

KGN ENTERPRISES LIMITED

Registered Office

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

Board of Directors

- Ismail Memon Chairman
- Mr. Babulal Hirani Managing Director
- Mr. Aftab Ahmed Kadri Director
- Mr. Dhaval Bhatt Director

Bankers of the Company :

1. Axis Bank, Churchgate Branch
2. SBI, Navrangpura, Ahmedabad
3. Axis Bank, Ahmedabad
4. Bank of Baroda, Ahmedabad

Auditors

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

Registrar & Share Transfer Agent

Link Intime India Private Limited
211, Sudarshan Complex, Near Mithakhali Under Bridge,
Navrangpura, Ahmedabad - 380 009.
Tele Fax: 079 - 26465179
Email: ahmedabad@linkintime.co.in

NOTICE

NOTICE is hereby given that **EIGHTEENTH ANNUAL GENERAL MEETING OF KGN ENTERPRISES LIMITED** will be held at Y.M.C.A International House, Y.M.C.A Road, Mumbai Central on Saturday, 29th September, 2012 at 11.30 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and the Balance Sheet as on that date, together with the Report of the Board of Directors and the Auditors thereon;
2. To Declare Dividend on Equity Shares;
3. To appoint a Director in place of Mr. Dhaval Bhatt, who retires by rotation and is eligible for re-appointment;
4. To appoint M/s Kirit & Co., Chartered Accountants, Ahmedabad as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2013;

SPECIAL BUSINESS:

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

“RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re- enactment thereof for the time being in force and as may be enacted hereinafter), the Securities Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such other approvals, permissions and sanctions, as may be necessary, consent be and is hereby accorded to the Board of Directors of the Company to delist Equity shares of the Company from the Stock Exchanges such as Ahmedabad Stock Exchange and Vadodara Stock Exchange at such time as Board may decide without giving any Exit option to the Shareholders of the region of the Stock Exchanges where they are situated , as the company’s shares would continue to be listed with Bombay Stock Exchange (BSE)”.

RESOLVED FURTHER THAT Mr. Ismail Memon, Chairman and Mr. Babulal Hirani, Managing Director of the Company be and are hereby severally and/or jointly authorized on behalf of the Company to do all such acts, deeds, matters and things as it may , in its absolute discretion deem necessary for such purpose and with power on behalf of the Company to settle any questions difficulties or doubts that may arise in this regards without requiring the Board to secure any further consent or approval of members of the Company”.

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

“RESOLVED THAT pursuant to the provisions of Section 80 of the Companies Act, 1956, 500,000 8% Non Cumulative Redeemable Preference Shares of ₹ 10 each aggregating to ₹ 50,00,000 be redeemed out of the current year’s profits as on 31st March, 2012, the due date of redemption by surrender of Shares by the shareholders thereof.”

RESOLVED FURTHER THAT the Register of members relating to 5,00,000 8% Non Cumulative Redeemable Preference Shares of ₹ 10 each and Share Transfer books be closed from 23rd September, 2012 to 29th September, 2012 (both days inclusive) and the notice thereof be duly given by the Company Secretary to the Stock Exchange and in the news paper by way of an advertisement.

NOTES:

- a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Business under item Nos. 5 & 6 above is annexed hereto. The relevant details of Director seeking appointment / re- appointment under Item No. 3, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are also annexed.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Company’s Registered Office not less than 48 hrs before the meeting.
- c) The Register of Members and Share Transfer Books of the Company will be closed from 23rd September, 2012 to 29th September, 2012 (both days inclusive).
- d) If dividend on Equity Shares, as recommended by the Board of Directors, is passed at the meeting, payment of such dividends will be made on and after Monday, 5th October, 2012 to those Members, whose names appear in the Company’s Register of Members as on 22nd September, 2012. In respect of Equity Shares held in Electronic form, the dividend will be paid to the beneficial owners of shares as at the end of the business hours on 22nd September, 2012 as per the details furnished by the Depositories for this purpose.
- e) Members desiring any information on Accounts and/or Operations of the Company are requested to send their queries to the Company at its Registered Office at least 7 days before the date of the Meeting.
- f) All correspondence relating to change of address and shares of the Company may please be addressed to the Share Transfer Agents – Link in Time Private Limited (formerly Intime Spectrum Registry Limited) at 211, Sudarshan Cmplx, Near Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.
- g) Members are requested to note that dividends not encashed/claimed within seven years from the date of declaration of Dividend will, as per Section 205A of the Companies Act, 1956, be

transferred to Investor Education and Protection Fund (IEPF). After transfer of, the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

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

ANNEXURE TO NOTICE

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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statements sets out all material facts relating to Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice dated 14th August, 2012.

ITEM NO. 5

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as Delisting guidelines) inter-alia incorporating the provisions of delisting of Securities of a body corporate voluntarily. The Equity Shares of the Company are currently listed on the following Stock Exchanges in India:

1. Bombay Stock Exchange
2. Ahmedabad Stock Exchange
3. Vadodara Stock Exchange.

With the Extensive network of the Bombay Stock Exchange, investors have access to online dealings in Equity shares of the Company across the Country. The bulk of trading in the Company's equity shares in any case takes place on Bombay Stock Exchange. Trading on ASE and VSE is NIL.

In line with SEBI regulations and approvals, if any, required of any authorities, Members' approval is being sought by a Special Resolution for enabling voluntary delisting of its securities from the said Stock Exchanges. The proposed delisting of the Company's Equity Shares from the said Stock Exchanges, as and when it takes place, will not affect the investors adversely as the Company's shares will continue to be listed on BSE. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution. The Board of Directors commends the resolution for approval of the shareholders.

ITEM NO. 6

Presently the company is having 5,00,000 8% Non Cumulative redeemable preference shares of ₹ 10 each. Owing to the present market scenario the Board's of your company intends to provide the holders an opportunity to redeem their Preference Shares earlier than previously agreed (the "Redemption").we are now offering to redeem all of the Preference Shares issued by the Company at their original issue price of ₹ 10/- per Preference Share plus any accrued but unpaid fixed rate dividend (the "Redemption Price") (the "Offer"). The Offer is made only on the basis that the Redemption Price will be satisfied by payment in cash to the holders of Preference Shares.

The Special Resolution is proposed pursuant to the provisions of Sections 80 of the Companies Act, 1956.

The Board of Directors accordingly recommend the resolution set out at Item No. 6 of the accompanying Notice for approval of the Members.

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

Date: 14.08.2012

Place: Mumbai

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

**Sd/-
(ISMAIL MEMON)
CHAIRMAN**

DIRECTORS' REPORT

To,

The Members,
KGN ENTERPRISES LIMITED,
 Mumbai, Maharashtra.

Your Directors have pleasure in presenting their 18th Annual Report of the Company, along with Audited Accounts for the financial year ended 31st March, 2012.

FINANCIAL RESULTS:

(₹ in Lacs)

P A R T I C U L A R	FOR THE YEAR ENDED 31.03.2012	FOR THE YEAR ENDED 31.03.2011
Profit before Depreciation and Amortization Expenses, Finance Cost and Tax Expenses	156.41	154.79
Less : Finance Cost	0.99	1.41
Depreciation and Amortization Expenses	NIL	NIL
Profit before Tax	155.42	153.37
Less : Current Tax	34.54	26.00
Deferred Tax	NIL	NIL
Profit for the year	120.89	127.37
Add : Balance in Profit & Loss Account	302.13	174.76
	423.02	302.13
Less : Appropriation		
Proposed Dividend on Equity Shares	10.24	NIL
Tax on Dividend	1.66	NIL
Closing Balance	411.12	302.13

DIVIDEND:

Your Directors are pleased to recommend a final dividend of ₹ 0.05 per Equity Shares for the year ended 31st March, 2012.

The Final dividend subject to approval at the AGM on 29th September, 2012 will be paid to those shareholders, whose names appear in the Register of Members as on the date of book closure i.e. 23rd September, 2012.

The Proposed Dividend for the financial year will absorb ₹ 11,89,614 including Dividend Distribution Tax of ₹ 1,66,114.

RESULTS OF OPERATIONS:

The highlights of the performance are as under:

- Revenue from operations decreased by 10.15% to ₹ 858.80 Lacs.
- Total Income decreased by 0.62% to ₹ 957.61 Lacs.
- Net Profit after Tax decreased by 5.09% to ₹ 120.89 Lacs.

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

AUDITORS:

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

OBSERVATION IN AUDITORS REPORT:

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

SUBSIDIARY COMPANIES:

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

In accordance with the general exemption granted by Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011 and in compliance with the conditions enlisted therein, the report and annual accounts of the Subsidiary Companies for the financial year ended March 31, 2012 have not been attached to the Company's Accounts. The Company will make available the Annual Accounts of the Subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the Subsidiary Companies will also be kept open for inspection at the Registered Office of the Company and that of respective Subsidiary Companies. The Consolidated Financial Statements presented by the Company include the financial results of its Subsidiary Companies.

ENVIRONMENTAL PROTECTION:

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

DIRECTORS:

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

DIRECTORS' RESPONSIBILITY STATEMENTS:

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

- i) that in preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the

assets of the Company and for preventing and detecting fraud and other irregularities; and
iv) the directors have prepared the annual accounts of the Company on a 'going concern' basis.

FIXED DEPOSITS:

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

PARTICULARS OF EMPLOYEES:

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

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

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

ACKNOWLEDGEMENTS:

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

Date: 14th August, 2012

Place: Mumbai

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

**Sd/-
(ISMAIL MEMON)
CHAIRMAN**

MANAGEMENT DISCUSSION ANALYSIS

INDUSTRIAL SCENARIO FOR CASTOR OIL

The year 2011-12 was a remarkable year for castor seed because the commodity was grown on high acreage, and production, as well as exports, was also at their peak. India covered around 12 lakhs hectares area under castor seeds in the 2011-12 season, compared with the normal area of 7.76 lakhs hectares and production of 23 lakhs tonnes in 2011-12 season, according to the data from ministry of agriculture is expected.(Source: Indian economy)

Castor seed futures declined drastically by around 37 per cent during October 2011 to May 2012 on account of record high production that resulted in huge supplies in 2011-12. However, lower sowing of castor seeds, coupled with firm export demand of its derivative, castor oil, led prices to bounce back from their lows of Rs 2,825 per quintal levels to touch a recent high of Rs 4,627 per quintal (near-month contract). Although, the commodity saw some correction during the first week of August, upside remained intact and, thus, prices are again trading higher. (Source: Castor oil Report)

Due to surplus production and very low domestic consumption, the nation is in a position to export almost 80-85 per cent of its production in the form of castor oil. Castor oil exports touched an all time high of 4.04 lakhs tonnes in the FY 2011-12 season, up 18 per cent against the previous year. According to the Solvent Extractors' Association of India, castor oil exports were up 17.5 per cent during the first three months of the FY 2012-13 with June witnessing a 47 per cent jump in exports to 67,000 tonnes, compared with the same period a year ago.

CURRENT BUSINESS REVIEW

KGN Enterprises Limited is listed on Bombay Stock Exchange, Ahmedabad Stock Exchange, and Vadodara Stock Exchange. The Company is an agro- based industry catering to increasing demand of castor oil & its derivatives in international market. Presently the company is exporting its products to US, Italy, Thailand and Netherland. The plant has installed capacity of crushing 600 tons of castor seeds per day. It has an ultra modern Pharma Plant of 200 tpd, Refinery of 300 tpd and a Solvent Extraction Plant of 250 tpd capacity.

The company has established a state of art integrated castor seed processing plant with crushing capacity of 1,20,000 tons per annum to cater to the increasing demand of castor oil and its derivatives in the International market.

The plant is spread over 75524 Sq. Meters of land with construction of 10445 sq mt. It has spacious building premises having all the required latest technology based plant & machinery for seed crushing, solvent extraction, refinery and other utility services.

STRATEGIC INITIATIVE

- KGN Bio- Tech Limited, one of its wholly owned Subsidiaries is in process of getting merged with its Holding Company.
- KGN Oil & Gas Private Limited, Wholly owned Subsidiaries has been awarded one block ie,

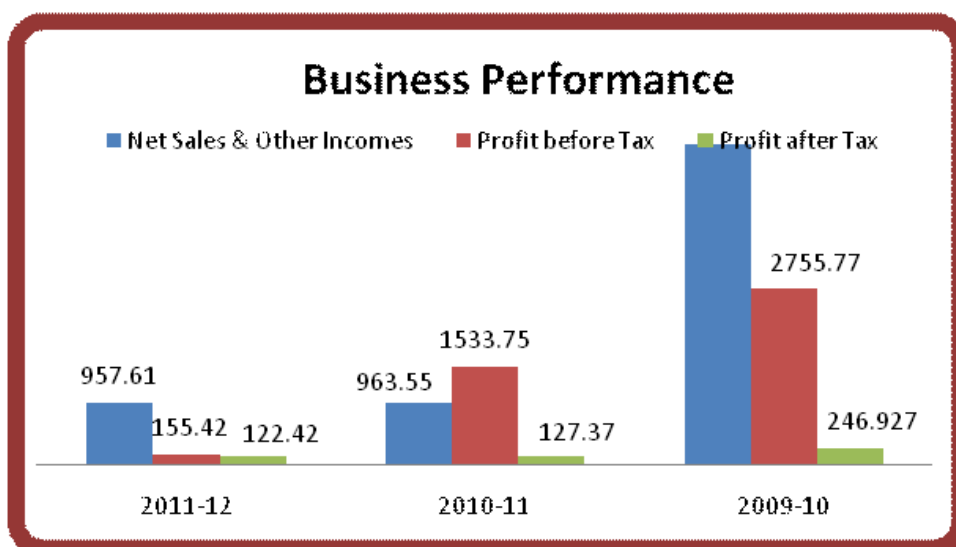
CB-ONN-2010/3 under New Exploration Licence Policy by Ministry of Petroleum and Natural Gas at Cambay, Gujarat. The block covers the area of 534 square kilometer for which the Production Sharing Contract was signed.

CAMBAY BASIN

The Cambay Basin is located in Gujarat State, on the western margin of India. The basin lies predominantly onshore, with only the southwestern corner offshore in the Gulf of Cambay. The Cambay basin is rich petroleum province, with active exploration history. The basin is a narrow elongated, intra-cratonic rift basin of late Cretaceous age and contains different sub-basins with varying sediment fills.

The Cambay basin is a north-south trending graben with an average width of 50 km, 450 km long and a maximum depth of about 7 km. The maximum depth of the basin may exceed 11 km if one includes the Deccan Trap lava flows. The basin has more than 40 years of active hydrocarbon exploration history. The total area of the basin is about 53,500 sq. km including 6,880 sq. km in the shallow waters (Gulf of Cambay). The basin is roughly limited by latitudes 21° 00' and 25° 00' N and longitudes 71° 30' and 73° 30' E.

FINANCIAL HIGHLIGHTS:



RESULTS OF OPERATIONS:

Highlights of the performance of the Company are as under:

- Net Profit before Tax increased by 1.33% to ₹ 155.42 Lacs.
- Net Profit after Tax decreased by 3.89% to ₹ 122.42 Lacs.

FUTURE OUTLOOK

- ✓ With the view of expanding production to cater to increasing industrial demand for the castor oil and Castor Oil Derivatives, The Company has enough reserves to do the same in a very short time span.
- ✓ The Company proposes to export its products to China, Turkey, Iran, Germany and other European countries.
- ✓ Company has set up new derivatives plants like Hydro generated castor oil, 12 Hydroxy stearic acid, Ricinoleate Acid, Methyl Ricinoleate, Hydrogenated Methyl Ricino and Undecylenic Acid to meet the increasing demand for the products in the industry. It has a vision to increase the capacity of the plants.
- ✓ To increase Capacity of the current plants installed to cater to increased demand of the castor oil and castor oil derivatives.
- ✓ KGN Enterprises envisage starting sebacic acid plant at Baroda with the installed capacity of 20000 MT/ Year. With the proposed products to be manufactured are Sebacic acid, C 10 Diamine, Distilled Sebacic acid, Nylon -5, Nylon-10, Nylon-11, and Nylon 12.
- ✓ There are ample opportunities for expanding business activities in the field of castor oil and its derivatives.

OPPORTUNITIES THREATS RISKS AND CONCERNS

The global economy is in trouble due to worldwide recession. But because of precautionary measures taken by India, the impact of recession is not as great as on many other countries. In-house Research and Development Department of the Company enables the Company to improve the quality of existing range of products, cost reduction, development of new products and exports, introduction of new products, improvement in manufacturing process, product cost and export promotion.

The products are being used by Cosmetics, Perfumeries, Plastics and Rubbers, Lubrication, Textile Chemicals, Paper, Paints, Inks and Adhesives, Pharmaceuticals, Food and Electrical, Electronics and Telecommunication etc. So, potential for growth is virtually boundless. Castor Seeds continue to be a volatile raw material in terms of its price. Being an agricultural product, it depends on the rainfall and weather condition prevailing in the area of castor growing States in the country, though it is a sturdy crop.

CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could, however differ

materially from those expressed or implied. Important factors that could make a difference to the Company's Operations include global and domestic demand – supply condition, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company should and need not be held responsible, if, which is not unlikely, the future turns out to be something quite different. Subject to this management disclaimer, this discussion and analysis should be pursued.

Date: 14.08.2012
Place: Mumbai

By order of the Board of Directors
KGN ENTERPRISES LIMITED
Sd/-
(ISMAIL MEMON)
CHAIRMAN

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the listing agreement a Report on Corporate Governance is given below. The said report forms part of the Annual Report of the Company for the year 2011-12.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes in adopting the best practices that are followed in the area of Corporate Governance. Corporate Governance ensures fairness, transparency and integrity of the management. The Company endeavors to strike and deliver the highest governing standards and emphasizes the need for transparency and accountability in all its activities for the benefit of and to protect the interest of its stakeholders.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges, the details are given hereunder:

2. BOARD OF DIRECTORS:

a) Composition & Category of Directors:

The Company has an Executive Chairman. As on 31st March, 2012 there are 4 Directors on its Board. The number of Non-Executive Directors is more than 50% of the total number of directors. None of the Directors on the Board is a Member of more than 10 Committees or a Chairman on more than 5 Committees, across all companies in which he is a Director, including KGN Enterprises Limited.

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

Total 10 Board Meetings were held during the Financial Year 2010-2011 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are given hereunder:-

13.05.2011, 02.07.2011, 12.08.2011, 25.08.2011, 02.09.2011, 28.09.2011, 31.10.2011, 15.11.2011, 18.11.2011, 15.02.2012, 17.03.20102.

KGN ENTERPRISES LIMITED

Name	Category	No. of Board Meetings attended during 2011-12	Whether attended AGM held on 29th September 2011	No. of Directorships in other public companies as on 31.03.2012		No. of Committee positions held in other public companies as o 31.03.2012	
				Chairman	Member	Chairman	Member
Mr. Ismail Memon (Chairman)	Promoter Non Executive Independent	8	YES	0	5	1	1
Mr. Babulal J. Hirani (Managing Director)	Professional Executive	10	YES	0	2	1	3
Mr. Aftabahmed Kadri	Independent Non Executive	9	YES	0	6	1	3
Mr. Dhaval Bhatt	Independent Non Executive	10	YES	0	2	0	0

Details of Director seeking re-appointment:

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

Name	Mr. Dhaval Bhatt
Date of Birth/Age	02.06.1979
Date of Appointment	13.05.2011
Experience	Expertise in Insurance Sector. He is founder of Jeevansuraksha
No. of Shares held in the Company	NIL
Qualification	H.S.C
List of other Directorship	5
Membership/ Chairman of committees of the other Companies	NIL

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

Mr. Aftabahmed Kadri, Chairman of the Audit Committee was present at the Annual General Meeting held on 29th September, 2011

5 (Five) Audit Committee meetings were held during 2010-2011. The dates on which the said meetings were held are as follows:

13.05.2011, 12.08.2011, 25.08.2011, 15.11.2011, 15.02.2011.

NAMES	CATEGORY	NO. OF MEETING HELD	NO. OF MEETINGS ATTENDED
Mr. Aftabahmed Kadri	Chairman	5	5
Mr. Ismail Memon	Member	5	5
Mr. Babulal J. Hirani	Member	5	5

b) Role of Audit Committee:

The Role of Audit Committee shall include the following:

1. Oversight of the company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board. The appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditor for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statement before submission to the board for approval. With particular reference to :
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in term of Clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management

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

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

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

Review of Information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and result of operations.

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

4. REMUNERATION COMMITTEE:

The composition of the Remuneration Committee is as under:

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

6. SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE:

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

NAMES	CATEGORY	NO. OF MEETING HELD	NO. OF MEETINGS ATTENDED
Mr. Ismail Memon	Chairman	NIL	NIL
Mr. Aftabahmed Kadri	Member	NIL	NIL
Mr. Babulal J. Hirani	Member	NIL	NIL

Name & Designation of the Compliance Officer:

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

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

The 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 : NA

7. GENERAL BODY MEETINGS:**a) Details of last three Annual General Meetings held:**

Financial Year	Location	Date	Day	Time	Type of Meeting	Special Resolutions passed
2010-11	23, Vaswani Mansion, 4th Floor, Dinshaw Vaccha Rd., Opp. K.C. College, Churchgate, Mumbai - 400 020.	29 th September, 2011	Thursday	10.00 a.m	AGM	1
2009-10	Patel Restaurant, 95/97, Topiwala Mansion, Masjid Bunder, Mohammed Ali Road, Mumbai 400 003.	29 th September, 2010	Wednesday	11.00 a.m	AGM	3
2008-09	Lions Club (Society) of Ahmedabad Lions Halls, Nr. Mithakhali Six Road, Ellisbridge, Ahmedabad - 06.	30 th September, 2009	Wednesday	11.00 a.m	AGM	1

b) Postal Ballot:

No Special Resolution was passed through postal ballot during the Financial Year 2011-12. In the ensuing Annual General Meeting, there is no business requiring Postal Ballot.

7. DISCLOSURES:

During the financial year 2011-12, there were no materially significant transactions entered into between the Company and its promoters, directors or the management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

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

8. MEANS OF COMMUNICATION:

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

9. CEO / CFO CERTIFICATION:

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

10. GENERAL SHAREHOLDER INFORMATION:**a) Detail Programme of the 18th ANNUAL GENERAL MEETING:**

DATE : 29th SEPTEMBER, 2012

DAY : Saturday

TIME : 11.30 A.M.

VENUE : Y.M.C.A International House, Y.M.C.A Road, Near Maratha Mandir, Mumbai Central, Mumbai – 400 008

b) FINANCIAL YEAR : 1st April, 2011 to 31st March, 2012.

c) BOOK CLOSURE DATE : 23rd September, 2012 to 29th September, 2012 (Both days inclusive)

d) DIVIDEND PAYMENT DATE : 5th October 2012.

e) LISTING ON STOCK EXCHANGES :

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

Bombay Stock Exchange Ltd.

f) STOCK CODE:

Bombay Stock Exchange Ltd : 533790

DEMAT INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) FOR EQUITY SHARES: INE755B01019

g) MONTHWISE STOCK MARKET PRICE DATA (BSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE PERIOD 1st APRIL, 2011 TO 31st MARCH, 2012.

PERIOD FROM April, 2011 to March, 2012	PRICE PER SHARE		NO OF SHARES TRADED
	HIGH (₹)	LOW (₹)	
December, 2011	570	200	93,086
January, 2012	898	460.5	129,64,08
February, 2012	528	332.2	17,10,727
March, 2012	425	186.55	15,94,983

(Source- www.bseindia.com)

h) REGISTRAR AND SHARE TRANSFER AGENTS:

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

Link Intime India Pvt. Ltd. (formerly Intime Spectrum Registry Ltd.)

211, Sudarshan Complex, Near Mithakhali under Bridge,

Navrangpura, Ahmedabad - 380 009.

Telefax : 079-26465179.

Email : ahmedabad@linkintime.co.in

i) SHARE TRANSFER PROCESS:

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

KGN ENTERPRISES LIMITED**j) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2012 :**

SR. NO.	RANGE OF HOLDING	NO. OF SHARE HOLDERS	NO. OF SHARE	SHARES AMOUNT	% TO CAPITAL
1.	Upto 500	256	23637	1796440	0.11%
2.	501 to 1000	36	30967	309670	0.15%
3.	1001 to 2000	68	117091	1170910	0.57%
4.	2001 to 3000	51	132605	1326050	1.00%
5.	3001 to 4000	55	206,327	2063270	0.1.89%
6.	4001 to 5000	80	387340	3873400	1.89%
7.	5001 to 10000	165	1316073	13160730	6.43%
8.	Above 10000	218	18255960	182559600	89.18%
TOTAL		929	20470000	204700000	100.00%

K) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012:

SR. NO.	CATEGORY	NO. SHARE	PERCENTAGE
1.	Indian Public	78,61,143	38.40%
2.	NRI's / OCBs	70	0.00%
3.	Mutual Funds and UTI	NIL	NIL
4.	Banks, Financial Institutions and Insurance Companies (Central Institutions)	NIL	NIL
5.	Clearing Member	442104	2.16%
6.	Corporate Bodies	12,53,542	6.12%
7.	Indian Promoters	10913141	53.31%
8.	Forfeiture of Shares	NIL	NIL
TOTAL		20470000	100%

l) DEMATERIALIZATION OF SHARES AND LIQUIDITY:

Percentage of Shares held in Physical form	: 2.65%
Electronic form with NSDL	: 73.91%
Electronic form with CDSL	: 23.44%

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

n) ADDRESS FOR CORRESPONDENCE:

Registered Office:

23, Vaswani Mansion, 4th Floor,

Dinshaw Vaccha Road, Opp. K.C. College, Churchgate

Mumbai - 400 020.

BY ORDER OF THE BOARD OF DIRECTORS OF

KGN ENTERPRISES LIMITED

Sd/-

**ISMAIL MEMON
CHAIRMAN**

KGN ENTERPRISES LIMITED

DECLARATION

I, Mr. Ismail Memon, Chairman of the Company, hereby certify that all the members of the Board of Directors and Senior Management personnel of the Company have affirmed their compliance with the Code of Conduct applicable to them, as laid down by the Board of Directors in terms of Clause 49(I)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31st March, 2012.

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

Date : 14.08.2012

Place : Mumbai

Sd/-

**ISMAIL MEMON
CHAIRMAN**

AUDITORS' CERTIFICATE

To,
The Members,
KGN Enterprises Limited,
Mumbai.

We have read the Report of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by the KGN Enterprises Limited for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement executed by Company with the Stock Exchanges.

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

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

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

Date : 14.08.2012

Place : Mumbai

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

**Sd/-
PROPRIETOR**

CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY :

We, Mr. Arif I. Memon, Chairman & Managing Director and Mr. Aftab Ahmed Kadri, Independent Director & Chairman of the Audit Committee and Deepak Raval, Chief Executive Officer & Company Secretary 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 affirm that we have not denied any personal access to the Audit Committee of the Company.
- (f) We further declare that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

Date : 14th August, 2012

Place : Mumbai

**Ismail Memon
Chairman**

**Aftab Ahmed Kadri
Director & Chairman Audit Committee**

AUDITORS' REPORT

To,
The Members of,
KGN ENTERPRISES LIMITED,

1. We have audited the attached Balance Sheet of M/s. KGN ENTERPRISES LIMITED, as at 31st March, 2012 and Profit & Loss Account Statement Balance for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended Companies (Auditor's Report) (Amended) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of Companies Act, 1956, we enclose in the Annexure hereto a statement specified in paragraph 4 and 5 of the said order. We report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books;
 - (iii) The Balance Sheet and Profit & Loss Statement Balance dealt with by this report are in agreement with the books of account;
 - (iv) On the basis of the written representation received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (v) In our opinion, the Balance Sheet & Profit & Loss Statement Balance complies with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (vi) 1956 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, 2012.
 - b) In the case of the Profit & Loss Account Statement Balance, of the profit for the year ended on 31st March, 2012.

c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on 31st March, 2012.

For: Kirit & Company
Chartered Accountants
F.R. No. 132282W
Sd/-
Kirit Kumar
Proprietor
M.No. 038047

Place : Ahmedabad
Date : 14th August, 2012

KGN INDUSTRIES LIMITED**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

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

Sr. No.	Name of the Party	Relation with the Company	Maximum Outstanding (in ₹)	Closing Balance As on 31/03/2012 (in ₹)
1.	KGN Bio Tech Limited	Subsidiary Company	4,57,42,299/-	4,57,42,299/-
2.	KGN Oil & Gas Private Limited	Subsidiary Company	45,00,000/-	35,08,000/-
3.	Shabnam A Memon	Promoter	10,00,000/-	1,33,000/-
4.	Ismail A Memon	Chairman	4,28,650/-	4,28,650/-
5.	Arif Memon	Promoter	25,000/-	25,000/-

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

KGN ENTERPRISES LIMITED

Sr. No.	Name of the Party	Relation with the Company	Maximum Outstanding (in ₹)	Closing Balance As on 31/03/2012 (in ₹)
1.	KGN Industries Limited	Associates	24,84,00,535/-	23,99,66,980/-

4. In our opinion and according to the information and explanation given to us, there are adequate Internal Control Procedure commensurate with size of a company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been notice in the internal control system.
5. (a) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.
6. The Company has not accepted deposits from the public, within the meaning of section 58A and 58AA of the Act and rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of the business.
8. As informed to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.
9. (a) According to the information and explanation given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Fund, Employees State Insurance, Income Tax, Sales Tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty were in arrears, as at 31st March, 2012 for a period of more than six months from the date of they became payable.
- (c) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty which have not been deposited on account of any dispute.
10. In our opinion the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

11. Based on our examination of the records and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. Based on our examination or the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
13. In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a Nidhi / Mutual benefit fund/society. Accordingly the provisions of the clause 4(xiii) of the said Order are not applicable to the Company.
14. During the year under audit, Company has not dealt or traded in shares, securities, debentures and other investments. Therefore we have no comments to offer under clause (xiv) of the Order.
15. According to the information and explanations given to us, the Company has not given any guarantee for Loans taken by others from bank or financial institutions.
16. The Company has not obtained any term loan during the year and therefore, we have no comments to offer under clause (xvi) of the Order.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion no funds raised on a short-term basis have been used for long term investment and vise-a-versa, during the year.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
19. According to the information and explanations given to us, the Company has not issued any debentures during the year.
20. According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year and accordingly the provision of the relevant clause of the order is not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Kirit & Company
Chartered Accountants
F.R. No. 132282W
Sd/-
Kirit Kumar
Proprietor
M.No 038047

Place : Ahmedabad
Date : 14th August, 2012

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

(Referred to in paragraph 3 of our report of even date)

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

Sr. No.	Name of the Party	Relation with the Company	Maximum Outstanding (in ₹)	Closing Balance As on 31/03/2012 (in ₹)
1.	KGN Bio-Tech Limited	Subsidiary Company	4,57,42,299/-	4,57,42,299/-
2.	KGN Oil & Gas Private Limited	Subsidiary Company	45,00,000/-	35,08,000/-
3.	Shabnam A Memon	Promoter	10,00,000/-	1,33,000/-
4.	Ismail A Memon	Chairman	4,28,650/-	4,28,650/-
5.	Arif Memon	Promoter	25,000/-	25,000/-

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

Sr. No.	Name of the Party	Relation with the Company	Maximum Outstanding (in ₹)	Closing Balance As on 31/03/2012 (in ₹)
1.	KGN Industries Limited	Associates	24,84,00,535/-	23,99,66,980/-

25. In our opinion and according to the information and explanation given to us, there are adequate Internal Control Procedure commensurate with size of a company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been notice in the internal control system.
26. (a) In our opinion, and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.
27. The Company has not accepted deposits from the public, within the meaning of section 58A and 58AA of the Act and rules framed there under.
28. In our opinion, the company has an internal audit system commensurate with the size and nature of the business.
29. As informed to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.
30. (a) According to the information and explanation given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Fund, Employees State Insurance, Income Tax, Sales Tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty were in arrears, as at 31st March, 2012 for a period of more than six months from the date of they became payable.
- (c) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty and Excise Duty which have not been deposited on account of any dispute.
31. In our opinion the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

32. Based on our examination of the records and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
33. Based on our examination or the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
34. In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a Nidhi / Mutual benefit fund/society. Accordingly the provisions of the clause 4(xiii) of the said Order are not applicable to the Company.
35. During the year under audit, Company has not dealt or traded in shares, securities, debentures and other investments. Therefore we have no comments to offer under clause (xiv) of the Order.
36. According to the information and explanations given to us, the Company has not given any guarantee for Loans taken by others from bank or financial institutions.
37. The Company has not obtained any term loan during the year and therefore, we have no comments to offer under clause (xvi) of the Order.
38. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion no funds raised on a short-term basis have been used for long term investment and vise-a-versa, during the year.
39. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
40. According to the information and explanations given to us, the Company has not issued any debentures during the year.
41. According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year and accordingly the provision of the relevant clause of the order is not applicable to the Company.
42. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Kirit & Company
Chartered Accountants
F.R. No. 132282W
Sd/-
Kirit Kumar
Proprietor
M.No 038047

Place : Ahmedabad
Date : 14th August, 2012

KGN ENTERPRISES LIMITED**KGN ENTERPRISES LIMITED****Balance Sheet as at 31st March 2012**

(Amount in ₹)

Particulars	Note	As at 31 st March, 2012	As at 31 st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	209,700,000	209,700,000
(b) Reserves and Surplus	2	195,462,707	184,563,756
2 Non-Current Liabilities			
(a) Long Term Borrowings	3	336,166,980	208,607,500
(b) Deferred Tax Liabilities (net)		3,218,067	3,218,067
(c) Long-Term Provisions	4	116,750	116,750
3 Current Liabilities			
(a) Short-Term Borrowings	5	600,000	-
(b) Trade Payables	6	8,982,689	436,003
(c) Other Current Liabilities	7	131,977	607,458
(d) Short-Term Provisions	8	13,170,580	7,812,700
TOTAL		767,549,750	615,062,234
II. ASSETS			
Non-Current Assets			
1 (a) Fixed Assets			
(i) Tangible Assets	9	429,498,640	427,001,954
(ii) Capital Work-In-Progress		127,689,913	117,351,178
(b) Non-Current Investments	10	1,655,000	1,655,000
(c) Long-Term Loans And Advances	11	2,438,634	2,273,165
2 Current Assets			
(a) Inventories	12	96,715,614	1,479,924
(b) Trade Receivables	13	28,248,087	-
(c) Cash and Cash Equivalents	14	3,414,066	12,246,209
(d) Short-Term Loans and Advances	15	64,449,305	52,144,204
(e) Other Current Assets	16	13,440,490	910,600
TOTAL		767,549,750	615,062,234
Significant Accounting Policies & Notes to Accounts	1 to 27		

The Accompanying notes are an Integral Part of Financial Statements

As Per our Report of even date

For and on behalf of the Board of Directors**For Kirit & Company**

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

Membership No. 038047

(FRN. : 132282 W)

Date : 14th August, 2012

Sd/-

Ismail G Memon

Chairman

Sd/-

Babulal J Hirani

Managing Director

Date : 14th August, 2012

KGN ENTERPRISES LIMITED**KGN ENTERPRISES LIMITED****Profit and Loss statement for the year ended 31st March 2012**

(Amount in ₹)

Particulars		Note	2011-2012	2010-2011
INCOME				
I.	Revenue From Operations	17	85,879,548	95,585,975
II.	Other Income	18	9,881,125	768,688
III.	Total Revenue (I + II)		95,760,673	96,354,662
IV. EXPENDITURE :				
	Cost of Materials Consumed		-	-
	Purchases of Stock-in-Trade		166,300,806	50,862,814
	Changes in Inventories of Finished Goods			
	Work-In-Progress and Stock-in-Trade		-95,235,690	16,602,264
	Employee Benefits Expense	19	3,275,163	3,637,238
	Finance Costs	20	98,923	141,060
	Depreciation and Amortization Expense		-	-
	Other Expenses	21	5,779,391	9,773,811
	Total Expenses		80,218,593	81,017,187
V	Profit Before Tax (III- IV)		15,542,080	15,337,475
VI	Tax Expense:			
	(1) Current Tax		3,453,515	2,600,000
	(2) Deferred Tax		-	-
VII	Profit For The Period (V-VI)		12,088,565	12,737,475
VIII	Earnings per Equity Share of Face Value of ₹ 10 each:			
	Basic		0.59	0.62
	Diluted		0.59	0.62
Significant Accounting Policies & Notes to Accounts		1 to 27		

The Accompanying notes are an Integral Part of Financial Statements

As Per our Report of even date

For and on behalf of the Board of Directors**For Kirit & Company**

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

Membership No. 038047

(FRN. : 132282 W)

Date : 14th August, 2012

Sd/-

Ismail G Memon

Chairman

Sd/-

Babulal J Hirani

Managing Director

Date : 14th August, 2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SHARE CAPITAL

(Amount in ₹)				
	As at 31 st March 2012		As at 31 st March 2011	
	Number		Number	
SHARE CAPITAL				
Authorised Share Capital *				
2,10,00,000 Equity shares of ₹ 10 each (P.Y.: 2,07,00,000 Equity Shares of ₹ 10 each)	21,000,000	210,000,000	20,700,000	207,000,000
5,00,000 Preferene Shares of ₹ 10 each (8% Non-Cumulative Redeemable Preference Shares) (P.Y.: 5,00,000 Preference Shares of ₹ 10 each)	500,000	5,000,000	500,000	5,000,000
	21,500,000	215,000,000	21,200,000	212,000,000
Issued, Subscribed & Paid up :				
2,04,70,000 Equity Shares of ₹ 10 each (P.Y.: 2,04,70,000 Equity Shares of ₹ 10 each)	20,470,000	204,700,000	20,470,000	204,700,000
5,00,000 Preferene Shares of ₹ 10 each (8% Non-Cumulative Redeemable Preference Shares) (P.Y.: 5,00,000 Preference Shares of ₹ 10 each)	500,000	5,000,000	500,000	5,000,000
TOTAL	20,970,000	209,700,000	20,970,000	209,700,000

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

Particulars	Equity Shares		Preference Shares	
	Number		Number	
Shares Outstanding at the beginning of the year	20,470,000	204,700,000	500,000	5,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	20,470,000	204,700,000	500,000	5,000,000

1.2 * Authorised Capital of Company was increased from 21,20,00,000 to 21,50,00,000 in the year 2011-12.

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

Name of Shareholder	As at 31 st March 2012		As at 31 st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGN Properties Private Limited	9,948,800	48.60	9,948,800	48.60

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

2. RESERVES AND SURPLUS

	As at 31 st March 2012	As at 31 st March 2011
RESERVE & SURPLUS		
A. Share Premium		
Opening Balance	62,400,000	62,400,000
(+) Share Forfeiture Account Balance	150,000	150,000
	62,550,000	62,550,000
B. Share Premium	91,800,000	91,800,000
	91,800,000	91,800,000
C. Profit & Loss Statement Balance		
Opening Balance	56,905,638	44,168,162
(+) Current Year Transfer	12,088,565	12,737,476
Proposed Dividend on Equity Shares (Dividend Per Share ` 0.05/- (Previous Year - Nil)	(1,023,500)	
Dividend Tax	(166,114)	
Add: Profit & Loss Account(SATIL Division)	(26,691,882)	-
Closing Balance	41,112,707	56,905,638
D. Profit & Loss Account(SATIL Division)	-	(26,691,882)
	-	(26,691,882)
TOTAL	195,462,707	184,563,756

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**3. LONG TERM BORROWINGS**

	As at 31 st March 2012	As at 31 st March 2011
LONG TERM BORROWINGS		
Unsecured		
(a) Loans and advances From Related Parties		
KGN Industries Limited	239,966,980	208,607,500
Salim Memon	96,200,000	-
TOTAL	336,166,980	208,607,500

4. LONG TERM PROVISIONS

	As at 31 st March 2012	As at 31 st March 2011
LONG TERM PROVISIONS		
(a) Others		
Provision for Income Tax*	116,750	116,750
TOTAL	116,750	116,750

4.1 *Provisions for Income tax for the A.Y. 2000-01, 2001-2, 2002-03, 2003-04.

5. SHORT TERM BORROWINGS

	As at 31 st March 2012	As at 31 st March 2011
SHORT TERM BORROWINGS		
Unsecured		
(a) Loans and advances From Related Parties		
KGN Green Limited	300,000	-
KGN Proteins Limited	300,000	-
TOTAL	600,000	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

6. TRADE PAYABLE

	As at 31st March 2012	As at 31st March 2011
TRADE PAYABLE		
Micro, Small and Medium Enterprises		-
Sundry Creditors for Goods	91,708	-
Sundry Creditors for Seed	7,212,054	-
Others	1,678,927	436,003
TOTAL	8,982,689	436,003

7. OTHER CURRENT LIABILITIES

	As at 31st March 2012	As at 31st March 2011
OTHER CURRENT LIABILITIES		
Provision For Audit Fees	99,000	81,000
TDS Payable*	13,858	118,156
Sundry Creditors for Expense	340,991	408,302
Sundry Creditors for Projects	(370,006)	-
Security Expenses	48,134	-
TOTAL	131,977	607,458

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

8. SHORT TERM PROVISIONS

	As at 31st March 2012	As at 31st March 2011
SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Salary & Reimbursements	709,029	-
Contribution to PF	372	-
(b) Others		
Proposed Dividend	1,023,500	-
Dividend Distribution Tax	166,114	-
Provision for Income Tax*	7,812,700	7,812,700
Provision for Income Tax A.Y. 2012-13	3,453,515	-
Professional Tax	5,350	-
TOTAL	13,170,580	7,812,700

8.1 *Provisions for Income tax for the A.Y. 2010-11 & A.Y. 2011-12.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

9. FIXED ASSETS

₹

%	FIXED ASSETS	GROSS BLOCK						ACCUMULATED DEPRECIATION				NET BLOCK	
		BALANCE AS AT 1 ST APRIL 2011	ADDITIONS/ (DISPOSALS)	ACQUIRED THROUGH BUSINESS COMBINATIONS	REVALUATIONS/ (IMPAIRMENTS)	BALANCE AS AT 31 ST MARCH 2012	BALANCE AS AT 1 ST APRIL 2011	DEPRECIATION CHARGE FOR THE YEAR	ADJUSTMENT DUE TO REVALUATIONS	ON DISPOSALS	BALANCE AS AT 31 ST MARCH 2012	BALANCE AS AT 31 ST MARCH 2011	
a	Tangible Assets												
	NIL	26,604,136	-	-	-	26,604,136	-	-	-	-	26,604,136	26,604,136	
	3.34%	173,694,660	-	-	-	173,694,660	32,362,135	0	-	32,362,135	141,332,525	141,332,525	
	4.75%	342,504,765	127,607	-	-	342,632,372	90,933,559	-0	-	90,933,559	251,698,813	251,571,206	
	6.33%	6,262,295	139,624	-	-	6,401,919	2,321,647	0	-	2,321,647	4,080,272	3,940,648	
	9.50%	1,138,391	932,522	-	-	2,070,913	615,502	0	-	615,502	1,455,411	522,889	
	4.75%	3,044,178	897,218	-	-	3,941,396	290,155	0	-	290,155	3,651,241	2,754,023	
	16.21%	371,941	399,715	-	-	771,656	95,414	0	-	95,414	676,242	276,527	
	Total	553,620,366	2,496,686	-	-	556,117,052	126,618,412	0	-	126,618,412	429,498,640	427,001,954	
c	Capital Work	117,259,871	10,430,042	-	-	127,689,913	-	-	-	-	127,689,913	117,259,871	
	In Progress												
	Total	117,259,871	10,430,042	-	-	127,689,913	-	-	-	-	127,689,913	117,259,871	
	Total	670,880,237	12,926,728	-	-	683,806,965	126,618,412	0	-	126,618,412	557,188,553	544,261,825	

KGN ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

10. NON-CURRENT INVESTMENTS

Name of Shareholder	As at 31 st March 2012		As at 31 st March 2011	
	Number of Shares	Amount	Number of Shares	Amount
NON-CURRENT INVESTMENTS				
A. TRADE INVESTMENTS	-	-	-	-
B. OTHER INVESTMENTS (A) In Equity Shares of Subsidiary Companies				
UNQUOTED , fully Paid up				
KGN Bio-Tech Limited	50,000	500,000	50,000	500,000
KGN Green Limited	50,000	500,000	50,000	500,000
KGN Oil & Gas Private Limited	10,000	100,000	10,000	100,000
KGN Proteins Limited	50,000	500,000	50,000	500,000
(B) National Saving Certificate		55,000		55,000
TOTAL (A+B)	160,000	1,655,000	160,000	1,655,000

11. LONG TERM LOANS AND ADVANCES

	As at 31 st March 2012	As at 31 st March 2011
a. Loans and Advances to Related Parties		
Unsecured, considered good		
GEB Security Deposit	2,219,665	2,219,665
Other Security	53,500	53,500
b. Others (specify nature)		
Unsecured, considered good		
Balance With Government Authority	165,469	-
TOTAL	2,438,634	2,273,165

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**12. INVENTORIES**

	As at 31 st March 2012	As at 31 st March 2011
INVENTORIES		
Raw Material	16,983,218	-
Fuel	3,404,074	1,256,013
Finished Goods	76,328,322	-
Packing Material	-	223,911
TOTAL	96,715,614	1,479,924

13. TRADE RECEIVABLE

	As at 31 st March 2012	As at 31 st March 2011
TRADE RECEIVABLE (Unsecured and Considered Good)		
Over Six Months	-	-
Other	28,248,087	-
TOTAL	28,248,087	-

14. CASH AND CASH EQUIVALENTS

	As at 31 st March 2012	As at 31 st March 2011
CASH AND CASH EQUIVALENTS		
a. Balances with banks	3,097,431	12,127,730
B. Cash In Hand	316,635	118,479
TOTAL	3,414,066	12,246,209

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**15. SHORT-TERM LOANS AND ADVANCES**

	As at 31 st March 2012	As at 31 st March 2011
SHORT-TERM LOANS AND ADVANCES		
a. Loans and advances to Related Parties		
Arif I Memon	25,000	-
Ismail Memon	428,650	-
KGN Bio-Tech Limited	45,742,299	14,639,000
KGN Oil & Gas Pvt Ltd	3,508,000	4,500,000
Shabnam A Memon	133,000	1,000,000
b. Security Deposit		
Unsecured, Considered Good		
FDR Against Bank Guarantee for EPCG	353,999	330,000
FDR Against EPCG	5,750,384	5,355,000
Security Deposit For Export	300,000	-
c. Others		
Unsecured, Considered Good		
Balance With Government Authority	6,008,223	6,171,141
Advance Receivable in Cash	166,750	149,550
Advance for Project	1,983,000	12,793,528
Other Advances	50,000	7,205,985
TOTAL	64,449,305	52,144,204

16. OTHER CURRENT ASSETS

	As at 31 st March 2012	As at 31 st March 2011
OTHER CURRENT ASSETS		
Income Receivable 2010-11	-	371,663
Input Vat Receivable	7,333,926	538,937
Preoperating Expenses for Capitalisation	6,106,564	-
TOTAL	13,440,490	910,600

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**17. REVENUE FROM OPERATION**

	As at 31 st March 2012	As at 31 st March 2011
REVENUE FROM OPERATION		
Sales	85,879,548	95,585,975
TOTAL	85,879,548	95,585,975

18. OTHER INCOME

	As at 31 st March 2012	As at 31 st March 2011
OTHER INCOME		
Govt Credit of MGVCL	-	382,512
Interest Income	714,687	30,615
Rounding off	2,076	-
Sales of Wastage Wood and Cement Bags	-	225,266
Other Income	9,164,362	130,295
TOTAL	9,881,125	768,688

19. EMPLOYEE BENEFITS EXPENSE

	As at 31 st March 2012	As at 31 st March 2011
EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and incentives	3,211,093	3,451,156
(b) Provident Fund Expenses	64,070	148,298
(c) Staff Welfare Expenses	-	37,784
TOTAL	3,275,163	3,637,238

20. FINANCE COST

	As at 31 st March 2012	As at 31 st March 2011
FINANCE COST		
Bank Charges	97,491	141,060
Interest Expenses*	1,432	-
TOTAL	98,923	141,060

* Includes interest paid on TDS

KGN ENTERPRISES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

21. OTHER EXPENSES

	As at 31 st March 2012	As at 31 st March 2011
OTHER EXPENSES		
MANUFACTURING EXPENSES		
Brokerage Expenses	24,716	78,383
Diesel Expenses	7,260	8,605
Factory Expenses	441,052	370,856
Laboratory & Testing Expenses	14,876	2,500
Loading & Unloading Expenses	112,176	106,976
Oil Mill Expenses	186,232	-
Power & Fuel Expenses	1,384,326	1,694,418
Refinery Expenses	32,418	-
Solvent Plant Expenses	12,310	-
TOTAL	2,215,366	2,261,738
	(A)	
ADMINISTRATION EXPENSES		
Advertisement Expenses	66,277	16,817
Annual Custody Fees	110,300	244,448
Audit Fees Expenses	99,000	90,000
Bad Debts Written Off	-	1,326,605
Books & Periodicals	18,000	2,400
Computer & Printer Expenses	57,674	12,720
Conveyance Expenses	30,508	31,400
Donation Expenses	178,540	87,600
Expenses Written Off	-	109,544
Electricity Expenses	12,571	179,803
Food & Refreshment Expenses	27,440	-
Franking & Stamping Expenses	110	-
GPCB Water Testing Fees	-	5,000
Hotel Club & Hospitality Expenses	31,256	-
Income Tax Expenses	1,314	-
Insurance Expenses	39,027	11,062
Rounding Off	1,187	1,163
Land Tax (Education Cess)	5,615	-
Land Tax (Mehsul)	39,660	-
Land Tax (V.P.Cess)	7,875	-
Legal & Professional Fees	598,841	1,566,451
License Fees	2,125	117,675
Listing Fees A/c.	183,754	260,521
Loss on Assets	-	392,839
Market Cess	155,060	151,150
Medical Expenses	7,181	-
Membership Fees Expenses	111,035	-
Miscellaneous Expenses	306,690	133,745
Office Expenses	206,280	293,094
Petrol Expenses	119,309	215,726
Postage & Courier Expenses	32,832	46,363
Printing & Stationery Expenses	116,201	144,087
Property Tax	60,000	-
Registration Fees Expenses	-	93,873
Rent & Reimbursement Expenses	22,160	118,950
Repair & Maintenance	-	1,060
ROC Expenses	37,536	31,500
Security Expenses	190,452	395,000
Stamping Expenses	5,000	2,100
Telephone & Modam Expenses	86,794	153,350
Tractor Insurance	6,336	-
Transport Expenses	271,557	631,955
Travelling Expenses	265,397	537,504
VAT Audit Fees	7,500	-
Vehicle Expenses	9,281	61,525
Web Development Expenses	36,000	45,043
Weigh Bridge Expenses	350	-
	(B)	
TOTAL	3,564,025	7,512,073
	(A+B)	
TOTAL	5,779,391	9,773,811

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

22. In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate provisions, have been made for all known current and non-current liabilities and provisions are not in excess of the amount reasonably necessary.
23. The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the company for the presentation of its Financial Statements for the year ending March 31, 2012. The adoption of Revised Schedule VI requirements has significantly modified the presentation disclosure which have been with in these Financial Statements. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year grouping.
24. Contingent Liability is not provided for is 'NIL'.
25. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.
26. **RELATED PARTY DISCLOSURES :**
As per Accounting Standard 18, the disclosures of transactions with the related parties are given below :

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

S.No.	Name of Related Party	Relationship
1	KGN Greens Limited	Subsidiary Company
2	KGN Proteins Limited	Subsidiary Company
3	KGN Bio-Tech Limited	Subsidiary Company
4	KGN Oil & Gas Private Limited	Subsidiary Company
5	KGN Industries Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**(ii) Transaction during the year with Related Parties :**

S.No.	Nature of Transactions	Subsidiary Companies	Total
1	Net Loans & Advances Given	4,86,50,299/-	4,86,50,299/-

27. Payment to Auditor

Payment to the Auditor	2011-2012	2010-2011
a. For Statutory Audit	50,000	50,000
b. For Tax Audit	30,000	30,000
c. For Consulting Fees	19,000	10,000

For: Kirit & Co.
Chartered Accountants

Sd/-
Kirit Kumar
Proprietor
M.No. 038047
FRN: 132282W
Place : Ahmedabad
Date : 14th August, 2012

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

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

2. USE OF ESTIMATES:

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

3. FIXED ASSETS:

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

4. DEPRECIATION:

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

No Depreciation is provided during the year as assets are yet "PUT TO USE".

5. INVESTMENTS:

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

6. INVENTORIES:

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

7. PRELIMINARY EXPENDITURE:

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

8. REVENUE RECOGNITION:

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

9. TAXES ON INCOME:

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

There is no Deferred Tax Assets/Liabilities during the year.

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

11. BORROWING COSTS

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

There are no borrowing costs during the year.

12. IMPAIRMENT OF ASSETS

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

There is no Impairment of assets during the year.

13. FOREIGN CURRENCY TRANSACTIONS:

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

14. GENERAL ACCOUNTING POLICIES

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

For Kirit & Company
Chartered Accountants

Sd/-
Kirit Kumar

Proprietor
M. No. 038047
FRN. : 132282 W
Place : Ahmedabad
Date : 14th August, 2012

For and on behalf of the Board

Sd/-
Ismail G Memon
Chairman

Sd/-
Babulal J Hirani
Director

KGN ENTERPRISES LIMITED**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

1.	Name of The Subsidiary Companies	KGN Bio-Tech Limited	KGN Green Limited	KGN Protein Limited	KGN Oil & Gas Private Limited
2	Financial Year of Subsidiary Company	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
3	Number of Shares held in Subsidiary Company on the above date	49,994	49,994	49,994	9,999
4	Extent of Share Holding Interest (in%)	99.99%	99.99%	99.99%	99.99%

The Net Aggregate of Profit less Losses of the Subsidiary Companies as far as its concerns the members of the Holding Company

Not dealt with in the Holding Company's Accounts :				
a) For the Financial Year of the Subsidiary	N.A.	N.A.	N.A.	N.A.
b) For the Previous Financial Years, Since it became Holding Company's Subsidiary	N.A.	N.A.	N.A.	N.A.

Dealt with in the Holding Company's Accounts :				
a) For the Financial Year of the Subsidiary	20,624	88,787	99,803	101,821
b) For the Previous Financial Years, Since it became Holding Company's Subsidiary	-10274	-5500	-5500	-11,595
c) Material Changes between the end of the Financial Years of the Subsidiary and Holding Company				

On behalf of the Board of Directors

**Sd/-
(ISMAIL MEMON)
CHAIRMAN**

KGN ENTERPRISES LIMITED**KGN ENTERPRISES LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 2011-12**

(Amount in ₹)

Particulars	31 st March, 2012	31 st March, 2011
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Profit and Loss Statement Balance	15,542,080	15,337,476
Adjustment For:		
Depreciation and Amortisation Expenses	-	-327,266
Finance Cost	1,432	-
Interest on Fixed Deposits	-714,687	-30,615
Loss on assets written off	-	392,839
Operating Profit before Working Capital Changes	-713,255	34,958
Adjustment For:		
(Increase)/Decrease in Trade Receivable	-28,248,087	16,602,264
(Increase)/Decrease in Inventories	-95,235,690	
(Increase)/Decrease in Other Current Assets	-12,529,890	
Increase/(Decrease) in Trade Payable	8,546,686	
Increase/(Decrease) in Current Liabilities	1,904,365	-2,255,515
Increase/(Decrease) in Other Liabilities	-475,481	
Changes in Working Capital	-126,038,097	14,346,749
Cash Generated From Operations	-111,209,272	29,719,183
Taxes Paid	-	-
Net Cash Flow from Operating Activities	-111,209,272	29,719,183
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-12,835,421	-71,097,820
Sale of Fixed Assets/Investments	-	965,090
Interest on Fixed Deposit	714,687	-1,076,027
Deposit	-	-5,682,500
Movement in Long Term Loans And Advances	-12,470,571	-17,580,860
Interest and Dividend Income		30,615
Net Cash Used in Investing Activities	-24,591,305	-94,441,502
C) CASH FLOW FROM FINANCING ACTIVITIES		
Finance Cost	-1,432	-
Movement in Short Term Borrowings	600,000	-10,689,420
Movement in Long Term Borrowings	127,559,480	
Equity share capital Issued.	-	5,000,000
Dividend Paid	-1,189,614	-1,197,400
Net Cash Used in Financing Activities	126,968,434	-6,886,820
Net Cash flow (A+B+C)	-8,832,143	-71,609,139
Cash & Cash Equivalents at the beginning of the year	12,246,209	83,855,348
Cash & Cash Equivalents at the end of the year	3,414,066	12,246,209

The Accompanying notes are an Integral Part of Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors**For Kirit & Company**

Chartered Accountants

Sd/-**Kirit Kumar**

Proprietor

Membership No. 038047

(FRN. : 132282 W)

Date : 14th August, 2012

Place : Ahmedabad

Sd/-**Ismail G Memon**

Chairman

Sd/-**Babulal J Hirani**

Managing Director

Date : 14th August, 2012

Place : Mumbai

AUDITORS' REPORT

To,
The Board of Directors of
KGN ENTERPRISES LIMITED,

On the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of **M/s. KGN ENTERPRISES LIMITED** (the "Company") and its Subsidiary; hereinafter referred to as the "Group" as at 31st March, 2012 and Consolidated Profit & Loss Account Statement Balance, Consolidated Cash Flow of the Group for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statement have been prepared by the Company's Management in accordance with the requirement of Accounting Standard (AS) 21 Consolidated Financial Statements.
4. Base on our audit and on Consolidated of reports of the auditor on separate financial statements and other financial information of the component of the Group, as refer to above, and to the best of our information and according to the explanation given to us, subject to our remark in 4 above in our opinion, the attached Consolidated Financial Statements give 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, 2012.
 - b) In the case of the Consolidated Profit & Loss Account Statement Balance, of the profit of the Group for the year ended on 31st March, 2012.
 - c) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on 31st March, 2012.

For : Kirit & Company
Chartered Accountant

Sd/-
Kirit Kumar
Proprietor
M.No. 038047
FRN: 132282W
Place : Ahmedabad
Date : 14th August, 2012

KGN ENTERPRISES LIMITED

KGN ENTERPRISES LIMITED Consolidated Balance Sheet as at 31st March 2012

(Amount in ₹)

Particulars	Note	As at 31 st March, 2012	As at 31 st March, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	209,700,000	209,700,000
(b) Reserve And Surplus	2	195,740,874	184,530,887
2 Non-Current Liabilities			
(a) Long Term Borrowings	3	336,166,980	208,617,500
(b) Deferred Tax Liabilities (net)	4	3,218,067	3,218,067
(c) Long-Term Provisions	5	116,750	116,750
3 Current Liabilities			
(a) Trade Payables	6	17,450,065	464,710
(b) Other Current Liabilities	7	1,062,011	671,136
(c) Short-Term Provisions	8	13,328,805	7,812,700
		776,783,552	615,131,750
II. ASSETS			
Non-Current Assets			
1 (a) Fixed Assets			
(i) Tangible Assets	9	441,438,967	427,001,954
(ii) Capital Work-In-Progress		156,913,800	119,819,289
(b) Non-Current Investments	10	55,000	55,000
(c) Long-Term Loans And Advances	11	2,438,634	2,273,165
(d) Other Non-Current Assets	12	80,969	1,469,958
2 Current Assets			
(a) Inventories	13	100,765,588	1,479,924
(b) Trade Receivables	14	30,375,043	-
(c) Cash and Cash Equivalents	15	6,901,548	17,619,279
(d) Short-Term Loans and Advances	16	22,028,886	44,330,604
(e) Other Current Assets	17	15,785,117	1,082,577
		776,783,552	615,131,750
Significant Accounting Policies & Notes to Accounts	1 to 29		

The Accompanying notes are an Integral Part of Financial Statements

As Per our Report of even date

For and on behalf of the Board of Directors

For Kirit & Company

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

Membership No. 038047

(FRN. : 132282 W)

Date : 14th August, 2012

Sd/-

Ismail G Memon

Chairman

Sd/-

Babulal J Hirani

Managing Director

Date : 14th August, 2012

KGN ENTERPRISES LIMITED**KGN ENTERPRISES LIMITED****Consolidated Profit and Loss statement for the year ended 31st March 2012**

(Amount in ₹)

Particulars	Note	2011-2012	2010-2011
INCOME			
I. Revenue From Operations	18	111,605,238	95,585,975
II. Other Income	19	10,052,454	769,162
III. Total Revenue (I + II)		121,657,692	96,355,137
IV. EXPENDITURE :			
Cost of Materials Consumed		-	-
Purchases of Stock-in-Trade		194,975,659	50,862,814
Changes in Inventories of Finished Goods			
Work-In-Progress and Stock-in-Trade		-99,285,665	16,602,264
Employee Benefits Expense	20	3,527,163	3,637,238
Finance Costs	21	104,465	145,655
Depreciation and Amortization Expense	22	26,990	-
Other Expenses	23	6,297,739	9,802,559
Total Expenses		105,646,351	81,050,530
V Profit Before Tax (III- IV)		16,011,341	15,304,607
VI Tax Expense:			
(1) Current Tax		3,611,740	2,600,000
(2) Deferred Tax			-
VII Profit For The Period (V-VI)		12,399,601	12,704,607
VIII Earnings per Equity Share of Face Value of ₹ 10/- each:			
Basic		0.61	0.62
Diluted		0.61	0.62
Significant Accounting Policies & Notes to Accounts	1 to 29		

The Accompanying notes are an Integral Part of Financial Statements

As Per our Report of even date

For and on behalf of the Board of Directors**For Kirit & Company**

Chartered Accountants

Sd/-**Kirit Kumar**

Proprietor

Membership No. 038047

(FRN. : 132282 W)

Date : 14th August, 2012

Place : Ahmedabad

Sd/-**Ismail G Memon**

Chairman

Sd/-**Babulal J Hirani**

Managing Director

Date : 14th August, 2012

Place : Ahmedabad

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012**

1. SHARE CAPITAL

(Amount in ₹)				
	As at 31 st March 2012		As at 31 st March 2011	
	Number		Number	
<u>SHARE CAPITAL</u>				
<u>Authorised Share Capital</u>				
2,10,00,000 Equity shares of ₹ 10 each (P.Y.: 2,07,00,000 Equity Shares of ₹ 10 each)	21,000,000	210,000,000	20,700,000	207,000,000
5,00,000 Preference Shares of ₹ 10 each (8% Non-Cumulative Redeemable Preference Shares) (P.Y.: 5,00,000 Preference Shares of ₹ 10 each)	500,000	5,000,000	500,000	5,000,000
	21,500,000	215,000,000	21,200,000	212,000,000
Issued, Subscribed & Paid up :				
2,04,70,000 Equity Shares of ₹ 10 each (P.Y.: 2,04,70,000 Equity Shares of ₹ 10 each)	20,470,000	204,700,000	20,470,000	204,700,000
5,00,000 Preference Shares of ₹ 10 each (8% Non-Cumulative Redeemable Preference Shares) (P.Y.: 5,00,000 Preference Shares of ₹ 10 each)	500,000	5,000,000	500,000	5,000,000
TOTAL	20,970,000	209,700,000	20,970,000	209,700,000

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

Particulars	Equity Shares		Preference Shares	
	Number		Number	
Shares Outstanding at the beginning of the year	20,470,000	204,700,000	500,000	5,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	20,470,000	204,700,000	500,000	5,000,000

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1.2 * Authorised Capital of Company was increased from 21,20,00,000 to 21,50,00,000 in the year 2011-12.

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

Name of Shareholder	As at 31 st March 2012		As at 31 st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
KGN Properties Private Limited	9,948,800	48.60	9,948,800	48.60

2. RESERVES AND SURPLUS

	As at 31 st March 2012	As at 31 st March 2011
RESERVE & SURPLUS		
A. Share Premium		
Opening Balance	62,400,000	62,400,000
(+) Share Forfeiture Account Balance	150,000	150,000
	62,550,000	62,550,000
B. Share Premium	91,800,000	91,800,000
	91,800,000	91,800,000
C. Profit & Loss Statement Balance		
Opening Balance	56,872,769	44,168,162
(+) Current Year Transfer	12,399,601	12,704,607
Proposed Dividend on Equity Shares (Dividend Per Share ` 0.05/- (Previous Year - Nil))	1,023,500	
Dividend Tax	166,114	
Closing Balance	68,082,756	56,872,769
D. Profit & Loss Account(SATIL Division)	(26,691,882)	(26,691,882)
	(26,691,882)	(26,691,882)
TOTAL	195,740,874	184,530,887

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012****3. LONG TERM BORROWINGS**

	As at 31 st March 2012	As at 31 st March 2011
LONG TERM BORROWINGS		
Unsecured		
(a) Loans and advances From Related Parties		
Arif Memon	-	10,000.00
KGN Industries Limited	239,966,980	208,607,500
Salim Memon	96,200,000	-
TOTAL	336,166,980	208,617,500

4. DEFERRED TAX LIABILITIES

	As at 31 st March 2012	As at 31 st March 2011
DEFERRED TAX LIABILITIES		
Opening Balance	3,218,067	3,218,067
Add : During the Year	-	-
TOTAL	3,218,067	3,218,067

5. LONG TERM PROVISIONS

	As at 31 st March 2012	As at 31 st March 2011
LONG TERM PROVISIONS		
(a) Others		
Provision for Income Tax*	116,750	116,750
TOTAL	116,750	116,750

5.1 *Provisions for Income tax for the A.Y. 2000-01, 2001-2, 2002-03, 2003-04 .

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012**

6. TRADE PAYABLE

	As at 31 st March 2012	As at 31 st March 2011
TRADE PAYABLE		
Micro, Small and Medium Enterprises		-
Sundry Creditors for Goods	91,708.00	-
Sundry Creditors for Seed	15,639,368.80	-
Others	1,718,988.54	464,710
TOTAL	17,450,065	464,710

7. OTHER CURRENT LIABILITIES

	As at 31 st March 2012	As at 31 st March 2011
OTHER CURRENT LIABILITIES		
Legal Charges Payable	5,618.00	-
Provision For Audit Fees	138,534	103,000
TDS Payable*	17,383	159,834
Sundry Creditors for Expense	1,222,348	408,302
Sundry Creditors for Projects	(370,006)	-
Security Expenses	48,134	-
TOTAL	1,062,011	671,136

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

8. SHORT TERM PROVISIONS

	As at 31 st March 2012	As at 31 st March 2011
SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Salary & Reimbursements	709,029	-
Contribution to PF	372	-
(b) Others		
Proposed Dividend	1,023,500	-
Dividend Distribution Tax	166,114	-
Provision for Income Tax*	7,812,700	7,812,700
Provision for Income Tax A.Y. 2012-13	3,453,515	-
Professional Tax	5,350	-
TOTAL	13,170,580	7,812,700

8.1 *Provisions for Income tax for the A.Y. 2010-11 & A.Y. 2011-12.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

9. FIXED ASSETS

₹

%	FIXED ASSETS	GROSS BLOCK						ACCUMULATED DEPRECIATION				NET BLOCK	
		BALANCE AS AT 1 ST APRIL 2011	ADDITIONS/ (DISPOSALS)	ACQUIRED THROUGH BUSINESS COMBINATIONS	REVALUATIONS/ (IMPAIRMENTS)	BALANCE AS AT 31 ST MARCH 2012	BALANCE AS AT 1 ST APRIL 2011	DEPRECIATION CHARGE FOR THE YEAR	ADJUSTMENT DUE TO REVALUATIONS	ON DISPOSALS	BALANCE AS AT 31 ST MARCH 2012	BALANCE AS AT 31 ST MARCH 2011	
a	Tangible Assets												
	Land	26,604,136	-	-	-	26,604,136	-	-	-	-	-	26,604,136	
3.34%	Buildings	173,694,660	-	-	-	173,694,660	32,362,135	0	-	32,362,135	141,332,525	141,332,525	
4.75%	Plant and Equipment*	342,504,765	11,025,935	-	-	353,530,700	90,933,559	-	-	90,933,559	262,597,141	251,571,206	
6.33%	Furniture and Fixtures	6,262,295	139,624	-	-	6,401,919	2,321,647	0	-	2,321,647	4,080,272	3,940,648	
9.50%	Vehicles	1,138,391	932,522	-	-	2,070,913	615,502	-	-	615,502	1,455,411	522,889	
4.75%	Office equipment	3,044,178	985,818	-	-	4,029,995	290,155	-	-	290,155	3,739,840	2,754,023	
16.21%	Computers	371,941	1,353,115	-	-	1,725,056	95,414	-	-	95,414	1,629,642	276,527	
	Total	553,620,366	14,437,013	-	-	568,057,379	126,618,412	0	-	126,618,412	441,438,967	427,001,954	
c	Capital Work In Progress												
		119,727,982	37,185,818	-	-	156,913,800	-	-	-	-	156,913,800	119,819,289	
	Total	119,727,982	37,185,818	-	-	156,913,800	-	-	-	-	156,913,800	119,819,289	
	Total	673,348,348	51,622,831	-	-	724,971,179	126,618,412	0	-	126,618,412	598,352,767	546,821,243	

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012**

10. NON-CURRENT INVESTMENTS

	As at 31 st March 2012	As at 31 st March 2011
NON-CURRENT INVESTMENTS		
A. OTHER INVESTMENTS		
National Saving Certificate	55,000	55,000
TOTAL (A+B)	55,000	55,000

11. LONG TERM LOANS AND ADVANCES

	As at 31 st March 2012	As at 31 st March 2011
LONG TERM LOANS AND ADVANCES		
a. Security Deposits		
Unsecured, Considered Good		
GEB Security Deposit	2,219,665	2,219,665
Other Security	53,500	53,500
b. Others (specify nature)		
Unsecured, considered good		
Balance With Government Authority	165,469	-
TOTAL	2,438,634	2,273,165

12. OTHER NON-CURRENT ASSETS

	As at 31 st March 2012	As at 31 st March 2011
OTHER NON-CURRENT ASSETS		
Preliminary Expenses not Written Off	80,969	1,469,958
TOTAL	80,969	1,469,958

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012****13. INVENTORIES**

	As at 31 st March 2012	As at 31 st March 2011
INVENTORIES		
Raw Material	17,437,024	-
Fuel	3,404,074	1,256,013
Finished Goods	79,924,491	-
Packing Material	-	223,911
TOTAL	100,765,588	1,479,924

14. TRADE RECEIVABLE

	As at 31 st March 2012	As at 31 st March 2011
TRADE RECEIVABLE (Unsecured and Considered Good)		
Over Six Months	1,206,986	-
Other	29,168,057	-
TOTAL	30,375,043	-

15. CASH AND CASH EQUIVALENTS

	As at 31 st March 2012	As at 31 st March 2011
CASH AND CASH EQUIVALENTS		
a. Balances with banks	4,509,956	14,290,872
b. Cash In Hand	391,592	328,407
c. Fixed Deposit with Banks	2,000,000	3,000,000
TOTAL	6,901,548	17,619,279

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012**

16. SHORT-TERM LOANS AND ADVANCES

	As at 31st March 2012	As at 31st March 2011
SHORT-TERM LOANS AND ADVANCES		
a. Loans and advances to Related Parties		
Arif I Memon	25,000	-
Ismail Memon	428,650	-
Shabnam A Memon	133,000	1,000,000
b. Security Deposit		
Unsecured, Considered Good		
Deposit with Revenue Authority	50,000	6,115,561
FDR Against Bank Guarantee for EPCG	353,999	330,000
FDR Against EPCG	5,750,384	5,355,000
N.S.C. Deposit for Sales Tax	60,000	60,000
Security Deposit For Export	300,000	-
c. Others		
Unsecured, Considered Good		
Balance With Government Authority	7,076,983	11,090,400
Advance Receivable in Cash	166,750	149,550
Advance for Project	7,150,520	12,793,528
Other Advances	533,600	7,436,565
TOTAL	22,028,886	44,330,604

17. OTHER CURRENT ASSETS

	As at 31st March 2012	As at 31st March 2011
OTHER CURRENT ASSETS		
Income Receivable 2010-11	-	371,663
Input Vat Receivable	8,943,441	683,924
Interest Receivable on Fixed Deposit	153,085	
Preliminary Expenses Written Off	26,989	26,990
Preoperating Expenses for Capitalisation	6,661,601	-
TOTAL	15,785,117	1,082,577

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012****18. REVENUE FROM OPERATION**

	As at 31 st March 2012	As at 31 st March 2011
REVENUE FROM OPERATION		
Sales	111,605,238	95,585,975
TOTAL	111,605,238	95,585,975

19. OTHER INCOME

	As at 31 st March 2012	As at 31 st March 2011
OTHER INCOME		
Govt Credit of MGCVCL	-	382,512
Interest Income	886,016	30,615
Kasar & Vatav	2,076	-
Sales of Wastage Wood and Cement Bags	-	225,266
Other Income	9,164,362	130,769
TOTAL	10,052,454	769,162

20. EMPLOYEE BENEFITS EXPENSE

	As at 31 st March 2012	As at 31 st March 2011
EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and incentives	3,463,093	3,451,156
(b) Provident Fund Expenses	64,070	148,298
(c) Staff Welfare Expenses	-	37,784
TOTAL	3,527,163	3,637,238

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012****21. FINANCE COST**

	As at 31st March 2012	As at 31st March 2011
FINANCE COST		
Bank Charges	99,287	145,655
Interest Expenses*	5,178	-
TOTAL	104,465	145,655

* Includes interest paid on TDS

22. DEPRECIATION AND AMORTISATION EXPENSE

	As at 31st March 2012	As at 31st March 2011
DEPRECIATION AND AMORTISATION EXPENSE		
Preliminary Expenses Written off during the year	26,990	-
TOTAL	26,990	-

KGN ENTERPRISES LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

23. OTHER EXPENSES

	As at 31 st March 2012	As at 31 st March 2011
OTHER EXPENSES		
MANUFACTURING EXPENSES		
Brokerage Expenses	24,716	78,383
Diesel Expenses	7,260	8,605
Factory Expenses	454,807	370,856
Freight Inward Expenses	8,683.29	
Laboratory & Testing Expenses	44,755	2,500
Labour Charges	105,587	-
Loading & Unloading Expenses	112,176	106,976
Oil Mill Expenses	186,232	-
Power & Fuel Expenses	1,384,326	1,694,418
Refinery Expenses	32,418	-
Solvent Plant Expenses	12,310	-
TOTAL	2,373,270	2,261,738
(A)		
ADMINISTRATION EXPENSES		
Advertisement Expenses	66,277	16,817
Annual Custody Fees	110,300	244,448
Audit Fees Expenses	122,034	112,000
Bad Debts Written Off	-	1,326,605
Books & Periodicals	18,000	2,400
Computer & Printer Expenses	57,674	12,720
Conveyance Expenses	127,138	32,241
Diesel Expenses	15,172	-
Donation Expenses	178,540	87,600
Expenses Written Off	-	109,544
Electricity Expenses	12,571	179,803
Food & Refreshment Expenses	27,440	-
Franking & Stamping Expenses	110	-
GPCB Water Testing Fees	-	5,000
Hotel Club & Hospitality Expenses	31,256	1,053
Income Tax Expenses	1,314	-
Insurance Expenses	105,208	11,062
Rounding Off	1,187	1,163
Land Tax (Education Cess)	5,615	-
Land Tax (Mehsul)	39,660	-
Land Tax (V.P.Cess)	7,875	-
Legal & Professional Fees	625,459	1,566,451
Liaisoning Expenses	8,000	
License Fees	2,125	117,675
Listing Fees A/c.	183,754	260,521
Loss on Assets	-	392,839
Market Cess	155,060	151,150
Medical Expenses	7,181	-
Membership Fees Expenses	117,653	-
Miscellaneous Expenses	306,690	134,243
Office Expenses	217,975	297,183
Petrol Expenses	144,184	215,726
Postage & Courier Expenses	32,832	46,363
Printing & Stationery Expenses	117,451	144,087
Property Tax	60,000	-
Registration Fees Expenses	-	93,873
Rent & Reimbursement Expenses	22,160	118,950
Repair & Maintenance	-	1,060
ROC Expenses	47,290	31,500
Security Expenses	217,076	395,000
Stamping Expenses	5,000	2,100
Telephone & Modam Expenses	104,526	153,617
Tractor Insurance	6,336	-
Transport Expenses	271,557	631,955
Travelling Expenses	291,658	537,504
VAT Audit Fees	7,500	-
Vehicle Expenses	9,281	61,525
Web Development Expenses	36,000	45,043
Weigh Bridge Expenses	350	-
(B)		
TOTAL	3,924,469	7,540,821
(A+B)		
TOTAL	6,297,739	9,802,559

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

24. In the opinion of the Board of Directors, Current Assets, Non-Current Assets approximate of the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business. Adequate Provisions, have been made for all known current and non-current liabilities and provisions are not in excess of the amount reasonably necessary.
25. The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the company for the presentation of its Financial Statements for the year ending March 31, 2012. The adoption of Revised Schedule VI requirements has significantly modified the presentation disclosure which have been with in these Financial Statements. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year grouping.
26. Contingent Liability is not provided for is 'NIL'.
27. All Debit and Credit balance and accounts squared up during the year are subject to confirmation from respective parties.

28. RELATED PARTY DISCLOSURES :

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

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

S.No.	Name of Related Party	Relationship
1	KGN Greens Limited	Subsidiary Company
2	KGN Proteins Limited	Subsidiary Company
3	KGN Bio-Tech Limited	Subsidiary Company
4	KGN Oil & Gas Private Limited	Subsidiary Company
5	KGN Industries Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2012****(ii) (ii) Transaction during the year with Related Parties :**

S.No.	Nature of Transactions	Subsidiary Companies	Total
1	Net Loans & Advances Given	4,86,50,299/-	4,86,50,299/-

29. Payment to Auditor

Payment to the Auditor	2011-2012	2010-2011
a. For Statutory Audit	72,472	72,000
b. For Tax Audit	30,000	30,000
c. For Consulting Fees	19,562	10,000

For: Kirit & Co.
Chartered Accountants

Sd/-
Kirit Kumar
Proprietor
M.No. 038047
FRN: 132282W
Place : Ahmedabad
Date : 14th August, 2012

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

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

2. USE OF ESTIMATES:

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

3. FIXED ASSETS:

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

4. DEPRECIATION:

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

No Depreciation is provided during the year as assets are "PUT TO USE".

5. INVESTMENTS:

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

6. INVENTORIES:

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

7. PRELIMINARY EXPENDITURE:

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

8. REVENUE RECOGNITION:

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

9. TAXES ON INCOME:

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

There is no Deferred Tax Assets/Liabilities during the year.

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

There are no such liabilities during the year.

11. BORROWING COSTS

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

There are no borrowing costs during the year.

12. IMPAIRMENT OF ASSETS

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

There is no Impairment of assets during the year.

13. FOREIGN CURRENCY TRANSACTIONS:

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

14. GENERAL ACCOUNTING POLICIES

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

For Kirit & Company
Chartered Accountants

Sd/-
Kirit Kumar

Proprietor
M. No. 038047
FRN. : 132282 W
Place : Ahmedabad
Date : 14th August, 2012

For and on behalf of the Board

Sd/-
Ismail G Memon
Chairman

Sd/-
Babulal J Hirani
Director

KGN ENTERPRISES LIMITED

CASH CONSOLIDATED FLOW STATEMENT FOR THE YEAR ENDED 2011-12

(Amount in ₹)

Particulars	31 st March, 2012	31 st March, 2011
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Profit and Loss Statement Balance	16,011,341	15,304,607
Adjustment For:		
Depreciation and Amortisation Expenses	1,388,989	-327,266
Finance Cost	5,178	-
Interest on Fixed Deposits	-886,016	-30,615
Loss on assets written off	-	392,839
Operating Profit before Working Capital Changes	508,151	34,958
Adjustment For:		
(Increase)/Decrease in Inventory	-99,285,665	16,602,264
(Increase)/Decrease in Trade Receivable	-30,375,043	-
(Increase)/Decrease in Other Current Assets	-14,702,540	-1,496,948
Increase/(Decrease) in Trade Payable	16,985,355	-2,163,130
Increase/(Decrease) in Other Liabilities	1,105,626	-
Changes in Working Capital	-126,272,266	12,942,186
Cash Generated From Operations	-109,752,774	28,281,751
Taxes Paid	-	-
Net Cash Flow from Operating Activities	-109,752,774	28,281,751
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-51,531,524	-73,565,931
Sale of Fixed Assets/Investments	-	965,090
Investment	-	523,973
Deposit	-	-8,792,500
Movement in Long Term Loans And Advances	-165,469	-9,802,247
Movement in Short Term Loans And Advances	22,301,718	-
Interest and Dividend Income	420,032	30,615
Net Cash Used in Investing Activities	-28,975,243	-90,641,000
C) CASH FLOW FROM FINANCING ACTIVITIES		
Finance Cost	-5,178	-
Movement in Short Term Borrowings	-	-10,679,420
Movement in Long Term Borrowings	127,549,480	-
Proceeds from Deposit	1,000,000	-
Equity share capital Issued.	-	5,000,000
Dividend Paid	-	-1,197,400
Net Cash Used in Financing Activities	128,544,302	-6,876,820
Net Cash flow (A+B+C)	-10,183,715	-69,236,069
Cash & Cash Equivalents at the beginning of the year	14,619,279	83,855,348
Cash & Cash Equivalents at the end of the year	4,435,564	14,619,279

The Accompanying notes are an Integral Part of Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Kirit & Company

Chartered Accountants

Sd/-

Kirit Kumar

Proprietor

Membership No. 038047

(FRN. : 132282 W)

Date : 14th August, 2012

Place : Ahmedabad

Sd/-

Ismail G Memon

Chairman

Sd/-

Babulal J Hirani

Managing Director

Date : 14th August, 2012

Place : Mumbai

KGN ENTERPRISES LIMITED**DETAILS OF SUBSIDIARY COMPANY 2011-12 (in ₹)**

Name of the Subsidiary	KGN Bio-Tech Limited	KGN Green Limited	KGN Protein Limited	KGN Oil & Gas Private Limited
Financial Years Ends On	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
Share Capital	5,00,000	500,000	500,000	100,000
Reserves	10,350	83,287	94,303	90,226
Borrowings	4,57,42,299	-	-	3,508,000
Other Liabilities	84,85,744	621,985	385,936	61,971
Total Liabilities	5,47,38,393	1,205,272	980,239	3,760,197
Cash & Cash Equivalents	9,92,391	134,799	142,782	2,217,510
Loans & Advances	79,63,659	325,000	325,000	425,736
Other Assets	4,57,82,343	745,473	494,403	1,116,951
Total Assets	5,47,38,393	1,205,272	980,239	3,760,197
Turnover	69,74,800	8,497,133	10,253,757	171,239
Total Income	69,74,800	8,497,133	10,253,757	171,239
Employee Benefit Expense	-	108,000	144,000	-
Depreciation & Amortisation Expense	11,637	6,718	6,018	2,617
Other Expense	6,933,315	8,247,259	9,951,595	16,600
Total Expenses	6,944,952	8,361,977	10,101,613	19,217
Profit before Taxation	29,848	135,156	152,144	152,112
Provision for Taxation	9,224	46,369	52,341	50,291
Profit After Taxation	20,624	88,787	99,803	101,821
Proposed Dividend	-	-	-	-
Basic (E.P.S.)	0.41	1.78	2.00	10.18
Diluted (E.P.S.)	0.41	1.78	2.00	10.18

On behalf of the Board of Directors

Sd/-

**IsmailG Memon
Chairman**

KGN ENTERPRISES LIMITED

KGN ENTERPRISES LITMITED

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

ATTENDANCE SLIP

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

Folio N0.: _____

DP/Client ID No.: _____

No of Shares Held.: _____

I/We _____ hereby record my/our presence at the 18th Annual General Meeting of the Company held on Saturday, 29th day of September, 2012 at 11.30 a.m. at Y.M.C.A International House, Y.M.C.A Road, Near Maratha Mandir, Mumbai Central, Mumbai – 400 008.

Signature of the Member / Proxy

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

KGN ENTERPRISES LITMITED

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

PROXY FORM

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

Folio N0.: _____

DP/Client ID No.: _____

No of Shares Held.: _____

I/We _____ of _____ being member(s) of KGN Enterprises Limited, hereby appoint _____ of _____ or failing him/her, _____ of _____ as my/our proxy to attend and vote for me/ us on my/ our behalf at the 18th Annual General Meeting of the Company held on Saturday, 29th day of September, 2012 at 11.30 a.m. Y.M.C.A International House, Y.M.C.A Road, Near Maratha Mandir, Mumbai Central, Mumbai – 400 008 and at any adjournment thereof.

Affix RevenueStamp

Signed this _____ day of _____ 2012.

Signature _____

Affix
Revenue
Stamp

Notes:

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