Specific functional Areas	Banking Sector
Name of the Company(ies) in which he is a director (Public Limited Companies)	1) KGN ENTERPRISES LIMITED 2) KGN PROJECTS LIMITED 3) KGN BIO-TECH LIMITED 4) KGN GREEN LIMITED 5) KGN PROTEINS LIMITED
Relationship with Other Director/KMPs	Jignesh Babulal Hirani (Son)
Chairman/ Member of the Committee of the Board of Directors of the Company	None
Chairman/ Member of the Committee of Directors of other Public Limited Companies in which he is a Director	None
Shareholding in the Company as on 31 st March, 2016	Nil

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

**Place : Mumbai
Date : 13th August, 2016**

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

ROUTE MAP FOR ANNUAL GENERAL MEETING VENUE



DIRECTORS REPORT

To,
The members,

Your Directors have the pleasure in presenting the 22nd Annual Report together with the Audited Statement of Accounts for the year ending on 31st March, 2016.

Financial Results:*(Amt. in Rupees)*

Particulars	Financial Year ended			
	Standalone		Consolidated	
	2015-16	2014 – 2015	2015-16	2014 – 2015
Revenue from operations	5,437,900	6,555,345	5,456,935	6,555,345
Other Income	–	2,552,868	–	2,072,501
Total revenue	5,437,900	9,108,213	5,456,935	8,627,846
Expenditure				
Employee benefits expenses	381,988	1,342,564	381,988	1,342,564
Other expenses	2,764,537	4,924,447	2,775,925	6,587,591
Total expenses	4,882,164	7,903,246	4,893,170	7,930,155
Profit before tax	555,736	1,204,967	563,765	6,97,691
Tax expense :				
current Tax	186,675	249,704	188,925	251,772
Deferred Tax	-	67,760	-	67,760
Excess provision of income tax	-	-	-	-513,967
Net profit for the year	369,061	887,503	374,840	892,126

APPROPRIATIONS:

The Opening Balance of Surplus of Profit and Loss shown under the head Reserves and Surplus was Rs. 46,139,681/-. During the year under the review, the profit of Rs. 369,061/- was also added. The Closing Balance of Surplus of the Profit and Loss shown under the head Reserves and Surplus was Rs. 46,508,742/-

OPERATIONS:

During the year under the review there was a decrease in total income of 40.30% in comparison to the previous year. The total expenses have decreased by 38.23 % and the net profit after tax has decreased by 58.42%.

DIVIDEND:

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

DETAILS OF DIRECTORS / KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED:**i. Retirement by Rotation:**

Pursuant to the provisions of Section 152(6) of the Companies Act, 2013, Mr. Babulal Jethalal Hirani (DIN: 02362983), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your directors recommend his re-appointment.

ii. Cessation:

There is no cessation of any director during the year.

iii. Appointment of Additional / Independent Women Director:

There is no appointment of any director during the year under review.

iv. Key Managerial Personnel:

The following persons are designated as Key Managerial Personnel:

1. Mr. Arifbhai Ismailbhai Memon, Managing Director
2. Mr. Jignesh Babulal Hirani, Chief Financial Officer

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

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

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

DEPOSITS:

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

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

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

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

INTERNAL FINANCIAL CONTROLS:

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

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

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

ENVIRONMENTAL PROTECTION:

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

PERSONNEL:

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

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

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

VIGIL MECHANISM:

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

AUDIT COMMITTEE:

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

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

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

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

AUDITORS:**i. Statutory Auditor and their Report**

In the last AGM held on 29th September, 2015, M/s. Kirit & Company, Chartered Accountants, (having Registration No. 132282W) have been appointed as Statutory Auditors of the Company for a period of 2 (Two) years. Ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. They have confirmed their eligibility and willingness to accept office, if re-appointed.

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

ii. INTERNAL AUDITOR :

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

iii. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT :

The Board of Directors of the Company has, in compliance with the provisions of Section 304(1) of the Companies Act, 2013 and rules made in this behalf, appointed Jatin H. Kapadia, Practising Company Secretary to carry out Secretarial Audit of the Company for the financial year 2015-16. The Report of the Secretarial Auditor is annexed to this Report as Annexure C which is self explanatory and gives complete information.

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

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

Qualification/ Adverse Remark	Explanation :
The Company is yet to appoint the Company Secretary as specified under the provisions of Section 203 under the Companies Act, 2013.	The Company was not able to get a fit and proper candidate at remuneration commensurate with the size of the Company. The Company did make sufficient attempts to appoint full time Company Secretary, however, was unable to find / appoint any suitable candidate. However, the company is in process to appoint a full time Company Secretary.
Certain forms are yet to be filed by the Company with the Registrar of Company as specified under the Companies Act, 2013.	The company is in process of filing the requisite form and the compliance of the same will be made soon. However, Board assures that it will be complied with now onwards.

LISTING:

The shares of the company are listed at BSE Limited. Listing fees of BSE Limited is paid for the year 2015 – 2016.

DIRECTORS RESPONSIBITLY STATEMENT:

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

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the annual accounts on a going concern basis.
- (e) The Directors have laid down internal financial controls as required by Explanation to Section 134(5)(e) of the Act to be followed by the Company and such internal financial controls are adequate and are operating effectively.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of applicable laws and such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS:

During the year under review the Company has entered into the transactions with the related parties, the details of each are provided in point No. 25 under the head notes on Financial Statements.

PARTICULARS OF LOANS / GUARANTEES / INVESTMENT:

The Particulars of loans, guarantee or investment made under Section 186 of the Companies Act, 2013 are furnished in the Notes to the Financial Statements for the year ended 31st March 2016.

INVESTMENT IN UNQUOTED SHARES:

The Company has made investment in unquoted shares. i.e. 99994 Shares in KGN Projects Limited.

RISK MANAGEMENT POLICY:

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

STATEMENT OF INDEPENDENT DIRECTORS:

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

- (a) Mr. Ajazahmed Ansari
- (b) Mr. Aftabahmed Kadri
- (c) Ms. Janki Ranjitsingh Vaghela

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

EXTRACT OF THE ANNUAL RETURN:

Pursuant to provision of Section 92 and 134 and other applicable provision of the Companies Act, 2013 and of Rule 12 (1) of Companies (Management and Administration) Rules, 2014 the extract of the annual return in form MGT 9 for the Financial Year ended on 31st March, 2016 is annexed as Annexure D to this Report.

NUMBER OF BOARD MEETINGS:

Total 4 Board Meetings were held during the Financial Year 2015-16 on 30th May, 2015, 14th August, 2015, 9th November, 2015 and 13th February, 2016 and the gap between two meetings did not exceed one hundred and twenty days. The details of attendance of Directors at the Board Meetings are as under:

Name of Director	Number of Board Meetings held and attended FY 2015-16	
	Held during the tenure	Attended
Mr. Babulal J. Hirani (Chairman)	4	4
Mr. Arifbhai Memon	4	3
Mr. Jignesh Hirani	4	4
Mr. Aftab Ahmed Kadri	4	3
Mr. Ajazahmed Ansari	4	3
Mrs. Janki Ranjitsingh Vaghela	4	3

CORPORATE SOCIAL RESPONSIBILITY:

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

ANNUAL PERFORMANCE EVALUATION:

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

Board:

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

Committees of the Board:

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

Individual Directors:

- (a) Independent Directors: In accordance with the criteria suggested by The Nomination and Remuneration Committee, the performance of each independent director was evaluated by the entire Board of Directors (excluding the director being evaluated) on various parameters like engagement, leadership, analysis, decision making, communication, governance and interest of stakeholders. The Board was of the unanimous view that each independent director was a reputed professional and brought his/her rich experience to the deliberations of the Board. The Board also appreciated the contribution made by all the independent directors in guiding the management in achieving higher growth and concluded that continuance of each independent director on the Board will be in the interest of the Company.
- (b) Non-Independent Directors: The performance of each of the non-independent directors (including the chair person) was evaluated by the Independent Directors at their separate meeting. Further, their performance was also evaluated by the Board of Directors. The various criteria considered for the purpose of evaluation included leadership, engagement, transparency, analysis, decision making, functional knowledge, governance and interest of stakeholders. The Independent Directors and the Board were of the unanimous view that each of the non-independent directors was providing good business and people leadership.

SEXUAL HARASSMENT:

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

POLICIES:

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

- a. Policy on preservation of the Documents
- b. Policy on criteria for determining Materiality of Events
- c. Whistle Blower Policy
- d. Policy on dealing with related party transactions
- e. Policy for determining material subsidiaries

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

APPRECIATION:

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

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

Date : 13th August, 2016
Place : Mumbai

**BABULAL JETHALAL HIRANI
CHAIRMAN
DIN: 02362983**

“ANNEXURE- A”**FORM AOC- 1**

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

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

Part “A”: Subsidiaries

(in Rs.)

No.	Particulars	KGN Projects Limited
1.	Reporting period	April - March
2.	Reporting Currency	INR
3.	Share Capital	1,000,000
4.	Reserves & Surplus	8,22,537
5.	Total Assets	60,41,815
6.	Total Liabilities	42,19,278
7.	Investments	–
8.	Turnover (Revenue)	19,035
9.	Profit/ (Loss) Before Taxation	7,285
10.	Provision For Taxation	2,250
11.	Profit/ (Loss) After Taxation	5,035
12.	Proposed Dividend	–
13.	% of Share holding	100.00%

Notes:

There were no subsidiaries liquidated during the financial year 2015-16.

“ANNEXURE- B”

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

- (i) the ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16:

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

- (ii) the percentage increase in remuneration of each director CFO, CEO, Company Secretary or Manager, if any, in the financial year 2015-16:

Mr. Jignesh Babulal Hirani	CFO	Nil
Mr. Arifbhai Ismailbhai Memon	Managing Director	Nil

- (iii) Market Capitalisation

Date	Issued Shares	Closing Market Price per share(Rs)	EPS (Rs.)	PE Ratio	Market Capitalisation (Rs. In Cr.)
31.03.2015	22,25,00,000	9.60	0.004	2400	213.60
31.03.2016	22,25,00,000	1.56	0.002	780	34.71
Increase/(Decrease)	Nil	(8.04)	(0.002)	(1620)	(178.89)
Increase/(Decrease)%	Nil	83.75%	50%	67.5%	83.75%

The company came out with the IPO at a price of Rs. 10/- per share. The market price of the share as on 31st March, 2016 was Rs. 1.56/- on BSE Limited.

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

BABULAL HIRANI
CHAIRMAN
DIN: 02362983

Dated: 13th August, 2016

“ANNEXURE- C”
Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
KGN INDUSTRIES LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the Audit Period)
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the Audit Period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period)

- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head / groups of Acts, Laws and Regulations as applicable to the Company is as under:
1. Income-Tax Act, 1961 and Indirect Tax Laws;
 2. Labour Laws & other incidental laws related to labour and employees appointed by the Company;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 – w.e.f 1st December, 2015.

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

The Company is yet to appoint the Company Secretary as specified under the provisions of Section 203 under the Companies Act, 2013.

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

We further report that:

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

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

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

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

Place : Ahmedabad
Date : 13th August, 2016

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

To,
The Members,
KGN Industries Limited.

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

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

Place : Ahmedabad
Date : 13th August, 2016

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

MANAGEMENT DISCUSSION ANALYSIS**GLOBAL OVERVIEW :**

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

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

INDUSTRIES OVERVIEW :**Indian Oil & Gas Market scenario**

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

Oil & Gas – Key Developments and Investments :

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

Oil & Gas – Government Initiatives :

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

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

Oil & Gas – Road Ahead

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

CURRENT BUSINESS REVIEW

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

FUTURE OUTLOOK

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

OPPORTUNITIES THREATS RISKS AND CONCERNS :

- Oil and Gas are used in a huge way in the Indian as well as in the global market. It is one of the major sector which is contributing in the revenue generation all over the world. So there are tremendous opportunities in this sector.
- Much higher thrust on research & development is required for proper quality control.
- Foreign exchange fluctuation and volatility in prices can affect the margin of export and import.
- Oil and Gas continue to be a volatile product in terms of its price.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES :

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

CAUTIONARY STATEMENT :

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

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

Date : 13.08.2016
Place : Mumbai

BABULAL JETHALAL HIRANI
CHAIRMAN
DIN: 02362983

REPORT ON CORPORATE GOVERNANCE

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

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

1. CORPORATE GOVERNANCE PHILOSOPHY :

The Company firmly believes that Corporate Governance is about upholding the highest standards of integrity, transparency and accountability.

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

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

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

The Company has Non-executive Chairman. As on 31st March, 2016 there were 6 Directors on its Board. The number of Non-Executive Directors is more than one-half of the total number of directors. The Company has 1 woman Director. Mr. Babulal Jethalal Hirani is the Chairman of the Company. None of the Directors on the Board is a Member of more than 10 Committees or a Chairman on more than 5 Committees, across all companies in which he is a Director, including KGN Industries Limited.

Name	Category	No. of Directorship in other public Companies* as on 31.03.2016	No. of Committee Positions held in Other public Companies* as on 31.03.2016	
			Chairman	Member
Mr. Babulal J. Hirani (Chairman)	Non Executive	5	0	0
Mr. Arifbhai Memon	Executive Promoter Managing Director	3	0	0
Mr. Jignesh Hirani	CFO	0	0	0
Mr. Aftab Ahmed Kadri	Independent Non Executive	1	1	2
Mr. Ajazahmed Ansari	Independent Non Executive	2	2	1
Mrs. Janki Ranjitsingh Vaghela	Independent Non Executive	1	0	2

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

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

Total 4 Board Meetings were held during the Financial Year 2015-16 on 30th May, 2015, 14th August, 2015, 9th November, 2015 and 13th February, 2016 and the gap between two meetings did not exceed one hundred and twenty days. The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting are as under:

Name of Director	Number of Board Meetings held and attended FY 2015-16		Attended Last AGM
	Held during the tenure	Attended	
Mr. Babulal J. Hirani (Chairman)	4	4	Yes
Mr. Arifbhai Memon	4	3	Yes
Mr. Jignesh Hirani	4	4	Yes
Mr. Aftab Ahmed Kadri	4	3	Yes
Mr. Ajazahmed Ansari	4	3	Yes
Mrs. Janki Ranjitsingh Vaghela	4	3	No

Details of Director seeking re-appointment :

At the ensuing Annual General Meeting, Mr. Babulal Jethalal Hirani, retire by rotation and being eligible offer himself for re-appointment.

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

Name of the Director	Mr. Babulal Jethalal Hirani
Father Name	Mr. Jethalal Jivabhai Hirani
Date of Birth	23/11/1945
Date of Appointment	10/10/2008
Qualification	B.A.
Specific functional Areas	Banking Sector
Name of the Company(ies) in which he is a director (Public Limited Companies)	1) KGN ENTERPRISES LIMITED 2) KGN PROJECTS LIMITED 3) KGN BIO-TECH LIMITED 4) KGN GREEN LIMITED 5) KGN PROTEINS LIMITED
Relationship with Other Director/KMPs	Jignesh Babulal Hirani (Son)
Chairman/ Member of the Committee of the Board of Directors of the Company	None
Chairman/ Member of the Committee of Directors of other Public Limited Companies in which he is a Director	None
Shareholding in the Company as on 31 st March, 2016	Nil

3. AUDIT COMMITTEE :

As on date the Board has established the following Committees:

- A. Audit Committee
- B. Nomination and Remuneration Committee
- C. Stakeholders' Relationship Committee

4. AUDIT COMMITTEE:

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

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

a. Composition of Committee:

Presently the composition of the Audit Committee is as under:

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

b. Terms of reference:

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

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

Review of Information by Audit Committee :

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

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

c. MEETINGS AND ATTENDANCE DURING THE YEAR:

Four Meetings of Audit Committee were held during financial year 2015-16 on 30th May, 2015, 14th August, 2015, 9th November, 2015 and 13th February, 2016 and all members were present at the meetings.

4. NOMINATION REMUNERATION AND COMPENSATION COMMITTEE:

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

A. Composition of Committee:

At present consist of following members of the Committee:

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

B. Terms of reference:

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

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

C. MEETINGS AND ATTENDANCE DURING THE YEAR:

One Meeting of Nomination and Remuneration Committee was held during financial year 2015-16 on 14th August, 2015 and all members were present at the meeting.

D. Remuneration of Directors:

There was no remuneration paid to the Directors during the year 2015-16.

5. STAKEHOLDER RELATIONSHIP COMMITTEE:

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

A. Composition of Committee:

The composition of Stakeholders' Relationship Committee during the Financial Year ended 31st March, 2016 is as under:

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

B. Terms of reference:

The Committee administers the following activities:

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

C. MEETINGS AND ATTENDANCE DURING THE YEAR:

Four Meetings of Stakeholders' Relationship Committee were held during financial year 2015-16 on 30th May, 2015, 14th August, 2015, 9th November, 2015 and 13th February, 2016 and all members were present at the meetings.

D. NAME & DESIGNATION OF THE COMPLIANCE OFFICER:

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

The Stakeholder Relationship Committee meets periodically to approve all the cases of shares demated, transfer, and issue of duplicate share certificates and resolution of investors' complaints, submission of

information to various statutory authorities like NSDL/CDSL, SEBI, Stock Exchanges, and Registrar of Companies periodically and from time to time. Other functions, roles, duties, powers etc. have been clearly defined in line with the provisions of Companies Act, 2013 and the SEBI Listing Regulations and are kept flexible for modification by the Board from time to time.

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

No. of complaints received : Nil

No. of complaints resolved : Nil

No. of complaints pending : Nil

7. ANNUAL GENERAL MEETINGS:

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

Financial Year	Location	Date	Day	Time	Type of Meeting	Special Resolution Passed
2014-15	YWCA Bombay International Centre 18th Madame Cama Road, Fort-Mumbai- 400001	29th September, 2015	Tuesday	11.30 A.M.	AGM	1
2013-14	Bombay YMCA, Central Branch 12, Nathalal Parekh Marg, Colaba, Mumbai- 400 001.	26th September, 2014	Friday	10.30 A.M.	AGM	0
2012-13	Bombay YMCA, Central Branch 12, Nathalal Parekh Marg, Colaba, Mumbai- 400 001.	28th September, 2013	Saturday	11.00 A.M.	AGM	0

b) Postal Ballot:

No Special Resolution was passed through postal ballot during the Financial Year 2015-16. In the ensuing Annual General Meeting, there is no business requiring Postal Ballot.

8. DISCLOSURES:

During the financial year 2015-16, there were no materially significant transactions entered into between the Company and its promoters, directors or the management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

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

9. MEANS OF COMMUNICATION:

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

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

10. CEO/CFO CERTIFICATION:

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

11. GENERAL SHAREHOLDER INFORMATION:

a) Detail Programme of the 22nd ANNUAL GENERAL MEETING:

DATE : 26th SEPTEMBER, 2016

DAY : MONDAY

TIME : 11.00 A.M.

VENUE : YWCA BOMBAY INTERNATIONAL CENTRE
18TH MADAME CAMA ROAD, FORT- MUMBAI- 400001

- b) **FINANCIAL YEAR** : 1st April, 2015 to 31st March, 2016
- c) **BOOK CLOSURE DATE** : 20th September, 2016 to 26th September, 2016 (Both days inclusive)
- d) **LISTING ON STOCK EXCHANGES:**
The Company's Ordinary shares are listed on the following Stock Exchanges: BSE Limited
- e) **STOCK CODE** : BSE Limited : 531612
- f) **DEMAT INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) FOR EQUITY SHARES :**
INE196C01022

MONTHWISE STOCK MARKET PRICE DATA (BSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE PERIOD 1ST APRIL, 2015 TO 31ST MARCH, 2016.

PERIOD FROM APRIL, 2015 TO MARCH, 2016	PRICE PER SHARE		NO.OF SHARES TRADED
	HIGH (RS.)	LOW (RS.)	
April, 2015	10.00	8.26	3,73,091
May, 2015	9.50	5.52	11,63,948
June, 2015	6.39	3.19	7,49,449
July, 2015	3.31	2.57	9,04,251
August, 2015	3.70	2.28	4,58,535
September, 2015	3.83	2.30	2,48,984
October, 2015	3.92	3.06	1,28,719
November, 2015	4.30	2.75	1,00,977
December, 2015	2.62	1.93	13,81,909
January, 2016	1.90	1.66	10,36,067
February, 2016	1.71	1.39	3,36,292
March, 2016	1.56	1.36	8,36,073

(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.
303, Shoppers Plaza-V, The Govt. Servants Co-op Housing Society Limited,
Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad - 380 009.
Telephone No: 079-26465179. Email: ahmedabad@linkintime.co.in
- h) **SHARE TRANSFER PROCESS:**
Trading in equity share of the Company is permitted in physical and dematerialized form. Share transfer in physical form and request for demat received by the Registrar and Transfer agent are registered and returned within the statutory period, provided all documents are valid and complete in all respects.
- i) **DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2016:**

No.	Range of Holding	No. of Shareholders	No. of Shares	% to Capital
1.	Upto 500	1541	218798	0.0980
2.	501 to 1000	371	328953	0.1480
3.	1001 to 2000	265	432931	0.1950
4.	2001 to 3000	123	329291	0.1480
5.	3001 to 4000	73	272043	0.1220
6.	4001 to 5000	148	723672	0.3250
7.	5001 to 10000	329	2849138	1.2810
8.	Above 10000	765	217345174	97.6830
	Total	3615	222500000	100.00

k) **SHAREHOLDING PATTERN AS ON 31st MARCH, 2016:**

No.	Category	No. Of Shares	Percentage
1.	Indian Public	53184641	23.90
2.	Hindu Undivided Families	1670000	0.75
3.	NRIs / OCBs	268210	0.12
4.	Mutual Funds and UTI	0	0
5.	Banks, Financial Institutions and Insurance Companies (Central Institutions)	0	0
6.	Clearing Member	2453395	1.10
7.	Corporate Bodies	34841411	15.66
8.	Indian Promoters	119961736	53.92
9.	Foreign Institutional Investors	10120607	4.55
	TOTAL	222500000	100.00

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

Percentage of Shares held in Physical form : 17.21%

Percentage of Shares held in Electronic form : 82.79%

m) **Outstanding ADRs/GDRs: The Company has not issued any ADRs/GDRs.**n) **ADDRESS FOR CORRESPONDENCE:**

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

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

Place : Mumbai
Date : 13.08.2016

BABULAL JETHALAL HIRANI
CHAIRMAN
DIN: 02362983

DECLARATION

As required under SEBI Listing Regulations, it is hereby declared that all the Board Members and Senior Management Personnel of KGN INDUSTRIES LIMITED have affirmed the compliance with the Code of Conduct for the year ended March 31, 2016.

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

**Place: Mumbai
Date: 13th August, 2016**

**Arifbhai Ismailbhai Memon
(Managing Director)**

CEO/CFO CERTIFICATION

To,
The Board of Director
KGN Industries Limited,
Mumbai.

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

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

**Date : 13th August, 2016
Place : Mumbai**

**Jignesh B Hirani
Chief Financial officer**

**Arif I Memon
Managing Director**

ANNEXURE-D

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS :

i.	CIN	L23101MH1994PLC206282
ii.	Registration Date	14/10/1994
iii.	Name of the Company	KGN INDUSTRIES LIMITED
iv.	Category/Sub-Category of the Company	Public Company Limited by Shares
v.	Address of the Registered office and contact details	B-15, Hirnen Shopping Centre Co.op.hsg, society Ltd, Near CITY Centre, S. V. Road, Goregaon (West), Mumbai-400062. Tel no.022-67256547 info@kgnindustries.com www.kgnindustries.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime (India) Private Limited 303, Shoppers Plaza-V, The Govt. Servants Co-op Housing Society Limited, Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad-380 009. Telephone No: 079-26465179.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

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

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

i. Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	35284	10000	45284	0.02	35284	18000	53284	0.02	0.0035
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp	119908452	0	119908452	53.89	119908452	0	119908452	53.89	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):-	119943736	10000	119953736	53.91	119943736	18000	119961736	53.91	0.0035

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0
h) Other-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total(A)(2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoters (A)= (A)(1)+(A)(2)	119943736	10000	119953736	53.91	119943736	18000	119961736	53.91	0.0035
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	12364328	0	12364328	5.56	10120607	0	10120607	4.55	-1.01
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(1)	12364328	0	12364328	5.56	10120607	0	10120607	4.55	-1.01
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	7470415	28774000	36244415	16.28	6067411	28774000	34841411	15.66	-0.62
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	20730902	3120120	23843022	10.72	23414459	3057120	26471579	11.89	1.17
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	18320544	6435000	24755544	11.12	21948062	6435000	28383062	12.76	1.64
c) Others(Specify)	5330955	0	5330955	2.4	2721605	0	2721605	1.22	-1.18
Sub-total(B)(2)	51852816	38329120	90173936	40.53	54151537	38266120	89789100		-0.07
Total Public Shareholding B)=(B)(1)+ (B)(2)	64217144	38329120	102538264	46.09	64272144	38266120	99909707	46.08	-0.01
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	184160880	38339120	222500000	100.00	184215880	38284120	222500000	100.00	0

ii. Shareholding of Promoters :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Salim Ismail Memon	10000	0.0045	0	-	-	-	-0.0045
2.	Ismail Gulmohammed Memon	10000	0.0045	0	10000	0.0045	0	0
3.	Arifbhai Ismailbhai Memon	10284	0.0046	0	10284	0.0046	0	0
4.	KGN Holdings Pvt. Ltd	119908452	53.89	0	119908452	53.89	0	0
5.	Farzanben Ismailbhai Memon	7500	0.0034	0	17500	0.0079	0	0.0045
6.	Khattuben Ismailbhai Memon	7500	0.0034	0	7500	0.0034	0	0
7.	Nazneen Mohsinbhai Memon	8000	0.0036	0	8000	0.0036	0	0
	TOTAL	119953736	53.91	0	119961736	53.91	0	0.0001%

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

S. N.	Name of the Promoter/ Promoter Group	Shareholding at the beginning of the year (01-04-2015)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (31-03-2016)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Salim Ismail Memon	10000	0.0045	0	(10000)		-10000	-0.0045
2	Fazanben Ismailbhai Memon	7500	0.0034	0	10000		10000	0.0079

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

S. N.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year*		Shareholding at the end of the year (31.03.2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Elara India Opportunities Fund Limited	9300607	4.18	-	-	9300607	4.18
2.	Jayprakash Mafatlal Vyas	1999835	0.89	-	-	1999835	0.89
3.	Arcadia Share & Stock Brokers Pvt. Ltd.	4984667	2.24	-3027527	-1.36	1957140	0.88
4.	Imran Saleem Khan	951118	0.42	736000	0.33	1687118	0.75
5.	Asif Abdul Gani Ansari	913891	0.41	717000	0.32	1630891	0.73
6.	Hiral Dinesh Vora	0	0	1513700	0.68	1513700	0.68
7.	Dinesh Jadavji Vora	0	0	1513700	0.68	1513700	0.68
8.	Anilkumar Mansinghka	2900000	1.29	-	-	2900000	1.29
9.	Paridhi Overseas Pvt. Ltd.	3556899	1.59	7400	0.003	3564299	1.59
10.	Dinesh Jain	1345498	0.60	-	-	1345498	0.60

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

(v) Shareholding of Directors and Key Managerial personnel :

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

V. INDEBTEDNESS :

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	20,932,291	0	20,932,291
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not	0	0	0	0
Total (i+ii+iii)	0	20,932,291	0	20,932,291
Change in Indebtedness during the financial year				
- Addition		1,089,192	0	1,089,192
- Reduction				
Net Change	0	1,089,192	0	1,089,192
Indebtedness at the end of the financial year				
i) Principal Amount	0	22,021,483	0	22,021,483
ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)	0	22,021,483	0	22,021,483

VI. REMUNERATION OF DIRECTORS AND KEYMANAGERIAL PERSONNEL :**A. Remuneration to Managing Director, Whole-time Directors and/or Manager :**

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

B. Remuneration to other directors :

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

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

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

VII. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES :

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

AUDITORS' CERTIFICATE

To,
The Members
KGN Industries Limited,
Mumbai.

We have read the Report of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by the KGN Industries Limited for the year ended 31st March, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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

FOR KIRIT & CO.
Chartered Accountants

Place : Mumbai
Date : 13th August, 2016

Kirit Kumar
M.No :03804
FRN : 132282

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, 2016, the statement of Profit & Loss and Cash Flow Statement for the year ended and a summary of Significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements :

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

Auditors' Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion :

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

- a) In the case of the Balance Sheet, of the state of affairs of the company as on 31st March, 2016.
- b) In the case of the Profit & Loss Account Statement Balance, of the profit for the year ended on 31st March, 2016.
- c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31st March, 2016.

Report on Other Legal and Regulatory Requirements :

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure hereto a statement specified in paragraph 4 and 5 of the said order.
2. As required by section 143 (3) of the Act, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books;

- (iii) The Balance Sheet and Profit & Loss Statement Balance dealt with by this report are in agreement with the books of account;
- (iv) On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (v) in our opinion, the aforesaid (Standalone) financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (vi) In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016.

For Kirit & Co.
Chartered Accountant

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

Place : Ahmedabad
Date: 30th May, 2016

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
2. (a) The Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
3. (a) The Company has granted unsecured loan to its Subsidiary Companies and parties in the register maintained under Section 189 of the Companies Act, 2013. The Maximum amount granted during the year and year end balance of loan to such subsidiaries were as per details given below. The terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

Sr. No.	Name of the Party	Relation with the Company	Maximum Outstanding (in Rs.)	Closing Balance As on 31/03/2015 (in Rs.)
1.	KGN Projects Limited	Subsidiary Company	16,10,317/-	16,10,317/-
2.	KGN Enterprises Limited	Associates	14,42,77,868/-	14,17,66,985/-

- (b) The Company has not taken loans, secured or unsecured from the companies or other parties covered in the register maintained u/s 189 of the Companies Act, 2013
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For Kirit & Co.
Chartered Accountant**

**Place : Ahmedabad
Date : 30th May, 2016**

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

BALANCE SHEET AS AT 31st MARCH , 2016

(Amount in Rs.)

Particulars	Note	As at 31 March, 2016	As at 31 March, 2015
I. EQUITY AND LIABILITIES :			
1. Shareholders' Funds :			
(a) Share Capital	1	222,500,000	222,500,000
(b) Reserves and Surplus	2	396,508,742	396,139,681
2. Non-Current Liabilities :			
(a) Deffered Tax Liabilities	3	882,520	882,520
(b) Long-Term Borrowings	4	3,500,000	3,500,000
3. Current Liabilities :			
(a) Short-Term Borrowings	5	18,521,482	17,432,291
(b) Other Current Liabilities	6	3,212,272	3,131,270
(c) Short-Term Provisions	7	2,152,610	4,481,061
TOTAL		647,277,626	648,066,823
II. ASSETS :			
Non-Current Assets :			
1 (a) Fixed Assets	8		
(i) Tangible Assets		882,068	1,492,261
(ii) Intangible Assets		6,624	6,624
(iii) Work In Progress		45,783,631	45,783,631
(b) Non-Current Investments	9	30,259,940	30,259,940
(c) Long-Term Loans and Advances	10	415,892,647	418,518,256
(d) Other Non-Current Assets	11	--	--
2 Current Assets :			
(a) Inventories		4,562,737	5,879,540
(a) Trade Receivables	12	26,365,212	26,365,212
(b) Cash And Cash Equivalents	13	3,102,120	3,305,577
(c) Short-Term Loans And Advances	14	86,138,517	86,149,693
(d) Other Current Assets	15	34,284,130	30,306,086
TOTAL		647,277,626	648,066,823

Significant Accounting Policies
Notes on Financial Statements

1 to 26

The Accompanying notes are an Integral Part of Financial Statements

As Per our Report of even date

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
---	--	--

Date : 30.05.2016
Place : Mumbai

Profit and Loss statement Balance for the year ended 31st March 2016

(Amount in Rs.)			
Particulars	Note	2015-2016	2014-2015
INCOME :			
I. Revenue From Operations	16	5,437,900	6,555,345
II. Other Income	17	--	2,552,868
III. Total Revenue (I + II)		5,437,900	9,108,213
IV. EXPENDITURE :			
Purchase of Stock In Trade		--	6,535,000
Changes In Inventories of Finished Goods, Work-In-Progress And Stock-In-Trade		1,316,802	-5,879,540
Employee Benefits Expense	18	381,988	1,342,564
Finance Costs	19	9,145	25,173
Depreciation and Amortization Expense	20	409,692	955,602
Other Expenses	21	2,764,537	4,924,447
Total Expenses		4,882,164	7,903,246
V Profit Before Tax (III- IV)		555,736	1,204,967
VI Tax Expense :			
(1) Current Tax		186,675	249,704
(2) Deferred Tax		--	67,760
VII Profit for the Year (V-VI)		369,061	887,503
VIII Earnings per Shares of Rs. 1/- each fully paid up (in Rs.)			
Basic		0.002	0.004
Diluted		0.002	0.004

Significant Accounting Policies
Notes On Financial Statements

1 to 26

The Accompanying notes are an Integral Part of Financial Statements

As Per our Report of even date

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
---	--	--

Date : 30.05.2016
Place : Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 2015-2016

(Amount in Rs.)

Particulars	2015-2016	2014-2015
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax as per Profit and Loss Statement Balance	555,736	1,204,967
Adjustment For:		
Depreciation and Amortisation Expenses	409,692	955,602
Depreciation for Disposal of assets	-1,039,191	-
Finance Cost	25,173	25,173
Interest on Fixed Deposits	--	653,748
Excess Provision	--	166,993
Operating Profit before Working Capital Changes	-48,590	3,006,482
Adjustment For:		
(Increase)/Decrease in Trade Receivable	0	1,785,400
(Increase)/Decrease in Inventories	1,316,803	-5,879,540
(Increase)/Decrease in Other Current Assets	-3,978,044	13,516,093
(Increase)/Decrease in Non Current Assets	-	-
Increase/(Decrease) in Other Current Liabilities	81,002	-24,443,515
Increase/(Decrease) in Short Term Provision	-84,846	-3,313,921
Changes in Working Capital	-2,665,086	-18,335,482
Cash Generated From Operations	-2,713,676	-15,329,000
Taxes Paid	2,430,275	5,070,560
Net Cash Flow from Operating Activities	-5,143,951	-20,399,560
B) CASH FLOW FROM INVESTING ACTIVITIES :		
(Purchase)/Sale of Fixed Assets	1,239,691	3,319,823
Interest on Fixed Deposits	--	-653,748
Change in investment	--	-
Movement in Short Term Loan and Advances	11,176	4,497,883
Movement in Long Term Loans And Advances	2,625,609	14,558,391
Net Cash Used in Investing Activities	3,876,476	21,722,349
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Finance Cost	-25,173	-25,173
Dividend and Dividend Distribution Tax	--	-
Movement In Long Term Borrowing	--	-
Movement in Short Term Borrowings	1,089,191	-615,734
Undeclared Dividend And Tax Thereon	--	-909,058
Net Cash Used in Financing Activities	1,064,018	-1,549,965
Net Cash flow (A+B+C)	-203,457	-227,177
Cash & Cash Equivalents at the beginning of the year	3,305,577	3,532,754
Cash & Cash Equivalents at the end of the year	3,102,120	3,305,577

As Per our Report of even date

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
---	--	--

Date : 30.05.2016
Place : Mumbai

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

	As at 31 st March 2016		As at 31 st March 2015	
	Number	Amounts	Number	Amounts
1. SHARE CAPITAL :				
Authorised Share Capital :				
23,00,00,000 Equity shares of Rs. 1 each (P.Y. : 23,00,00,000 Equity shares of Rs. 1 each)	230,000,000	230,000,000	230,000,000	230,000,000
	230,000,000	230,000,000	230,000,000	230,000,000
Issued, Subscribed & Paid up :				
22,25,00,000 Equity shares of Rs. 1 each (P.Y. : 22,25,00,000 Equity shares of Rs. 1 each)	222,500,000	222,500,000	222,500,000	222,500,000
TOTAL	222,500,000	222,500,000	222,500,000	222,500,000

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

Particulars	As at 31 st March 2016		As at 31 st March 2015	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares Outstanding at the beginning of the year	222,500,000	222,500,000	222,500,000	222,500,000
Shares Issued during the year	--	--	--	--
Shares bought back during the year	--	--	--	--
Shares outstanding at the end of the year	222,500,000	222,500,000	222,500,000	222,500,000

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

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

(Amount in Rs.)

Particulars	As at	
	31 March, 2016	31 March, 2015
2. RESERVE & SURPLUS :		
A. Share Premium		
Opening Balance	350,000,000	350,000,000
	350,000,000	350,000,000
B. Profit & Loss Statement Balance		
Opening Balance	46,139,681	45,475,715
(+) Current Year Transfer	369,061	887,503
Less : Appropriation	--	-2,684,000
Undeclared Dividend	--	2,099,345
Tax on Undeclared Dividend	--	361,118
Closing Balance	46,508,742	46,139,681
TOTAL	396,508,742	396,139,681

3. DEFERRED TAX LIABILITIES(NET) :

Opening Balance	882,516	814,756
Add : During the Year	-	67,760
TOTAL	882,516	882,516

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	As at 31 March, 2016	As at 31 March, 2015
4. LONG TERM BORROWING :		
(a) Others	3,500,000	3,500,000
TOTAL	3,500,000	3,500,000
5. SHORT TERM BORROWINGS :		
Unsecured :		
(a) Other	18,521,482	17,432,291
TOTAL	18,521,482	17,432,291
6. OTHER CURRENT LIABILITIES :		
Audit Fees Payable	132,600	112,600
TDS Payable	447,700	510,642
Sundry Creditor For Expenses	677,017	574,097
Professional Tax	1,175	1,200
Others Current Liabilities	1,953,784	1,932,731
TOTAL	3,212,276	3,131,270
7. SHORT TERM PROVISIONS :		
(a) Provision for employee benefits		
Salary & Reimbursements	23,521	83,617
Provision for audit fees	20,000	20,000
Provision For Expenses	--	600
Provision for Income Tax A.Y. 2016-17	186,675	--
Provision for Income Tax A.Y. 2015-16	--	249,704
Provision for Income Tax	1,922,414	4,127,140
TOTAL	2,152,610	4,481,061

8. FIXED ASSETS :

	Gross Block				Accumulated Depreciation				Net Block			
	Balance as at 1-4-15	Addi-tion/ Disposal	Acquired through busines	Revalu-ation/ Impair-	Balance as at 31-3-16	Balance as at 1-4-15	Depreci-ation charge	Adjust-ment due to	On disposals	Balance as at 31-3-16	Balance as at 31-3-16	Balance as at 31-3-15
a Tangible Assets												
Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	4,131,681	1,283,898	-	-	2,847,783	2,933,855	351,116	-	1,023,898	2,261,073	586,710	1,197,826
Office equipment	323,597	44,207	-	-	367,804	123,007	11,178	-	15,293	118,892	248,913	200,591
Computers	994,300	-	-	-	994,300	900,455	47,399	-	-	947,854	46,446	93,845
Total	5,449,577	-1,239,691	-	-	4,209,886	3,957,316	409,693	-	-1,039,191	3,327,818	882,068	1,492,261
b Intangible Assets												
Trade Mark	55,886	-	-	-	55,886	49,262	-	-	-	49,262	6,624	6,624
Total	55,886	-	-	-	55,886	49,262	-	-	-	49,262	6,624	6,624
c Work In Progress												
CBM BLOCK	45,783,631	-	-	-	45,783,631	-	-	-	-	-	45,783,631	45,783,631
Total	45,783,631	-	-	-	45,783,631	-	-	-	-	-	45,783,631	45,783,631
Total	51,289,094	-1,239,691	-	-	50,049,403	4,006,578	409,693	-	-1,039,191	3,377,080	46,672,323	47,282,516

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31 st March 2016		As at 31 st March 2015	
	Number of Shares	Amount (in R.s)	Number of Shares	Amount (in Rs.)
9. NON-CURRENT INVESTMENTS :				
A. TRADE INVESTMENTS	--	--	--	--
B. OTHER INVESTMENTS				
(A) In Equity Shares of Subsidiary Companies :				
UNQUOTED , fully Paid up				
KGN Projects Limited	99,994	999,940	99,994	999,940
(B) In Equity Shares of other Companies				
Asian Logistics Limited		29,250,000		29,250,000
(B) National Saving Certificate		10,000		10,000
		30,259,940		30,259,940
TOTAL (A+B)	99,994	30,259,940	99,994	30,259,940

(Amount in Rs.)

Particulars	As at 31 March, 2016	As at 31 March, 2015
10. LONG TERM LOANS AND ADVANCES :		
a. Loans and Advances to Related Parties		
Unsecured, considered good		
KGN Enterprises Limited	141,766,985	144,277,868
KGN Properties Private Limited	129,507,367	129,622,093
b. Others Loans and Advances		
Unsecured, considered good	144,618,295	144,618,295
TOTAL	415,892,647	418,518,256
11. OTHER NON-CURRENT ASSETS :		
Preliminary Expenses not Written Off	--	--
TOTAL	--	--
12. TRADE RECEIVABLE :		
(Unsecured and Considered Good)		
Over Six Months	26,365,212	26,365,212
Other	--	--
TOTAL	26,365,212	26,365,212
13. CASH AND CASH EQUIVALENTS :		
a. Balances with banks	1,098,591	1,037,319
b. Cash in hand	3,529	268,258
c. Fixed Deposit with Bank	2,000,000	2,000,000
TOTAL	3,102,120	3,305,577

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	As at 31 March, 2016	As at 31 March, 2015
14. SHORT-TERM LOANS AND ADVANCES :		
a. Security Deposit		
Unsecured, considered good		
Deposit with Government Authority	83,513,200	83,513,200
Other Deposits	496,500	496,500
a. Loans and Advances to Related Parties		
KGN Project Limited	1,610,317	1,597,943
b. Others (specify nature)		
Unsecured, considered good		
Balance With Revenue Authority	--	23,550
Other	518,500	518,500
TOTAL	86,138,517	86,149,693

15. OTHER CURRENT ASSETS :

Interest Receivable	758,799	758,799
Other Income Receivable	30,198,401	26,211,401
Other Receivable	--	--
Prepaid Insurance	--	--
Preliminary Expenses not Written Off	--	--
Sales Tax Credit	586,986	663,382
Service Tax Credit	2,739,944	2,672,504
TOTAL	34,284,130	30,306,086

(Amount in Rs.)

Particulars	2015-2016	2014-2015
16. REVENUE FROM OPERATION :		
Income from Operation	1,450,900	792,370
Other Income	3,987,000	5,762,975
TOTAL	5,437,900	6,555,345

17. OTHER INCOME :

Interest on Fixed Deposit	--	653,748
Other Income	--	1,899,120
TOTAL	--	2,552,868

18. EMPLOYEE BENEFITS EXPENSE :

(a) Salaries and Incentives	358,286	1,302,719
(c) Directors' Sitting Fees	--	2,000
(c) Staff Welfare Expenses	23,702	37,845
TOTAL	381,988	1,342,564

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	2015-2016	2014-2015
19. FINANCE COST :		
Bank Charges	8,945	17,535
Interest On Professional Tax	--	1,700
Other	200	5,938
TOTAL	9,145	25,173
20. DEPRECIATION & AMORTISATION EXPENSES :		
Depreciation on Fixed Assets	409,692	629,642
Preliminary Expense Written Off during the year	--	325,960
TOTAL	409,692	955,602
21. OTHER EXPENSES :		
A. ADMINISTRATION EXPENSES :		
Advertisement Expenses	48,700	54,204
Audit Fees Expenses	20,000	20,000
Bad Debts Written Off	--	373,520
Books & Periodicals	1,128	3,766
Short Provision of Income Tax	--	166,993
Car Expenses	--	280
Cable & Internet Expenses	--	6,174
Conveyance Expenses	22,749	48,070
Brokerage Expenses	9,000	--
Donation Expenses	4,100	--
Electricity Expenses	69,140	204,817
Food & Refreshment Expenses	56,710	19,276
Hotel Club & Hospitality Expenses	6,412	8,250
Insurance Expenses	32,383	27,863
Legal & Professional Fees	344,696	1,362,912
Listing(BSE & ASE) Fees	100,000	106,742
Lodging & Boarding Expenses	17,720	46,821
Membership Fees Expenses	6,940	-3,248
Miscellaneous Expenses	54,202	296,489
Office Expenses	4,862	56,439
Office Rent, Rate & Taxes Expenses	168,000	1,322,629
Petrol Expense	59,066	15,300
Pooja Expenses	3,100	6,652
Postage & Courier Expenses	5,691	11,643
Printing & Stationery Expenses	37,427	65,589
Property Tax	53,388	74,004
Repair & Maintenance Expenses	58,087	159,650
ROC Expenses	84,367	11,866
Annual Custody Fees	150,000	100,000
Society Maintenance Expenses	28,453	31,527
Telephone & Broadband Expenses	91,320	117,088
Sales Promotion Expenses	60,536	--
Travelling Expenses	1,160,761	205,608
Web Development Expenses	5,599	3,524
TOTAL	2,764,537	4,924,447

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016 :

22. Contingent Liability is not provided for is 'NIL'.
23. In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate provisions have been made for all known current and non-current liabilities and provisions are not in excess of the amount reasonably necessary.
24. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.

25. RELATED PARTY DISCLOSURES :

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

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

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

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

No.	Name of Related Party	Nature of Transaction	Transaction Amount	Closing Balance
1	KGN Projects Limited	Loans & Advances given (net)	12,374 /-	16,10,317/-
2	KGN Enterprises Limited	Loans & Advances Returned (net)	25,10,883/-	14,17,66,985/-
3	Arif Memon	Loan Repayment	2,20,809/-	1,55,11,482/-

26. Payment to the Auditor :

No.	Particulars	2015-2016	2014-2015
a.	For Statutory Audit	20,000	20,000
b.	For Tax Audit	NIL	NIL
c.	For Consulting Fees	NIL	NIL

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
---	--	--

Date : 30.05.2016
Place : Mumbai

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

The Financial Statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013, as adopted consistently by the Company.

2. USE OF ESTIMATES:

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

3. FIXED ASSETS:

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

4. INVESTMENTS:

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

5. INVENTORIES:

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

6. PRELIMINARY EXPENDITURE:

Preliminary Expenses is to be written off in equal installment over 5 years from the date of their incurrence. No preliminary expenses have been written off during the year.

7. REVENUE RECOGNITION:

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

8. TAXES ON INCOME:

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

No Deferred Tax Assets/Liabilities during the year.

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

There are no such liabilities during the year.

10. BORROWING COSTS:

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

There are no borrowing costs during the year.

11. IMPAIRMENT OF ASSETS:

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

There is no Impairment of assets during the year.

12. FOREIGN CURRENCY TRANSACTIONS:

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

13. GENERAL ACCOUNTING POLICIES:

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

For Kirit & Co.
Chartered Accountants

For and on behalf of the Board of Directors

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

Babulal Hirani
Chairman
DIN : 02362983

Arif Memon
Managing Director
DIN : 00209693

Jignesh Hirani
Chief Financial Officer
DIN : 06573673

Date : 30.05.2016
Place : Ahmedabad

Date : 30.05.2016
Place : Mumbai

INDEPENDENT AUDITORS' REPORT

To,
The Members of,
KGN INDUSTRIES LIMITED,

Report on the Consolidated Financial Statements :

We have audited the accompanying Consolidated financial statements of KGN INDUSTRIES LIMITED ("the Company"), and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated statement of Profit & Loss and Consolidated Cash Flow Statement for the year ended and a summary of Significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

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

Auditors' Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating 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, 2016;
- 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

Place : Ahmedabad
Date : 30th May, 2016

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

(Amount in Rs.)

Particulars	Note	As at 31 March, 2016	As at 31 March, 2015
I. EQUITY AND LIABILITIES :			
1. Shareholders' Funds			
(a) Share Capital	1	222,500,000	222,500,000
(b) Reserves and Surplus	2	397,331,339	396,956,439
2. Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	3	882,516	882,516
(b) Long-Term Borrowings	4	3,500,000	3,500,000
3. Current Liabilities			
(a) Short-Term Borrowings	5	18,562,878	17,473,687
(b) Trade Payables		2,563,315	2,563,315
(c) Other Current Liabilities	6	3,212,276	3,131,270
(d) Short-Term Provisions	7	2,156,860	4,485,129
TOTAL		650,709,184	651,492,306
II. ASSETS :			
Non-Current Assets			
1. (a) Fixed Assets	8		
(i) Tangible Assets		882,068	1,492,261
(ii) Intangible Assets		6,624	6,624
(iii) Work in progress		45,783,631	45,783,632
(b) Non-Current Investments	9	29,260,000	29,260,000
(c) Long-Term Loans and Advacnes	10	421,892,647	424,518,256
2. Current Assets			
(a) Inventories		4,562,737	5,879,540
(b) Trade Receivables	11	26,365,212	26,365,212
(c) Cash And Cash Equivalent	12	3,143,935	3,328,945
(d) Short-Term Loans And Advacnes	13	84,528,200	84,551,750
(e) Other Current Assets	14	34,284,130	30,306,086
TOTAL		650,709,184	651,492,306

Significant Accounting Policies
Notes to Accounts

1 to 25

The Accompanying notes are an Integral Part of Financial Statements

As Per our Report of even date

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
--	---	---

Date : 30.05.2016
Place : Mumbai

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(Amount in Rs.)

Particulars	Note	2015-2016	2014-2015
INCOME :			
I. Revenue From Operations	15	5,456,935	6,555,345
II. Other Income	16	--	2,072,501
III. Total Revenue (I + II)		5,456,935	8,627,846
IV. EXPENDITURE :			
Purchases of Stock-in-Trade		--	6,535,000
Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade		1,316,802	-5,879,540
Employee Benefits Expense	17	381,988	1,342,564
Finance Costs	18	8,763	27,752
Depreciation and Amortization Expense	19	409,692	964,331
Other Expenses	20	2,775,925	4,940,048
Total Expenses		4,893,170	7,930,155
V Profit Before Tax (III- IV)		563,765	697,691
VI Tax Expense:			
(1) Current Tax		188,925	251,772
(2) Deferred Tax		--	67,760
(2) Excess Provision of Income Tax		--	-513,967
VII Profit for the Year (V-VI)		374,840	892,126
VIII Earnings per Shares of ' 1/- each fully paid up (in Rs.)			
Basic		0.002	0.004
Diluted		0.002	0.004

Significant Accounting Policies
Notes to Accounts

1 to 25

The Accompanying notes are an Integral Part of Financial Statements

As Per our Report of even date

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
---	--	--

Date : 30.05.2016
Place : Mumbai

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 2015-2016

(Amount in Rs.)

Particulars	2015-2016	2014-2015
CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax as per Profit and Loss Statement Balance	563,765	697,691
Adjustment For:		
Depreciation and Amortisation Expenses	409,692	964,331
Depreciation for Disposal of assets	-1,039,191	
Excess Provisions	--	166,330
Finance Cost	8,763	27,752
Interest on Fixed Deposits	--	-653,748
Operating Profit before Working Capital Changes	-56,971	1,202,356
Adjustment For:		
(Increase)/Decrease in Trade Receivable	--	1,785,400
(Increase)/Decrease in Inventories	1,316,803	-5,879,540
(Increase)/Decrease in Other Current Assets	-3,978,044	13,524,822
(Increase)/Decrease in Other Non-Current Assets	--	--
Increase/(Decrease) in Other Current Liabilities	81,006	-24,460,252
Increase/(Decrease) in Short Term Provisions	-84,731	-3,337,029
Increase/(Decrease) in Long Term Provisions	--	513,967
Changes in Working Capital	-2,664,966	-17,852,632
Cash Generated From Operations	-2,721,937	-16,650,277
Taxes Paid	2,432,350	5,070,560
Net Cash Flow from Operating Activities	-5,154,287	-21,720,837
CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	1,239,690	3,319,822
Preference Share Redeemed	--	--
Being Capital Reserve Created	--	--
Interest on Fixed Deposits	--	653,748
Movement in Short Term Loans And Advances	23,550	4,433,434
Movement in Long Term Loans And Advances	2,625,609	14,558,391
Net Cash Used in Investing Activities	3,888,849	22,965,395
CASH FLOW FROM FINANCING ACTIVITIES :		
Finance Cost	-8,763	-27,752
Dividend and Dividend Distribution Tax	--	--
Movement in Long Term Borrowings	--	--
Movement in Short Term Borrowings	1,089,191	-615,428
Undeclared Dividend & Tax Thereon	--	-908,859
Net Cash Used in Financing Activities	1,080,428	-1,552,039
Net Cash flow (A+B+C)	-185,010	-307,480
Cash & Cash Equivalents at the beginning of the year	3,328,945	3,636,425
Cash & Cash Equivalents at the end of the year	3,143,935	3,328,945

As Per our Report of even date

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
---	--	--

Date : 30.05.2016
Place : Mumbai

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

	As at 31 st March 2016		As at 31 st March 2015	
	Number	Amounts	Number	Amounts
1. SHARE CAPITAL :				
Authorised Share Capital :				
23,00,00,000 Equity shares of Rs. 1 each (P.Y. : 23,00,00,000 Equity shares of Rs. 1 each)	230,000,000	230,000,000	230,000,000	230,000,000
	230,000,000	230,000,000	230,000,000	230,000,000
Issued, Subscribed & Paid up :				
22,25,00,000 Equity shares of Rs. 1 each (P.Y. : 22,25,00,000 Equity shares of Rs. 1 each)	222,500,000	222,500,000	222,500,000	222,500,000
TOTAL	222,500,000	222,500,000	222,500,000	222,500,000

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

Particulars	As at 31 st March 2016		As at 31 st March 2015	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares Outstanding at the beginning of the year	222,500,000	222,500,000	222,500,000	222,500,000
Shares Issued during the year	--	--	--	--
Shares bought back during the year	--	--	--	--
Shares outstanding at the end of the year	222,500,000	222,500,000	222,500,000	222,500,000

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

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

(Amount in Rs.)

Particulars	As at 31 March, 2016	As at 31 March, 2015
2. RESERVE & SURPLUS :		
A. Share Premium		
Opening Balance	350,000,000	350,000,000
	350,000,000	350,000,000
B. Capital Reserve		
Consolidated Reserve	60	60
	60	60
C. Profit & Loss Statement Balance		
Opening Balance	46,956,439	46,288,643
(+) Current Year Transfer	374,840	892,126
Less : Appropriation	0	(2,684,793)
Add: Undeclared Dividend & Tax Thereon		
Undeclared Dividend	--	2,099,345
Tax On Undeclared Dividend	--	361,118
Closing Balance	47,331,279	46,956,439
TOTAL	397,331,339	396,956,439
3. DEFERRED TAX LIABILITIES(NET) :		
Opening Balance	882,516	814,756
Add : During The Year	--	67,760
TOTAL	882,516	882,516

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	As at											
	31 March, 2016	31 March, 2015										
4. LONG TERM BORROWINGS :												
(a) Others	3,500,000	3,500,000										
TOTAL	3,500,000	3,500,000										
5. SHORT TERM BORROWINGS :												
Unsecured												
(a) Loans and Advances From Related Parties												
Others	18,562,878	17,473,687										
TOTAL	18,562,878	17,473,687										
6. OTHER CURRENT LIABILITIES :												
Audit Fees Payable	132,600	112,600										
TDS Payable	447,700	510,642										
Sundry Creditor For Expenses	677,017	574,097										
Professional Tax	1,175	1,200										
Others	1,953,784	1,932,731										
TOTAL	3,212,276	3,131,270										
7. SHORT TERM PROVISIONS :												
(a) Provision for employee benefits												
Salary & Reimbursements	23,521	83,617										
(b) Others												
Provision for Audit fees	22,000	22,000										
Provision for Expenses*	--	600										
Provision for Income Tax A.Y. 2016-17	188,925	--										
Provision for Income Tax A.Y. 2015-16	--	251,772										
Provision for Income Tax* *	1,922,414	4,127,140										
TOTAL	2,156,860	4,485,129										
8. FIXED ASSETS :												
	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 1-4-15	Addi-tion/ Disposal	Acquired through busines	Revalue-ation/ Impair-	Balance as at 31-3-16	Balance as at 1-4-15	Depreci-ation charge	Adjust-ment due to	On disposals	Balance as at 31-3-16	Balance as at 31-3-16	Balance as at 31-3-15
a Tangible Assets												
Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	4,131,681	1,283,898	-	-	2,847,783	2,933,855	351,116	-	1,023,898	2,261,073	586,710	1,197,826
Office equip.	323,597	44,207	-	-	367,804	123,007	11,178	-	15,293	118,892	248,913	200,591
Computers	994,300	-	-	-	994,300	900,455	47,399	-	-	947,854	46,446	93,845
Total	5,449,577	1,239,691	-	-	4,209,886	3,957,316	409,693	-	1,039,191	3,327,818	882,068	1,492,261
b Intangible Assets												
Trade Mark	55,886	-	-	-	55,886	49,262	-	-	-	49,262	6,624	6,624
Total	55,886	-	-	-	55,886	49,262	-	-	-	49,262	6,624	6,624
c Work In Progress												
CBM BLOCK	45,783,631	-	-	-	45,783,631	-	-	-	-	-	45,783,631	45,783,631
Total	45,783,631	-	-	-	45,783,631	-	-	-	-	45,783,631	45,783,631	45,783,631
Total	51,289,094	-1,239,691	-	-	50,049,403	4,006,578	409,693	-	-1,039,191	3,377,080	46,672,323	47,282,516

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31 st March 2016		As at 31 st March 2015	
	Number of Shares	Amount (in R.s)	Number of Shares	Amount (in Rs.)
9. NON-CURRENT INVESTMENTS :				
A. OTHER INVESTMENTS :				
(A) In Equity Shares Of Other Companies				
Asian Logistics Limited		29,250,000		29,250,000
(B) National Saving Certificate		10,000		10,000
		29,260,000		29,260,000
TOTAL (A+B)	-	29,260,000	-	29,260,000

(Amount in Rs.)

Particulars	As at 31 March, 2016	As at 31 March, 2015
10. LONG TERM LOANS AND ADVANCES :		
a. Loans and Advances to Related Parties		
Unsecured, considered good		
KGN Enterprises Limited	141,766,985	144,277,868
KGN Properties Private Limited	129,507,367	129,622,093
b. Others Loans and Advances		
Unsecured, considered good		
Others	150,618,295	150,618,295
TOTAL	421,892,647	424,518,256
11. TRADE RECEIVABLE :		
(Unsecured and Considered Good)		
Over Six Months	26,365,212	26,365,212
Other	-	-
TOTAL	26,365,212	26,365,212
12. CASH AND CASH EQUIVALENTS :		
a. Balances with banks	1,112,812	1,050,128
b. Cash in hand	31,123	278,817
c. Fixed Deposit with Bank	2,000,000	2,000,000
TOTAL	3,143,935	3,328,945
13. SHORT-TERM LOANS AND ADVANCES :		
a. Security Deposit		
Unsecured, considered good		
Deposit with Government Authority	83,513,200	83,513,200
Other Deposits	496,500	496,500.00
b. Others (specify nature)		
Balance With Revenue Authority	--	23,550
Others	518,500	518,500
TOTAL	84,528,200	84,551,750

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	As at 31 March, 2016	As at 31 March, 2015
14. OTHER CURRENT ASSETS :		
Interest Receivable	758,799	758,799
Other Income Receivable	30,198,401	26,211,401
Other Receivable	--	--
Prepaid Insurance	--	--
Service Tax input credit	2,739,944	2,672,504
Preliminary Expenses not written off	--	--
Sales Tax Credit	586,986	663,382
TOTAL	34,284,130	30,306,086

(Amount in Rs.)

Particulars	2015-2016	2014-2015
15. REVENUE FROM OPERATION :		
Income From Operation	1,450,900	792,370
Other Income	4,006,035	5,762,975
TOTAL	5,456,935	6,555,345

16. OTHER INCOME :

Interest on Fixed Deposit	--	653,748
Other Income	--	1,418,753
TOTAL	--	2,072,501

17. EMPLOYEE BENEFITS EXPENSE :

(a) Salaries and Incentives	358,286	1,302,719
(b) Director Sitting Fees	--	2,000
(c) Staff Welfare Expenses	23,702	37,845
TOTAL	381,988	1,342,564

18. FINANCE COST :

Bank Charges	8,563	20,114
Interest on Professional Tax	--	1,700
Interest On TDS	200	5,938
TOTAL	8,763	27,752

19. DEPRECIATION & AMORTISATION EXPENSES :

Depreciation on Fixed Assets	409,692	629,642
Preliminary Expense Written Off during the year	--	334,689
TOTAL	409,692	964,331

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	2015-2016	2014-2015
20. OTHER EXPENSES :		
A. ADMINISTRATION EXPENSES		
Advertisement Expenses	48,700	54,204
Audit Fees Expenses	22,000	22,000
Bad Debt Written Off	--	373,520
Books And Periodicals	1,128	3,766
Car Expenses	--	280
Cable & Internet Expenses	--	6,174
Conveyance Expenses	22,007	48,070
Brokerage Expenses	9,000	--
Donation Expenses	4,100	--
Electricity Expenses	69,140	204,817
Food & Refreshment Expenses	56,710	19,276
Hotel Club & Hospitality Expenses	6,412	8,250
Insurance Expenses	32,383	27,863
Income Tax Expenses	--	166,993
Legal & Professional Fees	348,696	1,367,912
Listing(BSE & ASE) Fees	100,000	106,742
Lodging & Boarding Expenses	17,720	46,821
Membership Fees Expenses	6,940	-3,248
Miscellaneous Expenses	54,202	296,489
Office Expenses	4,862	56,439
Office Rent, Rate & Taxes Expenses	168,000	1,322,629
Petrol Expense	59,066	15,300
Pooja Expenses	3,100	6,652
Postage & Courier Expenses	5,691	11,643
Printing & Stationery Expenses	37,427	65,589
Property Tax	53,388	74,004
Repair & Maintenance Expenses	58,087	159,650
ROC Expenses	90,497	20,466
Annual Custody Fees	150,000	100,000
Society Maintenance Expenses	28,453	31,527
Telephone & Broadband Expenses	91,320	117,088
Sales Promotion Expenses	60,536	--
Travelling Expenses	1,160,761	205,608
Web Development Expenses	5,599	3,524
Total	2,775,925	4,940,048

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016 :

21. 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.

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

23. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.

24. RELATED PARTY DISCLOSURES:

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

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

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

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

No.	Name of Related Party	Nature of Transaction	Transaction Amount	Closing Balance
1	KGN Projects Limited	Loans & Advances given (net)	12,374 /-	16,10,317/-
2	KGN Enterprises Limited	Loans & Advances Returned (net)	25,10,883/-	14,17,66,985/-
3	Arif Memon	Loan Repayment	2,20,809/-	1,55,11,482/-

25. REMUNERATION TO STATUTORY AUDITORS :

Payment to the Auditor	2015-2016	2014-2015
d. For Statutory Audit	20,000	20,000
e. For Tax Audit	NIL	NIL
f. For Consulting Fees	NIL	NIL

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
---	--	--

Date : 30.05.2016
Place : Mumbai

SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS :**8. PRINCIPLES OF CONSOLIDATION :**

The Consolidated Financial Statements comprises of the Financial Statements of KGN Industries (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.

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

10. 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 31 st March, 2016 (Including Beneficial Interest)
KGN Projects Limited	India	100%

For Kirit & Co.
Chartered Accountants

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

Date : 30.05.2016
Place : Ahmedabad

For and on behalf of the Board of Directors

Babulal Hirani Chairman DIN : 02362983	Arif Memon Managing Director DIN : 00209693	Jignesh Hirani Chief Financial Officer DIN : 06573673
---	--	--

Date : 30.05.2016
Place : Mumbai

DETAILS OF SUBSIDIARY COMPANY 2015-2016

Name of the Subsidiary : KGN Projects Limited Financial Years Ends On 31 st March, 2016	Amount in Rs.
Share Capital	10,00,000
Reserves	8,22,537
Borrowings	16,51,713
Other Liabilities	25,67,565
Total Liabilities	60,41,815
Cash & Cash Equivalents	23,368
Loans & Advances	60,00,000
Other Assets	NIL
Total Assets	60,41,815
Turnover	19,035
Total Income	19,035
Employee Benefit Expense	NIL
Depreciation And Amortisation Expense	NIL
Other Expense	11,750
Total Expenses	11,750
Profit before Taxation	7,285
Provision for Taxation	2,250
Profit After Taxation	5,035
Proposed Dividend	NIL
Basic (E.P.S.)	0.05
Diluted (E.P.S.)	0.05

For and on Behalf of the Board of Directors

Babulal J Hirani
Director
DIN : 02362983

KGN INDUSTRIES LIMITED

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

Tel: +91 – 22- 6654 1101
Website: www.kgnindustries.com

E-mail: info@kgnindustries.com
CIN: L23101MH1994PLC206282

PROXY FORM

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

ANNUAL GENERAL MEETING – 26th September, 2016 at 11.00 A.M.

Name of the member(s) : _____		
Registered Address : _____		
E.Mail Id : _____	Folio No./Client Id : _____	DP ID : _____

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

1. Name : _____
Address : _____
Email ID : _____ Signature : _____ or failing him

2. Name : _____
Address : _____
Email ID : _____ Signature : _____ or failing him

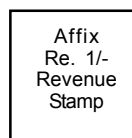
3. Name : _____
Address : _____
Email ID : _____ Signature : _____

s my / our proxy to attend and vote (on a poll) for me / us and on my /our behalf at the 22nd Annual General Meeting to be held on Monday, the 26th day of September 2016 at 11:00 A..M. at the **YWCA BOMBAY INTERNATIONAL CENTRE** 18TH MADAME CAMA ROAD, FORT- MUMBAI- 400001 and at any adjournment thereof in respect of such resolutions as are indicated below:

- Resolution No.:**
1. To receive, consider and adopt the Audited Balance sheet as on 31st March, 2016 and Profit and Loss Account for the year ended on that date together with the Cash flow Statement along with the Directors Report and Auditors Report thereon.
 2. To reappoint Mr. Babulal Jethalal Hirani (DIN: 02362983), Director of the Company who retires by rotation and being eligible offers himself for reappointment.
 3. To re-appoint M/s. Kirit & Co. as Statutory Auditors for the year ended 2016-17.

Signed this _____ day of _____, 2016

Signature of shareholder : _____



Signature of Proxy holder(s) : _____

Notes :-

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

FORM FOR UPDATION/REGISTRATION OF E-MAIL ADDRESS

KGNI Industries Limited

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

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

Dear Sirs,

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

Email Address : _____
Name of the Sole /First Holder : _____
DP ID/Client ID/ Registered Folio No. : _____
Contact Nos.:Mobile : _____
Landline : _____

Signature of the Sole/First Holder

Date : _____

Notes :

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

ATTENDANCE SLIP

Regd. Folio No : _____

** DP ID : _____

** Client ID : _____

22nd Annual General Meeting - 26-09-2016

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

I hereby record my presence at the 22nd Annual General Meeting of the Company held on Monday, the 26th September, 2016 at 11:00 A.M. at the YWCA BOMBAY INTERNATIONAL CENTRE 18TH MADAME CAMA ROAD, FORT- MUMBAI- 400001

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

*Member's/ Proxy Signature

Note :

1. Member/ Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed, at the registration counter.
 2. The copy of the Notice may please be brought to the Meeting Hall.
- * Strike out whichever is not applicable.
** Applicable only in case of investors holding shares in Electronic Form.

Book-Post

If undelivered, please return to :



Registered Office :

B-15, Himen Shopping Centre Co.op.hsg. Society Ltd,
Near CITY Centre, S.V. Road,
Goregaon (west) Mumbai-400062.