

# **KESAR ENTERPRISES LTD.**

76th Annual Report 2009-10





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# **KE KESAR ENTERPRISES LTD.**

(Incorporated under the Indian Companies Act VII of 1913)

## **COMPANY INFORMATION**

<b>BOARD OF DIRECTORS</b>	:	H. R. KILACHAND (Chairman & Managing Director) A. S. RUIA K. KANNAN K. D. SHETH SMT. M. H. KILACHAND N. J. VAKIL I. S PHUKELA (Nominee of GIC) AJEET PRASAD (w.e.f. 29.1.2010)
<b>VICE PRESIDENT (LEGAL) &amp; COMPANY SECRETARY</b>	:	D. J. SHAH
<b>BANKERS</b>	:	Allahabad Bank Uttar Pradesh Co-operative Bank Limited
<b>AUDITORS</b>	:	M/s. Haribhakti & Co. Chartered Accountants
<b>SUGAR FACTORY AND SPIRITS</b>	:	Baheri Dist. Bareilly, U.P.
<b>REGISTERED OFFICE</b>	:	Oriental House 7, Jamshedji Tata Road Churchgate Mumbai - 400 020
<b>REGISTRAR &amp; TRANSFER AGENTS</b>	:	SHAREX DYNAMIC (INDIA) PVT. LTD. 17/B, Dena Bank Building 2 <sup>nd</sup> Floor, Horniman Circle, Fort Mumbai - 400 001
<b>AUDIT COMMITTEE MEMBERS</b>	:	K. D. SHETH (Chairman of the Committee) A. S. RUIA K. KANNAN AJEET PRASAD (w.e.f. 3.8.2010)

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## NOTICE

**NOTICE** is hereby given that the **76th** Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Thursday, 23rd December, 2010** at **3:30 p.m.** at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001 to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on 1% Cumulative Redeemable Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Shri A. S. Ruia, who retires by rotation but being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri I. S. Phukela, who retires by rotation but being eligible offers himself for reappointment.
6. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

### **SPECIAL BUSINESS:**

7. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an **Ordinary Resolution** for appointment of Shri Ajeet Prasad as Director:

**“RESOLVED THAT** Shri Ajeet Prasad who was appointed by the Board of Directors as an Additional Director of the Company on 29.1.2010 and who holds office up to the date of this Annual General Meeting of the Members of the Company in terms of Section 260 of the Companies Act, 1956 read with Article 161 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing the candidature of Shri Ajeet Prasad for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation.”

8. To consider and, if thought fit, to pass with or without modification/s, the following resolution as a **Special Resolution** for appointment of Shri Rohan H. Kilachand as Executive (Projects):

**“RESOLVED THAT** pursuant to Section 314 and any other applicable provisions, if any, of the Companies Act, 1956, consent of the Members of the Company, be and is hereby accorded to holding of an office or place of profit under the Company by Shri Rohan H. Kilachand, a relative (son) of Shri H. R. Kilachand, Chairman and Managing Director and Smt. M. H. Kilachand, Director of the Company, who is appointed by the Board of Directors as “Executive (Projects)” on a consolidated salary of Rs.50,000/- per month w.e.f. 1.10.2010.

**“RESOLVED FURTHER THAT** the above remuneration be reviewed subsequently for fixing his salary in a Special Grade in the scale of 38000-2500-50500 with a starting Basic Salary of Rs.38,000 per month plus the annual increment and other allowances aggregating to Rs. 10,70,520/- per annum as applicable to other employees in that grade as may be recommended by the Remuneration Committee and approved by the Board of Directors of the Company subject to prior approval of the Central Government in terms of Section 314 (1B) of the Companies Act, 1956 for which consent of the Members be and is hereby accorded.”

**“RESOLVED FURTHER THAT** the Board / Company Secretary be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution.”

9. To consider and, if thought fit, to pass with or without modification/s, the following resolution as a **Special Resolution** for appointment of Shri H. R. Kilachand as Chairman & Managing Director:

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 309, 316, Schedule XIII read with Section III thereto and other applicable provisions, if any, of the Companies Act, 1956 including any statutory amendment, modification or re-enactment thereof and in terms of the approval of the Remuneration Committee, other requisite approvals as may be necessary, approval of the Members of the Company, be and is hereby accorded for reappointment of Shri H. R. Kilachand as Chairman & Managing Director of the Company for a period of 3 years from 14.8.2010 to 13.8.2013, on a remuneration and on the terms and conditions as per Schedule XIII to the Act, and as specifically set out below:

#### **I. SALARY:**

[A] In case, the Company has sufficient Net Profit (calculated as per Section 349 of the Act) in any financial year:

- (i) Salary upto Rs.3,00,000/- per month or Rs.36,00,000/- per annum in the scale as may be decided by the Board based on the performance of the Company plus Perquisites subject to ceiling limit of 5% of the said Net Profit;

- (ii) Incentives, not exceeding (5%) five percent of the said Net Profit of the Company for each financial year or part thereof computed in the manner as laid down under Section 349 of the Companies Act, 1956 and subject to the overall ceiling laid down under Section 198 and 309 of the Companies Act, 1956 after deducting Salary & Perquisites as provided herein.

OR

[B] In case, the Company has no profits or its profits are inadequate in any financial year:

Salary Rs.1,80,000/- per month or Rs.21,60,000/- per annum plus Perquisites as Minimum Remuneration as per Para (B) of Schedule XIII.

## II. PERQUISITES:

Shri H. R. Kilachand shall be entitled to House Rent Allowance not exceeding 60% of the salary, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules being restricted to an amount equal to the annual salary payable to Shri H. R. Kilachand, subject however to the limit of overall Minimum Remuneration as prescribed under Para (B) of Schedule XIII.

Shri H. R. Kilachand shall be further eligible to the following perquisites also which shall not be included in the computation of the ceiling limit on remuneration by way of salary, perquisites, allowances etc.

- i. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund. The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under the Income Tax Act.
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii. Encashment of leave at the end of the tenure.

Shri H. R. Kilachand shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.

**"RESOLVED FURTHER THAT** the remuneration as per Para (B) of Schedule XIII as mentioned above shall nevertheless be paid and allowed to Shri H. R. Kilachand as the Chairman & Managing Director as the minimum remuneration, but not exceeding overall ceiling limits specified in Schedule XIII, Section III to the Companies Act, 1956 or any amendments thereto from time to time, notwithstanding that in any financial year of the Company during the tenure of office of Shri H. R. Kilachand, the Company may have made no profits or its profits may be inadequate."

**"RESOLVED FURTHER THAT** Shri H. R. Kilachand shall not be liable to retire by rotation as a Director subject to Section 256 of the Companies Act, 1956."

**"RESOLVED FURTHER THAT** authority be and is hereby granted to the Remuneration Committee / Board to fix remuneration of Shri H. R. Kilachand from time to time on monthly / annual basis in view of the appointment of Shri H. R. Kilachand as Whole-time Director of Kesar Terminals & Infrastructure Ltd. [KTIL], subject to the total remuneration drawn & retained by him from both the Companies not exceeding the higher maximum limit admissible from any one of the Companies i.e. the Company or KTIL in terms of Section III of Schedule XIII to the Companies Act."

### Registered Office:

Oriental House,  
7, Jamshedji Tata Road,  
Churchgate,  
Mumbai – 400 020  
22nd November, 2010

By Order of the Board of Directors

**D. J. SHAH**  
Vice President (Legal)  
& Company Secretary

### Notes:

- a) **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. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- b) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 16.12.2010 to Thursday, 23.12.2010 both days inclusive. The Shareholders are requested to inform of change in address, if any, at the earliest.

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- c) The Unclaimed Dividends upto the financial year ended 30th June, 1998 of the Company, have been transferred to the Investor Education and Protection Fund set up by the Central Government pursuant to Section 205C of the Companies Act, 1956.
- d) The Members may lodge their shares for transfer / transmission with the office of M/s. SHAREX DYNAMIC (INDIA) PVT. LTD., the Registrar and Share Transfer Agents, at 17/B Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai 400001 or at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072 or with the Company.
- e) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts is annexed hereto.
- f) All documents referred to in the accompanying Notice and the Explanatory Statement is open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Sundays between 11:00 a.m. and 1:00 p.m. up to the date of the ensuing Meeting.
- g) Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- h) Members / Proxies should fill the Attendance Slip for attending the Meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the Meeting.
- i) Reappointment / Appointment of Directors: As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Shri A. S. Ruia and Shri I. S. Phukela, the retiring Directors at the ensuing Annual General Meeting, is given in para 2 of the Corporate Governance Report.

## ANNEXURE TO THE NOTICE

### Explanatory Statement as required under section 173 of the Companies Act, 1956

#### **Item No. 7: Appointment of Shri Ajeet Prasad as Director**

The Company has received a notice in writing from a Member alongwith the requisite deposit proposing the candidature of Shri Ajeet Prasad for the office of Director of the Company under Section 257 of the Act.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 161 of the Articles of Association of the Company, Shri Ajeet Prasad was appointed by the Board of Directors as an Additional Director of the Company on 29.1.2010. Shri Ajeet Prasad holds office up to the date of this Annual General Meeting of the Members of the Company in terms of Section 260 of the Companies Act, 1956. Shri Ajeet Prasad has 33 years of vast experience in the field of mutual fund, banking operations, implementation of financial services and designing strategies. He is a B.Sc, MBA by qualification and has also completed an Advance Management Programme from Harvard Business School, Boston, USA. He has vast experience in the area of recovery of Non Performing Assets (NPA) & Investment Monitoring Function like Merger, Amalgamation, Demerger etc. during his tenure in UTI AMC Ltd. and also in his capacity as the Managing Director & CEO of ASREC (India) Ltd., an Asset Reconstruction Company floated by UTI and other leading Public & Private Banks / Financial Institutions. Shri Ajeet Prasad is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received confirmation from him about his eligibility for such appointment. He will be liable to retire by rotation. Shri Ajeet Prasad has purchased 250 Equity Shares of the Company as Qualification Shares.

Your Directors, therefore, recommend the resolutions proposed at Item No.7 of the Notice for your approval.

None of the Directors of the Company except Shri Ajeet Prasad is concerned or interested in the proposed resolution.

#### **Item No. 8: Appointment of Shri Rohan H. Kilachand as Executive (Projects):**

Considering the modernization and expansion plans of the Company, the Board of Directors of the Company has appointed Shri Rohan H. Kilachand as Executive (Projects) on a consolidated remuneration of Rs.50,000/- per month w.e.f. 1.10.2010. The above remuneration will be reviewed for fixing his salary in a Special Grade in the scale of 38000-2500-50500 with starting Basic Salary of Rs.38,000/- per month plus the annual increment and other allowances aggregating to Rs. 10,70,520/- per annum as applicable to other employees in that grade as may be recommended by the Remuneration Committee and approved by the Board of Directors of the Company, subject to prior approval of the Central Government as the said remuneration may exceed Rs.50,000/- per month as per the existing rules.

Shri Rohan Kilachand is 24 years of age. He is a Bachelor of Science in Chemical Engineering from Carnegie Mellon University, Pittsburgh, Pennsylvania, U.S.A. He has experience in Project handling and execution. He completed his two years of association with Cairn India Limited as Production Engineer in Grade 1B with an Assured Salary of Rs.5,25,780/- per annum plus performance Bonus and Stock Options as applicable in that grade. He was a member of Commissioning and Start Up Team for The Raageshwari Gas Terminal, Barmer, Rajasthan. He also worked as Researcher under Professor Erik Ydstie, Process Systems Engineering Department, Carnegie Mellon University for research on Process Control & Heat Transfer. He has been assisting the Company since October 2010 in implementation of the ongoing projects in all Divisions and Development & Planning of proposed / future projects of the Company.

Since, Shri Rohan Kilachand is a relative (son) of Shri H. R. Kilachand, Chairman and Managing Director and Smt. M. H. Kilachand, Director of the Company, his appointment would attract Section 314 of the Companies Act, 1956. Therefore, your approval by passing a Special Resolution is sought at item No.8 of the Notice. The Board recommends you to grant your consent to Shri Rohan H. Kilachand to hold office or place of profit in the Company and to give remuneration to him as mentioned in the resolutions.

Shri H. R. Kilachand and Smt. M.H. Kilachand, being a relative, are deemed to be concerned or interested in the said resolution. None of the other Directors is concerned or interested in this resolution.

**Item No. 9: Appointment of Shri H. R. Kilachand as Chairman & Managing Director:**

Shri H. R. Kilachand was appointed as Chairman & Managing Director of the Company for a period of 3 years w.e.f 14.8.2007 on remuneration within the ceiling limits provided in Schedule XIII-PART II-Section I, II & III to the Companies Act, 1956.

The Board extended his term of office as Chairman & Managing Director as mentioned in the Special Resolution for a further period of 3 years with effect from 14.8.2010.

The said appointment was recommended by the Remuneration Committee, consisting of three Non-Executive Independent Directors. The remuneration as per the proposed resolution taking into consideration that Shri H. R. Kilachand has also been appointed as Whole-time Director of Kesar Terminals & Infrastructure Ltd. [KTIL], will be fixed by the Remuneration Committee / Board from time to time on monthly / annual basis considering that the total remuneration drawn & retained by him from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies i.e. the Company or KTIL in terms of Section III of Schedule XIII to the Companies Act.

The Board recommends the reappointment of Shri H. R. Kilachand as Chairman & Managing Director as mentioned in the Special Resolution, for a period of 3 years w.e.f. 14.8.2010, on remuneration as specifically mentioned in the Special Resolution at item No. 9 which is within the ceiling limits provided in Schedule XIII to the Companies Act, 1956 subject to your approval.

The abstract of the terms and Memorandum of interest under Section 302(7) of the Companies Act, 1956 with respect to the reappointment of Shri H. R. Kilachand as Chairman & Managing Director of the Company was sent earlier to all the Members of the Company.

Shri H. R. Kilachand shall not be regarded as a Director liable to retire by rotation.

None of the Directors of the Company except Shri H. R. Kilachand & Smt. M. H. Kilachand is in any way concerned or interested in the aforesaid resolution.

By Order of the Board of Directors

**Registered Office:**

Oriental House,  
7, Janshedji Tata Road,  
Churchgate,  
Mumbai – 400 020.  
22nd November, 2010

**D. J. SHAH**  
Vice President (Legal)  
& Company Secretary

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## Directors' Report

To  
The Shareholders,  
Kesar Enterprises Ltd.

Dear Members,

### COURT SANCTIONED SCHEME OF ARRANGEMENT FOR DEMERGER:

Your Directors thank you for approving the Scheme of Arrangement for Demerger of the erstwhile Storage Division of the Company at the Court Convened General Meeting on 22.12.2009, which was subject to approval of the Hon'ble High Court of Bombay.

Your Directors are pleased to inform you that the Hon'ble High Court of Bombay had passed an Order on 12.3.2010 pursuant to Sections 391 to 394 of the Companies Act, 1956, sanctioning the Scheme of Arrangement by way of Demerger, for transfer of the undertaking, business, activities and operations pertaining to the Storage Division / Undertaking of the Company into the erstwhile Wholly-owned Subsidiary Company viz. Kesar Terminals & Infrastructure Ltd. [KTIL] as a going concern with effect from the Appointed Date i.e. 1.1.2009. The Effective Date of the Scheme is 29.3.2010. The effect of the above Arrangement has been given in the Annual Accounts of the Company, in the financial year ended 30.6.2010.

In consideration of transfer of the Storage Undertaking, on 1.6.2010, KTIL had issued and allotted 47,53,113 Equity Shares of Rs.10/- each aggregating to Rs.4,75,31,130/- for consideration other than cash to every member of the Company, whose name appeared in the Register of Members of the Company on the Record Date i.e. 14.5.2010, in the ratio of 10:7 i.e. for every 10 Equity Shares of Rs.10/- each held in the Company, 7 Equity Shares of Rs.10/- each of KTIL were allotted either in dematerialized or physical form. After the said allotment, the Share Capital of KTIL is 52,53,113 Equity Shares of Rs.10/- each aggregating to Rs.5,25,31,130/-. KTIL had consolidated the fraction entitlement, which resulted into 510 Equity Shares. The said shares were credited in the Demat account of the Trustee who will sell in the open market when the shares get listed. The sale proceeds thereof will then be distributed amongst the eligible shareholders of fractions.

The Listing Application made by KTIL has been approved by Bombay Stock Exchange Ltd. [BSE]; The National Stock Exchange of India Ltd. [NSE], and SEBI, subject to KTIL completing certain formalities. KTIL has been taking steps to complete it as advised and will request BSE / NSE to allow trading of its equity shares at the earliest.

### FINANCIAL RESULTS:

Considering the above, after giving necessary effects in the Financial Accounts, your Directors present to you the 76th Annual Report and audited Statement of Accounts for the year ended 30.6.2010.

	2009-10	2008-09
		(Rs. in Lacs) (*)
<b>Profit before interest, depreciation &amp; taxation</b> .....	<b>2565.67</b>	3346.26
<b>Less:</b> Interest and Finance Charges .....	<b>1761.29</b>	1517.63
Profit before Depreciation & taxation (Cash Profit) .....	<b>804.38</b>	1828.63
<b>Less:</b> Depreciation .....	<b>579.79</b>	738.79
<b>Profit before tax</b> .....	<b>224.59</b>	1089.84
<b>Add /(Less): Provision for Taxation</b>		
(i) Income Tax - Current .....	—	(167.98)
(ii) Income Tax - Deferred .....	<b>16.30</b>	(15.84)
(iii) Wealth Tax .....	<b>(1.59)</b>	(1.63)
<b>Profit after tax</b> .....	<b>239.30</b>	904.39
<b>Add:</b> Prior period adjustments .....	<b>199.42</b>	0.03
<b>Profit available for appropriation</b> .....	<b>438.72</b>	904.42
<b>Appropriation:</b>		
(Less): (i) Transfer to General Reserve .....	<b>43.87</b>	90.44
(ii) Proposed Dividend on Preference Share .....	<b>2.00</b>	2.00
(iii) Proposed Dividend on Equity Share .....	<b>67.90</b>	203.70
(iv) Corporate Tax on Dividends .....	<b>11.61</b>	34.96
<b>Profit after appropriation</b> .....	<b>313.34</b>	573.32
<b>Add :</b> Balance brought forward from previous year .....	<b>238.79</b>	(118.99)
<b>Less: Profit transferred to KTIL [1.1.2009 to 30.6.09]</b> .....	—	(215.54)
<b>Balance carried forward to Balance Sheet</b>	<b>552.13</b>	238.79

(\*) Previous year's amounts are not comparable as the same include the amounts pertaining to the erstwhile Storage Division. For the year 2009-10, there is a profit after tax of Rs.239.30 lacs as against Rs.904.39 lacs in the previous year and it includes profit of the erstwhile Storage Division.



## DIVIDEND

Your Directors recommend a dividend for the year 2009-10 @ 1% on 20,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each issued to IDBI Ltd. amounting to Rs.2.00 lac plus dividend tax as applicable.

Your Directors also recommend a dividend for the year 2009-10 @ Re.1/- per Equity Share of Rs.10/- each on 67,90,162 Equity Shares of the Company plus dividend tax as applicable (Previous year Re.3.00 per equity share, inclusive of Re.0.50 per Equity Share for the Platinum Jubilee Commemoration, based on the total profit including that of the Demerged Storage Division).

## WORKING OF THE DIVISIONS

### Sugar Division

The crushing for the season 2009-10 started on 29.11.2009 i.e. 5 days later as against 24.11.2008 in the previous season and ended on 27.3.2010 as against 15.3.2009, 12 days later than the previous season. During the season, the plant crushed 69.38 lac quintals of sugarcane, in 119 days as against 56.15 lac quintals crushed in 111 days in the previous year. The crushing was higher by 13.23 lac quintals in 8 additional days for this season. The sugar recovery overall was marginally higher at 9.38% as against 9.35% in the previous season. The production of sugar was higher at 6.52 lac quintals due to more crushing of sugarcane, as against 5.24 lac quintals in the previous season.

The Levy sugar price for the season 2009-10 was announced by the Central Government after the season was over i.e. on 21.6.2010, increasing it from Rs.1,330.77 to Rs.1,808.47 per quintal. However, the Central Government has not revised the levy sugar price for the years 2003-04 to 2008-09. The levy ratio was changed by the Central Government from 10% to 20% w.e.f. 1.10.2009 for this season only due to the shortage of available sugar for levy.

On 22.10.2009, the Central Government had issued a Notification amending the Sugarcane (Control) Order, 1966, by replacing Statutory Minimum Price (SMP) with 'Fair and Remunerative Price' (FRP), which means the cane price is fixed by the Central Government for sugarcane from time to time considering reasonable margins for the cane growers on account of risk and profits. On 6.7.2009, the Central Government had hiked FRP of sugarcane from Rs.107.76 per quintal to Rs.129.84 per quintal at a base recovery of 9.5% for the season 2009-10. Additionally, Clause 3B is inserted mentioning that – If any authority or State Government fixes any price above the fair and remunerative price fixed by the Central Government, than the said authority or State Government, shall pay the differential amount, to the grower of sugarcane.

Once again this year was very unusual for sugar. For the season 2009-10, the U. P. Government had announced a hike of Rs.25 a quintal in the State Advised Price (SAP) of sugarcane fixing SAP of Rs.165 a quintal as against Rs.140 a quintal in the previous year. However, the sugarcane prices went up as high as Rs.270 a quintal due to shortage and the Company was forced to pay such high prices for sugarcane, which resulted into a higher cost of production of sugar. Similarly, sugar prices also went up substantially to about Rs. 4,500 per quintal but drastically came down by 30% to 35% in June 2010. This was due to drastic measures undertaken by the government like restricting stock limit for Institutional buyers & wholesalers, change in mechanism of release order from monthly to weekly, higher monthly quota as against the demand etc. and also due to reduction in prices by 40% in International market on account of huge production estimate given by Brazil. This ultimately resulted into lower profits.

During the season 2009-10, Molasses produced was higher at 3.14 lac quintals as against 2.48 lac quintals due to higher crushing. Baggasse produced was 22.39 lac quintals as against 18.96 lac quintals in the previous season. Surplus baggasse sold was 7.08 lac quintals as against 5.26 lac quintals in the previous season.

The Company has implemented major energy efficiency measures in the boiling house of the sugar factory at Baheri, thereby reducing steam and power consumption significantly, resulting in large savings in bagasse and hence increase in revenue on sale of the saved bagasse. Over and above that, there is lower steam and power consumption, resulting in reduced load on boilers and turbines.

### Spirits Division

During the year under review, the production of Rectified Spirit (RS) was lower at 74.80 lac bulk litres as against 125.20 lac bulk litres in the previous year due to high molasses prices in off seasons 2009 and boiler shutdown in off season 2010. The production of Extra Neutral Alcohol (ENA) was marginally lower at 24.36 lac bulk litres as against 24.44 lac bulk litres in the previous year. The quantity of Country Liquor supplied was 51.13 lac bulk litres as compared to 60.72 lac bulk litres in the previous year. The sale of IMFL was higher at 5.17 lac cases as against 4.75 lac cases in the previous year. The Company has contract bottling arrangements with reputed parties, which ensures a higher capacity utilisation and reduction in operating overheads. The Company also has tie-up arrangements to get its own brands manufactured in other States. New semi-premium brands were introduced in various markets.

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## **Agrotech Division:**

### **Crops**

The Company has undertaken cultivation of high valued crops and is developing Bio-pesticides and Bio-fungicides for sugarcane cultivation such as Trichoderma Verdi and Trichocards. Initial trials of these new products have been successful and are now being replicated on a larger scale. The Company has also undertaken the development of greenhouse for cultivation of flowers like rose, gladiolus and gerbera. The Division has been producing sugarcane, rice, wheat, mustard and sunflower and carries on cane development activities. The Company has a tissue culture laboratory for rapid multiplication of different sugarcane varieties.

### **Seed Division**

Open Pollinated Seeds produced by the Company for wheat, paddy, mustard, toria, urad and peas have been very well received by the farmers. The Company has undertaken production & marketing of Hybrid Seeds of Paddy, Maize, Sorghum Sudan Grass & Pearl Millet. The Company has registered Vegetables' Seeds, which are sold under the brand name of 'Kesar Seeds'. The Company is getting seeds produced and processed in Madhya Pradesh, Uttar Pradesh and Uttarakhand. The Company has obtained Seed License from the concerned authority in the States of Chattisgarh, Rajasthan, Uttar Pradesh, Uttarakhand, Bihar, Madhya Pradesh, Punjab and Haryana. The Research and Development (R&D) facility for hybrid crop seeds is fully functional near Hyderabad. Simultaneously, the R&D facility for development of vegetable seeds at Kichha, Uttarakhand has been operationalised. Enhanced Processing capacity of 6MT/Hr is operational at Kichha, Uttarakhand. The R&D department has undertaken field trials of paddy at various locations and results have been excellent.

## **SUBSEQUENT FINANCIAL YEAR 2010-11**

### **Sugar Division**

For the season 2010-11, the Sugar Factory is expected to start by end November, or first week of December, 2010. The sugar season is expected to be normal as there is higher cane plantation by 15% to 20%. The Levy sugar price for the season 2010-11 is yet to be announced by the Central Government. The Central Government has not revised the levy sugar price for the years 2003-04 to 2008-09. In May 2004, in one of the sugar mill case, the Supreme Court had mentioned that the SAP fixed by the State Government needs to be taken into account in the computation of the levy sugar price.

For the season 2010-11, the Central Government has hiked the FRP of sugarcane from Rs129.26 per quintal at a base recovery of 9.5% to Rs.139.12 per quintal.

Recently, for the season 2010-11, the U. P. Government has announced a record hike of Rs.40 a quintal in the State Advised Price (SAP) of sugarcane fixing SAP of Rs.205 a quintal as against Rs.165 a quintal in the previous year.

### **Spirits Division**

The sugar cane crushing is expected to be much higher than the previous season. Therefore, the total molasses availability will also be higher. The prices of molasses may drop substantially. Due to this the production of Rectified Spirit / Special Denatured Spirit and ENA will also be higher during this year. The sale of Country Liquor will be higher. IMFL is expected to be the same as in the previous year. The contract bottling arrangements continue. The overall performance of the Spirits Division for the current year is likely to be better as compared to the previous year.

Erection of the boiler in the distillery at Baheri was completed in August 2010 and was commissioned in September 2010.

### **Seed Division**

We plan to expand our operations in the Eastern part of the country by entering Odisha and West Bengal, which hold enormous business potential for Paddy and other Kharif Crops. In the North, our operations are being reinforced with the induction of additional marketing force in Punjab and Jammu that will become operational for ensuing Kharif Season starting March end 2011.

## **EXPANSION / MODERNISATION**

### **Sugar Division**

The Company will try to further optimise the operating parameters to improve the energy efficiency measures in the boiling house of the sugar factory at Baheri, thereby reducing steam percent cane from 42% to 39%, resulting in further savings in bagasse and hence increase in revenue on sale of saved bagasse.

### **Co-generation Power Plant**

The Company has started implementation of the Co-generation Power Plant Project of 25 MW at an estimated cost of around Rs.136 crore. The Company will partially export power to the grid and will benefit from the well established government policies related to renewable energy and also get benefit of carbon trading rights. The Sugar Development Fund, Allahabad Bank and UCO Bank have approved required funds for the project.

## **Spirits Division**

The Company is eligible to expand 25% capacity of the Distillery under U. P. Excise Policy. Considering the current market scenario and in order to reduce overall production cost, the Company is planning to expand the production capacity of the Distillery from 50,000 BL per day to 62,500 BL per day.

## **Seed Division**

It is proposed to set up two seed processing plants, one in East Uttar Pradesh, which will service East U.P., Bihar, Jharkhand, Chattishgarh & Odisha and second one in Madhya Pradesh. With these plants, processing capacity is going to be doubled.

## **FORFEITURE OF APPLICATION AMOUNT ON WARRANTS**

On 22.12.2009, the Board had forfeited Rs.67,90,000/- being 10% of the amount paid by the promoters and persons acting in concert towards Share Warrant Application Money.

## **DIRECTORS**

Shri A. S. Ruia, Director and Shri I. S. Phukela, Director [Nominee of GIC] of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

During the year, Shri Ajeet Prasad was appointed as Additional Director by the Board on 29.1.2010 whose term of office is upto the ensuing Annual General Meeting and the proposal for his appointment as Director has been received from a member, the same has also been included in the Notice of the Annual General Meeting for your approval.

Pursuant to the provisions of Section 198, 269, 309, 316, Schedule XIII read with Section III thereto and other applicable provisions, if any, of the Companies Act, 1956, and as approved by the Remuneration Committee and the Board of Directors on 3.8.2010, Shri. H. R. Kilachand was reappointed as the Chairman and Managing Director of the Company for a period of 3 years with effect from 14.8.2010 at a remuneration subject to your approval as mentioned in the Notice of Annual General Meeting, the Special Resolution of which is placed before the shareholders for approval.

Your Company was informed by Kesar Terminals and Infrastructure Limited (KTIL), the erstwhile subsidiary of the Company that the Shareholders of KTIL had approved the appointment of Shri H. R. Kilachand as Whole-time Director designated as Executive Director for a period not exceeding 3 years with effect from 14.9.2010. However, the total remuneration drawn and retained by Shri H. R. Kilachand from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies, i.e the Company or KTIL as per the provisions of the Companies Act, 1956.

## **APPOINTMENT UNDER SECTION 314:**

Considering the modernization and expansion plans of the Company, the Board of Directors of the Company has appointed Shri Rohan H. Kilachand, a relative (son) of Shri. H. R. Kilachand, Chairman and Managing Director and Smt. M. H. Kilachand, Director of the Company, as Executive (Projects) on a consolidated remuneration of Rs.50,000/- per month w.e.f. 1.10.2010. The above remuneration will be reviewed for fixing his salary in a Special Grade with a reasonable remuneration as applicable to other employees in that grade, as may be recommended by the Remuneration Committee and approved by the Board of Directors of the Company, subject to prior approval of the Central Government.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act 2000, the Directors state as under:

- i) that in preparation of the annual accounts for the financial year ended on 30th June, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for that year;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the financial year ended on 30th June, 2010 on a going concern basis.

# Annual Report 2009-2010

## MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

As per Clause 49 of the Listing Agreement, the Management Discussion & Analysis Report and the Corporate Governance Report are annexed, which forms part of this report.

### INSURANCE

The Company has taken adequate insurance for all its properties.

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Particulars with respect to conservation of energy, technology absorption and foreign exchange earning and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 are given in the Appendix 'A' forming part of this Report.

### FIXED DEPOSITS

Fixed Deposits of Rs.3,66,000/- due for repayment on or before 30th June, 2010 were not claimed by 8 depositors as on that date.

### SUBSIDIARY COMPANY

As per the Hon'ble High Court sanctioned Scheme of Arrangement for Demerger, on allotment of 47,53,113 Equity Shares of Rs.10/- each fully paid-up aggregating to Rs.4,75,31,130/- to the shareholders of the Company by Kesar Terminals and Infrastructure Limited (KTIL) on 1.6.2010.

The post-allotment holding of the Company in KTIL has reduced from 100% to 9.518% and therefore the Holding-Subsidiary Relationship between the Company and KTIL has ceased with effect from 1.6.2010. Hence, the audited Annual Accounts, Directors' Report and Auditor's Report in respect of KTIL for the year ended 31.3.2010 is not annexed.

### AUDITORS

M/s. Haribhakti & Co., Chartered Accountants, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offers themselves for appointment.

### EMPLOYEES

Relation with the employees remained cordial throughout the year. The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is given as under:

Name of Employee	Designation	Age (Yrs.)	Qualification	Experience (Yrs.)	Commencement Date	Remuneration (Rs.)*	Last Employment
Shri H. R. Kilachand	Chairman & Managing Director	49	B. Com.; C.B.M. & P.D.B.M. (ULCA - U.S.A.)	25	8.8.1985	47,25,000/-	—

\* Includes contribution to provident fund, superannuation and leave encashment.

### ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and cooperation extended by the Banks & Financial Institutions during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the employees of the Company for its success and also for your support in the process of implementing successfully the Scheme of Arrangement for Demerger.

By Order of the Board of Directors

Mumbai  
22nd November, 2010

**H. R. KILACHAND**  
Chairman & Managing Director

## Appendix 'A' pursuant to Section 217(1)(e) of the Companies Act, 1956 Forming part of the Directors' Report

### FORM A

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### CONSERVATION OF ENERGY:

1. We have installed several Variable Frequency Drive (VFD) at various locations in the Plant resulting in direct power saving.
2. After reviewing the benefits of Mono Magnetic System installed in the previous year, we have added few more such systems in our process during the season 2009-10.
3. We have installed energy saving equipments such as Direct Contact Heater and Flash Vapour Recovery Systems supplied by M/s. VRL Automation Pvt. Ltd., Bangalore in our boiling house to save process steam consumption.

#### A. POWER & FUEL CONSUMPTION

		<u>YEAR</u> <u>2009- 10</u>	<u>YEAR</u> <u>2008- 09</u>
<b>1. <u>ELECTRICITY</u></b>			
<b>a) <u>PURCHASED</u></b>			
UNIT	Kwh	2346464	1403652
TOTAL AMOUNT	Rs.	12444192	7321494
RATE/UNIT	Rs.	5.30	5.22
<b>b) <u>OWN GENERATION</u></b>			
<b>i) <u>THROUGH DIESEL GENERATOR</u></b>			
UNIT	Kwh	725606	61442
UNITS PER LTR.OF DIESEL OIL	Kwh	3.04	3.08
RATE /UNIT	Rs.	11.80	11.36
<b>ii) <u>THROUGH STEAM TURBINE</u></b>			
UNIT	Kwh	16763880	18918901
UNITS PER M.T. OF STEAM	Kwh	49.62	57.97
RATE/UNIT*	Rs.	-	-
<b>2. <u>Coal</u></b>			
QUANTITY	M.T.	-	-
COST	Rs.	-	-
AVERAGE RATE	Rs.	-	-
<b>3. <u>OTHER FUEL BAGASSE ( OWN )</u></b>			
QUANTITY	M.T.	153088	137389
COST#	Rs.	-	-
AVERAGE RATE#	Rs.	-	-
<b>4. <u>RICE HUSK</u></b>			
QUANTITY	M.T.	5084	14677
COST	Rs.	12127651	37162804
AVERAGE RATE	Rs.	2385.60	2531.98
<b>5. <u>BAGASSE PITH ( Purchased )</u></b>			
QUANTITY	M.T.	-	6491
COST	Rs.	-	5097858
AVERAGE RATE	Rs.	-	785.34
<b>6. <u>H.S. DIESEL</u></b>			
QUANTITY	Ltr.	239070	19957
COST	Rs.	8562705	698082
AVERAGE RATE	Rs.	35.82	34.98

\* Not applicable as the bagasse is a by-product and is used as fuel.

# Not applicable as this is a by-product.

# Annual Report 2009-2010

## FORM B

### FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH AND DEVELOPMENT

#### A. RESEARCH AND DEVELOPMENT

1. Rapid multiplication of new promising varieties of Sugarcane, Rejuvenation of existing prominent varieties & Production of disease free Sugar Cane Plant.
2. Production of Tricho-cards to control Sugar Cane borers
3. Production of Hybrid Seeds under plant breeding studies.
4. Production of N2 fixation & Phosphorus solubilising bacteria & Trichoderma as Bio fertilizer on trial basis.
5. Conducting varietal trials of new promising varieties of Cane.
6. Distillery waste water concentration by using reverse Osmosis Technology.
7. Cane trash which is having higher calorific value (3200 k. cal/kg. approx) which is going waste was purchased and after preparation into fine pieces it was used as a fuel in the boiler thereby saving of bagasse. The preparatory machine has been developed inside the factory and is giving good output.
8. Hot water re-circulation management system is being implemented.
9. Lotus roller installation at last mill gave moisture and pol control in the out-going bagasse.

#### B. BENEFITS DERIVED

1. We have not operated our 20 TPH Skoda boiler and 1MW turbine, and with the help of the VRL system we have saved bagasse.
2. Results of other R & D activities are awaited.

#### Expenditure on R & D

	2009-10 (Rs. In lac)	2008-09 (Rs. In lac)
a) Capital	0.00	0.00
b) Recurring	18.51	19.56
	<u>18.51</u>	<u>19.56</u>

The information on Foreign Exchange Earning and Outgo is furnished in the Notes to the Account.

(Please refer to Note No.19 of schedule 21, Annexure 1, Item, D, E & F)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### SCENARIO IN INDIA

#### Sugar & Spirits

India is the second largest producer of sugar and one of the largest consumers of sugar in the world. The sugar industry in India is dominated by the co-operative sector in terms of no of units. However, with private players going in for major expansions the gap between the private and co-operative sector is expected to narrow down in the future in terms of installed capacity. The industry is highly regulated by the Central and State Governments by way of cane growing area, formula based pricing, monthly release mechanism, import-export policy, levy / free sugar policy etc.

The rising crude oil prices have compelled many countries including India to consider, as an alternate energy source for automotive purposes, the use of ethanol from molasses, a by-product of sugar industry, by blending it with petrol. Thus, the demand for sugarcane may increase from ethanol as well as sugar manufacturers.

### INDUSTRY STRUCUTRE & DEVELOPMENT

#### Sugar

The sugar factory is located at Baheri, Dist. Bareilly, Uttar Pradesh, a State which is one of the largest producers of sugarcane in the country. It started with an initial crushing capacity of 800 tones of cane per day (TCD), which has been increased to 7,200 TCD from time to time. The Company has one of the most modern and efficient sugar factories in the country. Through constant investment in Cane Research & Development, the Company has successfully developed high yielding and early maturing varieties of sugarcane.

#### Spirits

The Company has set up a Distillation Plant in order to effectively harness molasses, a by-product generated by its sugar factory. Today, its capacity is increased to 50,000 klp over a period of time. The Company is planning to further expand its production capacity to 62,500 klp. It has one of the most modern and sophisticated processes of continuous fermentation of molasses, which gives higher yields and produces the finest quality of spirit. The Company is manufacturing Rectified Spirit, Extra Neutral Alcohol, Country Liquor, IMFL like whisky, rum, gin, vodka etc.

The Company has an Effluent Treatment Plant to treat the distillery waste water, which is based on the state-of-the-art technology developed by Bacardi Corporation, USA. In the process, it generates methane rich gas (Bio-gas), which is burnt in the boilers generating steam and power.

#### Agrotech

The Company has undertaken cultivation of high valued crops and is developing Bio-pesticides and Bio-fungicides for sugarcane cultivation such as Trichoderma Verdi and Trichocards. The Company has also undertaken the development of greenhouse for cultivation of flowers like rose, gladiolus and gerbera. The Division has been producing sugarcane, rice, wheat, mustard and sunflower and carries on cane development activities. The Company has a tissue culture laboratory for rapid multiplication of different sugarcane varieties.

#### Seeds

The Company produces & markets Hybrid Seeds of paddy, maize Sorghum Sudan Grass & pearl millet under the brand name 'Kesar Seeds'. The Company has obtained Seed License in the States of Chattisgarh, Rajasthan, Uttar Pradesh, Uttarakhand, Bihar, Madhya Pradesh, Punjab and Haryana. The Research and Development (R&D) facility for hybrid crop seeds is situated near Hyderabad.

### OPPORTUNITES & THREATS

#### Sugar

The Indian Government proposes to make it mandatory to mix 10% ethanol with petrol. Hence, the demand for ethanol is expected to increase. The State Government increases sugarcane price every year much higher than the FRP, which is announced by Central Government. The sugar prices fluctuate depending on the change in Government policy like restricting stock limit for institutional buyers and wholesalers, change in release order mechanism etc.

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## Spirits

The liquor industry is a highly regulated and taxed industry. Excise duty on liquor being a State subject, the industry is affected by the excise policy announced by the States on a year to year basis and it has to be compliant with the multiplicity of laws and regulations legislated by the different State Governments.

## OUTLOOK

### Sugar

The sugar industry will be a major player in seeking fuel and energy sources as its by-products i.e bagasse & molasses can easily be processed in to energy production as a substitute motor fuel and for the co-generation of power. Ethanol produced from molasses / sugarcane juice will be used for blending in motor fuel. Therefore, many companies have announced major investments in the areas of ethanol production through molasses and co-generation of power using bagasse as fuel. The demand of sugar will go up due to increasing population so will the production of sugar for the ensuing season.

### Spirits

The liquor industry is growing rapidly and constantly for the past decade.

## RISKS & CONCERNS

Sugar Industry is highly cyclical in nature and primarily faces the following risks:

1. **Raw Material Risk:** Sugarcane is the principal raw material used for the production of sugar. The performance of the Company depends on the availability of sugarcane. Any shortage / excess of sugarcane adversely affects the results of operations. The shortage of sugarcane could be due to the reasons like adverse weather conditions, crop disease, competition, switch over to other profitable crops, manufacture of jaggery and khandsari etc.

The Central Government has issued a Notification on 22.10.2009 amending the Sugarcane (Control) Order, 1966, by replacing SMP with 'Fair and Remunerative Price' (FRP), which means the cane price is fixed by the Central Government for sugarcane from time to time considering reasonable margins for the cane growers on account of risk and profits. Additionally, Clause 3B is inserted mentioning that – If any authority or State Government fixes any price above the fair and remunerative price fixed by the Central Government, than the said authority or State Government, shall pay the differential amount, to the grower of sugarcane. In spite of the above, the State Government keeps announcing higher SAP year after year.

2. **Sugar Price Risk:** The market price of sugar fluctuates due to the reasons like increase/ decrease in demand and supply of sugar, variations in the release of monthly quota for sale of sugar by the Company, general weather / economic conditions etc.
3. **Regulatory Risk:** It includes environmental regulations, central / state government policies and regulations affecting sugarcane, sugar, spirits and the agricultural sector related industries, which could adversely affect the operations and profitability of the Company.
4. **Weather Risk:** Fluctuation in Monsoon may affect working of all the Divisions of the Company.

## FINANCIAL PERFORMANCE

The information relating to the financial performance of the Company is provided in the Directors' Report.

## INTERNAL CONTROL SYSTEM

The Company has an appropriate internal control system for its various functions with the ultimate objective of improving the efficiency of operations, better financial management and compliance with all regulations and applicable laws. The Company has an internal Audit Cell and has also appointed an external Internal Auditor. All operating parameters are well defined and monitored periodically. The detail internal audit reports are discussed at length at various levels and thereafter the said reports are also placed in the Audit Committee.

## CAUTIONARY STATEMENT

The above Management Discussion and Analysis Report contains "forward looking statements" within the meaning of applicable laws, and regulations and is futuristic in nature. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, market position, expenditures and financial results are forward looking statements. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward looking statements. Investors are requested to make their own independent judgments before taking any investment decisions and the Company assumes no responsibility.



## CORPORATE GOVERNANCE REPORT

### 1. Company's philosophy on Code of Governance:

The Company's philosophy on Corporate Governance aims at attainment of the highest levels of transparency, accountability and equity in the functioning of the Company and in all interactions with employees, shareholders, creditors, depositors and customers. The Company believes that its systems and actions must be endeavoured for enhancing corporate performance and maximizing shareholders value in the long term.

### 2. Board of Directors:

The Board of Directors consists of the following Directors. The Composition and Category of Directors is as follows:

Name of Directors	Category
Shri H. R. Kilachand	: Chairman & Managing Director
Shri A. S. Ruia	: Non-Executive Independent Director
Shri K. Kannan	: Non-Executive Independent Director
Shri K. D. Sheth	: Non-Executive Independent Director
Smt. M. H. Kilachand	: Non-Executive Director
Shri N. J. Vakil	: Non-Executive Independent Director
Shri I. S. Phukela	: Nominee Director – GIC
Shri Ajeet Prasad (w.e.f. 29.01.2010)	: Non-Executive Independent Director

Attendance of each Director at 6 Board Meetings held during 1.7.2009 to 30.6.2010, the last Annual General Meeting held on 22.12.2009 and Number of other Directorship and Chairmanship / Membership of Committees of each Director in various companies are as follows:

Name of the Director	Attendance Particulars						No. of other Directorships and Committee Member / Chairmanship		
	Out of 6 Board Meetings	Out of 5 Audit Committee Meetings	Remuneration Committee Meeting	Out of 5 Share Transfer Committee Meetings	Sitting Fees paid (Rs.)	Last AGM	Other Directorships*	Committee Member#	Chairmanships
Shri H.R. Kilachand	5	4	1	4	-	Yes	1	3	-
Shri A. S. Ruia	6	5	1	5	155000	Yes	2	4	2
Shri K. Kannan	6	5	1	-	109000	Yes	6	10	3
Shri K. D. Sheth	6	5	1	5	155000	Yes	-	2	2
Smt.M.H. Kilachand	5	-	-	-	53000	Yes	1	-	-
Shri. N. J. Vakil	6	-	-	-	58000	Yes	-	-	-
Shri I. S. Phukela	2	-	-	-	17000	No	5	-	-
Shri Ajeet Prasad (w.e.f. 29.1.2010)	1	-	-	-	12000	N. A.	-	1	-

The Non-Executive Directors were paid Sitting Fees of Rs.5,59,000/-, for attending the Board Meetings and the Committee Meetings held during 1.7.2009 to 30.6.2010, as stated above.

\* Excludes Directorships in Pvt. Ltd. Companies and Section 25 Companies.

# Includes only Audit Committee and Shareholders' Grievance Committee of Public Limited Companies.

# Annual Report 2009-2010

## Information on reappointment of Directors retiring by rotation:

1. Shri A. S. Ruia will be retiring by rotation at the ensuing Annual General Meeting. Shri A. S. Ruia is on the Board as an Independent Director since 23.3.1985. He is 67 years of age. He is an Industrialist having a vast experience in Sugar and Distillery Industries. He holds 1000 Equity Shares of the Company. He holds other Directorships in the following Companies:
  - (a) The Kolhapur Sugar Mills Ltd.
  - (b) Kesar Terminals & Infrastructure Ltd.
  - (c) Ruarco Investments Pvt. Ltd.
  - (d) Ruia & Ruia Pvt. Ltd.
  - (e) Bhavya Garments Pvt. Ltd.
2. Shri I. S. Phukela is the Nominee of GIC [GIC can appoint other Nominee in his place]. He will be retiring by rotation at the ensuing Annual General Meeting and is eligible for reappointment. He is 58 years of age. He is representing General Insurance Corporation of India (GIC). He is working as Director & General Manager in The New India Assurance Co. Ltd., Mumbai. He holds other Directorships in the following Companies:
  - (a) The New India Assurance Co. Ltd.
  - (b) Agriculture Insurance Co. of India. Ltd.
  - (c) Prestige Assurance Plc. Nigeria
  - (d) The New India Assurance (SIERRE LEONE) Ltd.
  - (e) The New India International (U.K.) Ltd.

## Number of Board Meetings held and the dates on which held:

In all 6 Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are 30th July, 2009, 30th October, 2009, 10th December, 2009, 22nd December, 2009, 29th January, 2010 and 30th April, 2010. The necessary information was made available to the Board from time to time.

## 3. Audit Committee:

Pursuant to Section 292A of the Companies (Amendment) Act 2000, the role and responsibility of the Audit Committee includes inter alia :

- a. Overseeing the Companies financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending appointment / removal of external Auditor, fixation of Audit Fee and payment for any other services.
- c. Reviewing with the Management the annual and quarterly financial statements before submission to the Board for approval with particular reference to the matters specified in the Listing Agreement.
- d. Reviewing with the Management external & internal Auditors and adequacy of internal control systems.
- e. Reviewing adequacy of internal Audit function, including structure of internal audit department, staffing and seniority of official heading the Department, reporting structure, coverage and frequency of internal audit.
- f. Discussing with internal Auditors any significant findings and follow up thereon.
- g. Reviewing 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.
- h. Discussing with external auditors before the audit commences with regards to nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors.
- k. Other matters as set out in the Listing Agreement as and when required.

The Audit Committee consists of (1) Shri K. D. Sheth, Chairman of the Audit Committee and Non-Executive Independent Director; (2) Shri A. S. Ruia, Non-Executive Independent Director; (3) Shri K. Kannan, Non-Executive Independent Director (4) Shri Ajeet Prasad, Non-Executive Independent Director (w.e.f. 3.8.2010). The said Directors are financially literate and have accounting or related financial management expertise. Shri D. J. Shah, Vice President (Legal) & Company Secretary is the Secretary to the Audit Committee.

As per the Listing Agreement, the Audit Committee should meet atleast 4 times in a year. As against that 5 meetings were held i.e. on 30th July, 2009, 30th October, 2009, 22nd December, 2009, 29th January, 2010, and 30th April, 2010 to review internal audit reports, Annual Accounts as on 30-6-2010 and quarterly unaudited financial results of the Company, which were attended by Members of the Audit Committee, Internal Auditor and Senior Executives of the Company.

The Company has a full-fledged Internal Audit Department headed by Dy. General Manager, which performs periodical internal audit of various functions of the Company. The reports of the Internal Audit Department are placed before the Audit Committee along with the comments of the Management on the action taken to remedy any deficiencies that may be observed on the working of the various departments of the Company. In addition, the Company has appointed M/s. Ashok Jayesh & Associates, Chartered Accountants as [External] Internal Auditor.

#### 4. **Remuneration Committee:**

The Remuneration Committee consists of Shri A. S. Ruia, Chairman of the Committee, Shri K. Kannan and Shri K. D. Sheth, the Non-Executive Independent Directors of the Company.

Shri H. R. Kilachand, Chairman & Managing Director of the Company was paid remuneration Rs.47.25 lac as a minimum remuneration for the year [including provident fund, superannuation & leave encashment] as approved by the Shareholders.

Shri H.R. Kilachand was reappointed as Chairman & Managing Director by the Board on 3.8.2010, subject to approval of the Shareholders by a Special Resolution to be passed at the ensuing Annual General Meeting for a period of 3 year with effect from 14.8.2010 on remuneration as may be paid as per Schedule XIII-Part II-Section I, II & III to the Companies Act.

Pursuant to the provisions of Sections 316 and Schedule XIII read with Section III thereto and other applicable provisions of the Companies Act, Shri H.R. Kilachand has been appointed as Whole-time Director designated as Executive Chairman of the erstwhile wholly-owned Subsidiary Company viz. Kesar Terminals & Infrastructure Limited by its shareholders at their meeting held on 14.9.2010 with substantial powers of management, for a period not exceeding 3 years with effect from 14.9.2010 on a remuneration and on the terms and conditions as per Schedule XIII to the Act, subject to the total remuneration drawn and retained by Shri H. R. Kilachand from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies.

The Non-Executive Directors were paid sitting fees of an aggregate amount of Rs.5,59,000/- as stated in para 2 above.

#### 5. **Share Transfer Committee:**

The Share Transfer Committee of the Company consists of Shri H. R. Kilachand, Chairman of the Committee, Shri K. D. Sheth and Shri A. S. Ruia the Non-Executive Independent Directors of the Company to review and approve the transfer of shares, issue of duplicate share certificates and requests regarding transmission of shares received from the heirs of deceased shareholders. The Committee meets regularly from time to time for the above purpose, to ensure a prompt return of securities to the shareholders. Neither any share transfers nor any requests for demat was pending as on 30th June, 2010. Shri D. J. Shah, Vice President (Legal) & Company Secretary is the Secretary to the Share Transfer Committee.

#### 6. **Asset Management Committee:**

The Asset Management Committee consists of Shri A. S. Ruia, Shri K. Kannan and Shri K. D. Sheth, the Non-Executive Independent Directors of the Company.

#### 7. **Shareholders / Investors Grievance Committee:**

The Shareholders / Investors Grievance Committee consists of Shri K. D. Sheth, Chairman of the Committee, Shri H. R. Kilachand and Shri A. S. Ruia. During the Financial Year ended 30th June, 2010 and till the date of this report, the Company has not received any complaint from any Shareholders. No sitting fee is paid to the Directors for attending Shareholders / Investors Grievance Committee.

# Annual Report 2009-2010

## 8. Compliance Officer:

The Board has designated Shri D. J. Shah, Vice President (Legal) & Company Secretary, as the Compliance Officer of the Company.

## 9. General Body Meetings: Location and time where the last Annual General Meetings were held:

AGM / EGM	Financial Year ended	Date	Location	Time
Court Convened Meeting AGM	-	22-12-2009	M. C. Ghia Hall	3:30 p.m.
	30-6-2009	22-12-2009	M. C. Ghia Hall	1:30 p.m.
AGM	30-6-2008	31-10-2008	IMC Hall	3:30 p.m.
AGM	30-6-2007	20-12-2007	M. C. Ghia Hall	3:30 p.m.

## 10. Details of Special Resolutions passed in the previous three Annual General Meetings.

### A. Year 2007

- i. Resolution under Section 17 of the Companies Act, 1956 to alter Clause III of the Memorandum of Association by adding Sub clause 7(h) and 7(i) after Clause 7(g) and also passing of resolution under Section 149(2A) of the Companies Act, 1956, to commence and carry on the business set out in above referred sub-clause 7(h) and 7(i).
- ii. Resolution under Section 31 of the Companies Act, 1956 to alter the Articles of Association of the Company by substituting existing Article 53 with a new Article.
- iii. Resolution under Section 81(1A) of the Companies Act, 1956 to issue securities upto an amount not exceeding Rs.125 crore.
- iv. Resolution either to refund or adjust the amount aggregating to Rs. 67,90,000/- paid by the promoters and person acting in concert being 10% of the amount paid for 7,00,000 warrants.
- v. Resolution for reappointment of Shri H. R. Kilachand as Chairman and Managing Director of the Company for a period of 3 years and approval of his remuneration.

### B. Year 2008

Resolution under Section 81(1A) of the Companies Act, 1956 to issue securities upto an amount not exceeding Rs.125 crore.

### C. Year 2009

- i. Resolution under Section 81(1A) of the Companies Act, 1956 to issue securities upto an amount not exceeding Rs.125 crore.
- ii. Resolution under Section 78 read with Section 100 of the Companies Act, 1956 for reduction / appropriation against Securities Premium Account, Capital Reserve Account and balance from General Reserve Account pursuant to the Scheme of Arrangement for transferring the Storage Undertaking / Division of the Company by way to demerger into Kesar Terminals and Infrastructure Limited as a going concern.

## 11. Disclosures:

- i. No transaction of material nature has been entered into by the Company with its Promoters, the Directors, the Management, their subsidiaries or relatives, etc. that may have a potential conflict with the interests of the Company. However, the Company has given in the notes to accounts, a list of related parties as per Accounting Standard 18 and the transactions entered into with them.
- ii. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. Hence, the question of penalties or strictures being imposed by SEBI or the Stock Exchanges or any Statutory Authority does not arise.

## 12. Means of communication:

The Board takes on record the unaudited quarterly financial results in the prescribed Proforma of the stock exchange within forty-five days from end of the quarter and announces forthwith the results to the Bombay Stock Exchange and National Stock Exchange where the shares of the Company are listed. The quarterly

unaudited financial results are also published in Free Press Journal and Nav Shakti within 48 hours of the conclusion of the meeting of the Board in which they are approved.

Management Discussion & Analysis report has been included as a part of Annual Report.

### 13. General Shareholders information:

- a. Registered Office : Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai-400020.
- b. Plant Locations : Sugar Factory, Spirits & Bottling at Baheri, Dist. Bareilly, U. P.  
Research & Development : Village Ravalkol, Ranga Reddy District, Andhra Pradesh
- c. Annual General Meeting  
Date : 23rd December, 2010  
Time : 3:30 p.m.  
Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.
- d. Next Financial Year ending : 30th June, 2011
- e. Next Annual General Meeting : By 31st December, 2011
- f. Financial Reporting for the year 2010-2011  
For the 1st quarter ended 30th September, 2010 : 4th November, 2010  
For the 2nd quarter ending 31st December, 2010 : By 14th February, 2011  
For the 3rd quarter ending 31st March, 2011 : By 15th May, 2011  
For the 4th quarter ending 30th June, 2011 : By 14th August, 2011
- g. Date of Book Closure : 16.12.2010 to 23.12.2010
- h. Listing on Stock Exchange : Mumbai
- i. Stock Exchange Code Number : BSE Scrip Code: 507180 NSE Symbol: KESARENT
- j. Demat ISIN numbers in NSDL & CDSL : INE133B01019

### Address for correspondence by the Shareholders of the Company:

#### M/s. Sharex Dynamic (India) Pvt. Ltd.

- |  |   |   |
|--|---|---|
| (1) Registrar & Share Transfer Agents,<br>17/B, Dena Bank Building,<br>2nd Floor, Horniman Circle, Fort,<br>Mumbai – 400 001<br>Tel : 2264 1376 / 22702485<br>Fax: 2264 13 49<br>Email: sharexindia@vsnl.com | (2) Registrar & Share Transfer Agents<br>Luthra Indl. Premises,<br>Andheri Kurla Road, Safed Pool,<br>Andheri (E), Mumbai – 400 072<br>Tel.: 2851 5606/ 28515644<br>Fax: 2851 28 85 | Kesar Enterprises Ltd.<br>Oriental House, 7,<br>J. Tata Road,<br>Churchgate, Mumbai- 400020<br>Tel:22042396 / 22851737<br>Fax: 22876162<br>Email: headoffice@kesarindia.com |
|--|---|---|

### Share Transfer System:

The shares sent for transfer are generally registered & returned within the time limits.

### Demat Information:

As on 30.06.2010 about 93.44% of the total shareholding in the Company representing 63,44,441 shares have been converted into demat.

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## Stock Market Data:

The monthly high / low quotation of shares traded on BSE & NSE is as follows:

Month	BSE		NSE	
	High	Low	High	Low
July 2009	77.85	57.00	78.40	56.65
August 2009	108.35	70.00	106.10	70.20
September 2009	96.00	80.50	95.95	78.00
October 2009	96.70	78.05	92.00	77.00
November 2009	111.95	78.00	112.60	80.00
December 2009	117.70	96.30	118.00	95.10
January 2010	151.55	101.00	150.40	101.65
February 2010	145.90	107.00	147.80	100.00
March 2010	132.50	103.00	135.00	111.25
April 2010	142.40	115.10	142.60	115.00
May 2010	133.60	41.10*	137.70	41.05
June 2010	55.00	42.30	55.80	42.30

\* Ex-Right w.e.f. 14.5.2010 - Record Date.

## Distribution of shareholding as on 30th June 2010:

Shareholding in Nominal Value of Rs      Rs	Share Holders		Share Amount	
		% of Holders	In Rs.	% to Total
Upto - 5,000	5127	89.52	6608880.00	9.73
5,001 -10,000	299	5.22	2359920.00	3.48
10,001 - 20,000	151	2.64	2186790.00	3.22
20,001 - 30,000	43	0.75	1093140.00	1.61
30,001 - 40,000	27	0.47	959940.00	1.41
40,001 - 50,000	19	0.33	891340.00	1.31
50,001 - 1,00,000	30	0.52	2425650.00	3.57
1,00,001 - and above	31	0.54	51375960.00	75.66
<b>Total</b>	<b>5727</b>	<b>100.00</b>	<b>67901620.00</b>	<b>100.00</b>

## Categories of Shareholders as on 30<sup>th</sup> June 2010:

Sr.No.	Category	No. of Shares Held	No. of Shares in Demat Form	% of Shareholding
<b>A.</b>	<b>PROMOTERS HOLDING</b>			
1.	Promoters: - Indian Promoters	2484243	2474091	36.586
	- Foreign Promoters	-	-	-
2.	Persons acting in concert	1250384	1165455	18.415
	<b>Sub Total:</b>	<b>3734627</b>	<b>3639546</b>	<b>55.000</b>
<b>B.</b>	<b>NON-PROMOTERS HOLDING:</b>			
1.	<b>INSTITUTIONAL:</b>			
a.	Mutual Funds & UTI	1200	-	0.018
b.	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions/ Non-Govt. Institutions)	762962	762267	11.236
c.	FIs	-	-	-
	<b>Sub Total:</b>	<b>764162</b>	<b>762267</b>	<b>11.254</b>
<b>C.</b>	<b>OTHERS:</b>			
a.	Private Corporate Bodies	524338	522648	7.722
b.	Indian Public	1641768	1294913	24.178
c.	NRI's/ OCB's	117348	117148	1.728
d.	Clearing Members	7919	7919	0.117
	<b>Sub Total:</b>	<b>2291373</b>	<b>1942628</b>	<b>33.745</b>
	<b>GRAND TOTAL:</b>	<b>6790162</b>	<b>6344441</b>	<b>100.00</b>

## COURT SANCTIONED SCHEME OF ARRANGEMENT FOR DEMERGER

On 12.3.2010, the Hon'ble High Court of Bombay had passed an Order pursuant to Sections 391 to 394 of the Companies Act, 1956, sanctioning the Scheme of Arrangement by way of Demerger for transfer of the undertaking, business, activities and operations pertaining to the Storage Division / Undertaking of the Company into Kesar Terminals & Infrastructure Ltd. (KTIL) the erstwhile wholly-owned Subsidiary of the Company as a going concern with effect from the Appointed Date i.e. 1st January, 2009.

The effect of the above Arrangement has been given in the Annual Accounts of the Company, in the current financial year.

In consideration of transfer of the erstwhile Storage Division / Undertaking of the Company, on 1.6.2010, KTIL had issued and allotted 47,53,113 Equity Shares of Rs.10/- each aggregating to Rs.4,75,31,130/- for consideration other than cash to every member of the Company, whose name appeared in the Register of Members of the Company on the Record Date i.e. 14.5.2010, in the ratio of 10:7 i.e. for every 10 Equity Shares of Rs.10/- each held in the Company, 7 Equity Shares of Rs.10/- each of KTIL were allotted either in dematerialized or physical form. After the said allotment, the Share Capital of KTIL is 52,53,113 Equity Shares of Rs.10/- each aggregating to Rs.5,25,31,130/-.

### Guidance to Shareholders:

1. The Shareholders are requested to communicate bank details, the change of address, if any, directly to M/s Sharex Dynamic (India) Pvt. Ltd., Registrar & Share Transfer Agent of the Company located at the addresses mentioned in para 13 above.

## Annual Report 2009-2010

2. In case of lost / misplacement of share certificates, shareholders should immediately lodge a FIR / Complaint with the police and submit with the Company original / certified copy of FIR / acknowledged copy of the complaint and inform the Company to stop transfer of the said shares.
3. For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place. SEBI vide its circular dated 27.4.2007 has made it mandatory for transactions involving transfer of shares in physical form the transferee(s) is required to furnish a copy of PAN card to the Company / RTAs for registration of such transfer of shares. SEBI vide its circular dated 7.1.2010 has made it mandatory to furnish a copy of PAN in the following cases:-
  1. Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
  2. Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
  3. Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
  4. The Shareholder, whose signature has undergone any change over a period of time, is requested to lodge their new specimen signature duly attested by a bank manager.
  5. Any Shareholder of the Company who has multiple folios in identical names are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
6. **Nomination:** Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the will etc. it would therefore be in the best interests of shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed of the nomination facility, are requested to avail the same by submitting the nomination form. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.
7. As required by SEBI, shareholders may furnish details of their bank account number and name and address of the bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.
8. Shareholders, holding shares in electronic format are requested to deal only with their depository participants in respect of any change of address, nomination facility and furnishing bank account number etc.
9. Shareholders may please note that the Company had not declared any dividend for the financial years 1998-1999 to 2003-2004. Shareholders, who have not encashed their dividend warrants in respect of the dividend declared for the financial years 2004-2005 onwards, are requested to contact the Company and surrender their warrants for revalidation for payment. Shareholders are therefore requested to verify their records and send claims, if any, for the relevant years. The details of declared dividends are as under:

Date of declaration	For the Year	Rate of Dividend	Due date of transfer to IEPF
19.8.2005	2004 -2005	Interim @ 15%	17.10.2012
26.10.2005	2004 -2005	Final @ 5%	24.12.2012
10.2.2006	2005-2006	Interim @ 15%	10.4.2013
26.10.2006	2005-2006	Final @ 10%	24.12.2013
31.10.2008	2007-2008	@ 5%	29.12.2015
22.12.2009	2008-2009	@ 30%	18.02.2017

10. Shareholders may note that unclaimed dividend for a period of seven years from the date it becomes due for payment, shall be transferred to "Investor Education and Protection Fund" (IEPF) in terms of Section 205C of the Companies Act, 1956. Thereafter, the shareholders will not be able to get the same.



## AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of  
Kesar Enterprises Ltd.

1. We have examined the compliance of conditions of Corporate Governance by Kesar Enterprises Ltd. for the year ended June 30, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accounts of India and based on the certificate received from the share transfer agent, we state that no investor grievances were pending for a period exceeding one month against the Company as on June 30, 2010.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of HARIBHAKTI & CO.  
Chartered Accountants  
FRN No.103523W

N. N. Jambusaria  
Partner

Membership No.38979

Mumbai  
22nd November, 2010

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### DECLARATION

To the Members of  
Kesar Enterprises Ltd.

In compliance with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges relating to Corporate Governance and on the basis of confirmations / declarations received, all the Directors and Senior Management personnel of the Company have complied with the Code of Conduct and Ethics for the financial year ended 30.6.2010.

For KESAR ENTERPRISES LTD.

**V. J. DOSHI**  
President (Finance)

**H. R. KILACHAND**  
Chairman & Managing Director

Mumbai  
22nd November, 2010

# Annual Report 2009-2010

## REPORT OF THE AUDITORS TO MEMBERS

To

**The Members of Kesar Enterprises Limited**

1. We have audited the attached Balance Sheet of Kesar Enterprises Limited ('the Company') as at 30<sup>th</sup> June, 2010 and also the Profit and Loss account and the Cash Flow Statement 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), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956', we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, 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 purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on 30<sup>th</sup> June, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30<sup>th</sup> June, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 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 at 30<sup>th</sup> June, 2010;
    - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**  
Chartered Accountants  
FRN No.103523W

N.N Jambusaria  
Partner  
Membership No.38979

Place: Mumbai  
Date: 22nd November, 2010

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kesar Enterprises Limited on the financial statements for the year ended June 30, 2010]

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory (excluding sugar stock pledged with banks) has been physically verified by the management during the year. In respect of sugar stock pledged with banks, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) As informed, the Company has not granted/taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and accordingly clauses 4(iii)(b), 4(iii)(c), 4(iii)(d), 4(iii)(f) and 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of Sugar and Alcohol manufacturing activities at Baheri, where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, *except for delays in depositing service tax amounting to Rs. 2.80 lacs (Since paid) pertaining to Seed Division* which were outstanding for more than six months from the date they became payable.

## Annual Report 2009-2010

- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Central Sales tax Act, 1956	Central Sales tax-Distillery	4.26 lacs	1995-96	High Court Allahabad
Central Sales tax Act, 1956	Central Sales tax-Distillery	52.66 lacs	2003-04	High Court Allahabad
Central Sales tax Act, 1956	Central Sales tax-Sugar	0.06 lacs	1989-90	High Court Allahabad
Central Sales tax Act, 1956	Central Sales tax-Distillery	48.77 lacs	2002-03	Member Tribunal Bareilly
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	240.54 lacs	2005-06	High Court Allahabad
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	76.10 lacs	2004-05	High Court Allahabad
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	13.29 lacs	2003-04	High Court Allahabad
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	0.04 lacs	2003-04	J.C.(A) Trade Tax Bareilly
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	58.00 lacs	2001-02	Tribunal & High Court
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	2.98 lacs	2000-01	Tribunal & High Court
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	158.54 lacs	2002-03	J.C.(A) Trade Tax Bareilly & High Court Allahabad
U.P. Sugar Cane Regulation of Supply & Purchase Act 1953	Society Commission on Sugarcane	4.25 lacs	1981-93	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Sugar	2.22 lacs	1989-90	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Distillery	27.28 lacs	1995-96	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Distillery	10.69 lacs	1999-00	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Distillery	4.05 lacs	1996-97	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Distillery	3.87 lacs	1994-95	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Distillery	3.71 lacs	1993-94	High Court Allahabad

- (x) In our opinion, the company does not have accumulated losses for the year ended 30<sup>th</sup> June, 2010. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a Financial Institution, Bank or Debenture holders.
- (xii) We are of the opinion that the Company has maintained adequate records where the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**  
Chartered Accountants  
FRN No.103523W

N.N Jambusaria  
Partner  
Membership No.38979

Place: Mumbai  
Date: 22nd November, 2010

# Annual Report 2009-2010

## BALANCE SHEET as at 30th JUNE, 2010

	Schedule No.		(Rs. in Lacs) As at 30th June, 2009
<b>Sources of Funds:</b>			
1. Shareholders' Funds:			
(a) Share Capital	1	879.02	879.02
(b) Share Warrant Application Money (See Note 18)		—	67.90
(c) Reserves and Surplus	2	2,230.11	3,517.44
		<u>3,109.13</u>	<u>4,464.36</u>
2. Deferred Tax Liability (Net)		345.83	650.79
3. Loan Funds:			
(a) Secured Loans	3	24,681.15	15,739.86
(b) Unsecured Loans	4	454.27	680.74
		<u>25,135.42</u>	<u>16,420.60</u>
		<u>28,590.38</u>	<u>21,535.75</u>
	Total		
<b>Application of Funds:</b>			
1. Fixed Assets:	5		
(a) Gross Block		15,280.52	19,546.13
(b) Less: Depreciation/Land Premium written off		<u>9,244.32</u>	<u>10,444.04</u>
(c) Net Block		6,036.20	9,102.09
(d) Capital Work-in-Progress		<u>615.66</u>	<u>445.33</u>
		6,651.86	9,547.42
2. Investments	6	52.44	52.49
3. Current Assets, Loans and Advances:			
(a) Inventories	7	22,949.91	14,726.36
(b) Sundry Debtors	8	964.12	1,074.24
(c) Cash and Bank Balances	9	712.19	364.78
(d) Other Current Assets	10	14.22	9.54
(e) Loans and Advances	11	2,635.83	2,230.95
		<u>27,276.27</u>	<u>18,405.87</u>
Less: Current Liabilities and Provisions:	12		
(a) Current Liabilities		4,519.17	5,339.87
(b) Provisions		<u>871.02</u>	<u>1,130.16</u>
		<u>5,390.19</u>	<u>6,470.03</u>
Net Current Assets		<u>21,886.08</u>	<u>11,935.84</u>
	Total	<u>28,590.38</u>	<u>21,535.75</u>
Notes forming part of the Accounts	21		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report attached

For and on behalf of  
Haribhakti & Co.  
Chartered Accountants

N. N. Jambusaria  
Partner  
Membership No. 38979  
Mumbai, November 22, 2010

For and on behalf of the Board of Directors

H.R. KILACHAND  
Chairman & Managing Director

D.J. SHAH  
Vice President (Legal)  
& Company Secretary

K.D. SHETH  
Director

Mumbai, November 22, 2010

## PROFIT AND LOSS ACCOUNT for the year ended 30th JUNE, 2010

	Schedule No.		(Rs. In Lacs) <i>Previous Year</i>
<b>1. Income:</b>			
Sales and Services	13	26,638.70	29,505.78
Less: Excise Duty		<u>6,400.99</u>	<u>7,401.51</u>
		20,237.71	22,104.27
Other Income	14	<u>433.11</u>	<u>233.60</u>
Total		<u><u>20,670.82</u></u>	<u><u>22,337.87</u></u>
<b>2. Expenditure:</b>			
Raw Materials Consumed	16	19,661.51	11,056.53
Trading Goods Purchased		74.18	128.32
Expenses on Sugarcane Plantations	17	320.50	263.38
(Increase) / Decrease in Stocks	15	(8,401.87)	126.25
Manufacturing and Other Expenses	18	6,450.83	7,417.13
Interest and Finance Charges	19	1,761.29	1,517.63
Depreciation		<u>579.79</u>	<u>738.79</u>
Total		<u><u>20,446.23</u></u>	<u><u>21,248.03</u></u>
<b>3. Profit / (Loss) Before Tax</b>		224.59	1,089.84
<b>4. Provision for Taxation</b>			
(i) Income Tax - Current		16.87	167.98
Less: MAT Credit		<u>(16.87)</u>	<u>—</u>
		—	167.98
(ii) Income Tax -Deferred		(16.30)	15.84
(iii) Wealth Tax		1.59	1.63
<b>5. Profit / (Loss) After Tax</b>		<u>239.30</u>	<u>904.39</u>
Prior period adjustments	20	199.42	0.03
<b>6. Profit available for appropriation</b>		<u>438.72</u>	<u>904.42</u>
<b>7. Appropriations:</b>			
Less:			
(i) Transferred to General Reserve		43.87	90.44
(ii) Proposed Preference Shares Dividend		2.00	2.00
(iii) Proposed Dividend on Equity Shares		67.90	203.70
(iv) Corporate Tax on Dividend		<u>11.61</u>	<u>34.96</u>
<b>8. Profit after appropriation</b>		313.34	573.32
Add: Balance brought forward from previous year		454.33	(118.99)
Less: Profit for the period Jan 09 to June 09 transferred to KTIL		<u>215.54</u>	<u>—</u>
<b>9. Balance Carried Forward to Balance Sheet</b>		<u><u>552.13</u></u>	<u><u>454.33</u></u>
Basic and diluted earnings per share (Refer Note No.17 in Schedule 21)		6.43	13.29
Face value of Share		10.00	10.00
Notes forming part of the Accounts	21		

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report attached

For and on behalf of  
Haribhakti & Co.  
Chartered Accountants

N. N. Jambusaria  
Partner  
Membership No. 38979  
Mumbai, November 22, 2010

For and on behalf of the Board of Directors

H.R. KILACHAND  
Chairman & Managing Director

D.J. SHAH  
Vice President (Legal)  
& Company Secretary

K.D. SHETH  
Director

Mumbai, November 22, 2010

# Annual Report 2009-2010

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 30TH JUNE, 2010

### SCHEDULE: 1

#### SHARE CAPITAL

(Rs. in Lacs)  
As at  
30th June, 2009

#### Authorised:

1,20,00,000	Equity Shares of Rs. 10/- each (Previous Year 1,20,00,000)	1,200.00	1,200.00
60,00,000	Redeemable Preference Shares of Rs. 10/- each (Previous Year 60,00,000)	600.00	600.00
	Total	<u>1,800.00</u>	<u>1,800.00</u>

#### Issued, Subscribed and Paid up:

67,90,162	Equity Shares of Rs. 10/- each fully paid up (Pr. Yr. 67,90,162) [of the above 31,30,280 Equity Shares of Rs.10/- each are allotted as fully paid up Bonus Shares by way of capitalisation of General Reserve]	679.02	679.02
20,00,000	1% Cumulative Redeemable Preference Shares of Rs. 10/- each (Pr. Yr. 20,00,000) fully paid up redeemable in 3 Annual Installments of Rs.67.00 Lacs, Rs.67.00 Lacs, Rs.66.00 Lacs on 10th August 2011, 10th August 2012 and 10th August 2013 respectively.	200.00	200.00
	Total	<u>879.02</u>	<u>879.02</u>

### SCHEDULE: 2

#### RESERVES AND SURPLUS

##### Securities Premium:

Balance as per last Balance Sheet	971.55	971.70
Less: Amount on forfeiture of Equity Shares	—	0.15
Less: Transferred to Kesar Terminals & Infrastructure Limited on account of Demerger {See Note 1 (c)}	971.55	—
		<u>971.55</u>

##### General Reserve:

Balance as per last Balance Sheet	1,930.14	1,839.70
Add: Transferred from Profit & Loss Account	43.87	90.44
Less: Transferred to Kesar Terminals & Infrastructure Limited on account of Demerger {See Note 1 (c)}	479.55	—
		<u>1,494.46</u>

##### Storage and Effluent Disposal Funds:

##### (i) Storage Fund for Alcohol:

(Earmarked from Sale of Alcohol)  
Balance as per last Balance Sheet

12.33	11.91
Add: Set aside this year	0.35
	<u>12.68</u>

##### (ii) Storage Fund for Molasses:

(Earmarked from Sale of Molasses)  
Balance as per last Balance Sheet

88.89	84.57
Add: Set aside this year	2.89
	<u>91.78</u>

##### (iii) Effluent Disposal Fund:

(Earmarked from Sale of Alcohol)  
Balance as per last Balance Sheet

10.78	10.33
Add: Set aside this year	0.38
	<u>11.16</u>

Balance Carried Forward

1610.08      3013.69



(Rs. in Lacs)  
As at  
30th June, 2009

## SCHEDULE: 2 (Contd.) RESERVES AND SURPLUS

	1610.08	3013.69
<b>Capital Reserve:</b>		
Balance as per last Balance Sheet	49.42	49.31
Add: Profit on Forfeiture of Shares warrant Application Money {See Note 18}	67.90	0.11
Less: Transferred to Kesar Terminals & Infrastructure Limited on account of Demerger {See Note 1 (c)}	49.42	—
	67.90	49.42
<b>Surplus/(Deficit) as per Profit and Loss Account</b>	552.13	454.33
Total	2,230.11	3,517.44

## SCHEDULE: 3 SECURED LOANS

<b>(A) TERM LOANS:</b>		
Sugar Development Fund Term Loan (See Note 7)	500.00	—
Allahabad Bank (SEFA 2007 Term Loan) (See Note 7)	576.25	563.00
U.P.Co- operative Bank (SEFA 2007 Term Loan) (See Note 7)	776.65	887.60
Allahabad Bank Term Loan (See Note 7)	—	514.12
Allahabad Bank (Term Loan - Storage Expansion) (See Note 7)	—	1,204.49
<b>(B) VEHICLE LOANS:</b>		
(Secured by way of hypothecation of the vehicles purchased out of the said loans)	62.18	55.29
<b>(C) BORROWINGS FROM BANKS:</b>		
Cash Credit from Banks (Secured by hypothecation/pledge of stocks of Sugar, Seed, Stores, Spares, Spirit and Book Debts of Sugar Division, Current Assets of Distillery Division.) (See Note 7)	22,766.07	12,515.36
Total	24,681.15	15,739.86

## SCHEDULE: 4 UNSECURED LOANS

(A) Fixed Deposits (Includes Rs.5.00 Lacs [Previous Year Rs. 5.00 Lacs] due to Chairman & Managing Director) (Repayable within one year Rs.63.09 lacs Previous year Rs. 68.66 lacs)	223.96	148.58
(B) Short Term Loans, Advances & Deposits: From Others	230.31	532.16
Total	454.27	680.74

**SCHEDULE: 5  
FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	At Cost or book value as on 01-Jul-09	Additions during the Year	Sales/ deductions and adjustments during the Year	Assets Transferred to KTIL value as on 30-Jun-10	Upto 30-Jun-09	For the Year	Written back on assets sold or discarded	Depreciation Transferred to KTIL	Total Depreciation/ Land Premium written off upto 30-Jun-10	As on 30-Jun-09	As on 30-Jun-10
Land											
Freehold	287.42	-	-	287.42	-	-	-	-	-	-	287.42
Lease hold Land Premium	5.73	-	-	0.06	4.31	-	-	4.28	0.03	0.03	1.42
Bhoomidari Land	-	-	-	-	-	-	-	-	-	-	-
Leasehold Land	30.70	-	0.05	18.27	2.21	0.13	-	-	2.34	10.04	28.49
	323.85	-	0.05	23.94	6.52	0.13	-	4.28	2.37	297.49	317.33
Building, Roads etc. (Exclusive of Labour Quarters erected out of Molasses Fund)	3,262.72	11.90	-	2,987.05	1,483.44	86.29	-	102.58	1,467.15	1,519.90	1,779.28
Plant and Machinery	13,473.17	59.69	13.72	9,688.89	7,247.05	347.15	5.88	1,469.24	6,119.08	3,569.81	6,226.12
Electric Installations	158.97	1.10	0.15	107.76	102.78	1.48	0.15	61.80	42.31	9.85	56.19
Laboratory Equipments	16.28	-	-	1.21	13.38	0.44	-	1.14	12.68	2.39	2.90
Weigh Bridges	156.92	-	-	42.21	95.49	5.30	-	18.92	81.87	32.84	61.43
Railway Siding and Light Railway Tube and Artisan Wells and Water Supply	4.69	-	-	4.69	4.47	0.03	-	-	4.50	0.19	0.22
Tractors, Ploughs, Carts etc.	121.25	0.70	-	1.56	49.62	3.65	-	0.96	52.31	68.08	71.63
Motor Cars, Lorries and Cycles	59.44	9.85	-	69.29	48.89	3.46	-	-	52.35	16.94	10.55
Furniture, Fixtures and Equipments	530.08	70.98	67.92	22.63	331.42	56.22	57.46	9.42	320.76	189.75	198.66
Drainage	892.13	72.17	2.35	80.88	653.95	48.82	1.34	41.70	659.73	221.34	238.18
Live Stock	64.05	-	-	9.80	31.56	1.37	-	4.64	28.29	25.96	32.49
Plant and Machinery given on Lease	0.58	-	-	-	-	-	-	-	-	0.58	0.58
	482.00	-	-	482.00	375.47	25.45	-	-	400.92	81.08	106.53
Total	19,546.13	226.39	84.19	4,407.81	15,280.52	10,444.04	64.83	1,714.68	9,244.32	6,036.20	9,102.09
Previous Year Total	16,714.42	2,866.85	35.14	19,546.13	9,716.43	738.79	11.18	-	10,444.04	9,102.09	-

## SCHEDULE: 6 INVESTMENTS LONG TERM INVESTMENTS (AT COST)

*(Rs. in Lacs)*  
As at  
30th June, 2009

### (A) TRADE INVESTMENTS:

(Unquoted)

In fully paid Equity Shares:

300 Shares of Rs. 100/- each of U.P. Seeds & Tarai Development Corporation Ltd.	0.30	0.30
5 Shares of Rs. 10/- each of Baheri Co-operative Cane Development Union Ltd. [Rs. 50 (Previous Year Rs. 50)]	—	—
17 Shares of Rs. 20/- each of Sahakari Ganna Vikas Samiti Ltd. [Rs. 340 (Previous Year Rs. 340)]	—	—
1 Share of Rs. 100/- of Ganna Beej Nigam, Bareilly [Rs. 100 (Previous Year Rs. 100)]	—	—
1 Share of Rs. 20/- of Bhojeepera Co-operative Cane Development Union Ltd. [Rs. 20 (Previous Year Rs. 20)]	—	—
<b>Total</b>	<b>0.30</b>	<b>0.30</b>

### (B) OTHER INVESTMENTS:

(i) In Government Securities: (Unquoted) National Savings Certificates (Deposited as security with Government Departments)	1.36	1.36
(ii) In fully paid Equity Shares of Kesar Terminals & Infrastructure Limited: (Unquoted) 5,00,000 Equity Shares of Rs. 10/- each	50.00	50.00
(iii) In fully paid Equity Shares of other Joint Stock Companies: (Quoted)		
43,200 Equity Shares of Rs. 2/- each (Previous year 43,200) of Walchandnagar Industries Ltd.	0.27	0.27
9,230 Equity Shares of Rs.10/- each (Previous year 9,230) of The Shervan Industrial Syndicate Ltd.	0.23	0.23
3,000 Equity Shares of Rs. 10/- (Previous year 3,000) each of Indian Hume Pipe Co. Ltd.	0.18	0.18
	0.68	0.68
(iv) In fully paid Equity Shares of Co-operative Bank: (Unquoted) 200 Shares of Rs. 25/- each of Jain Sahakari Bank Ltd.	—	0.05
(v) In fully paid Equity Shares of Antophill Warehousing Company Ltd: (Unquoted) 10 Shares of Rs. 1,000/- each	0.10	0.10
<b>Total</b>	<b>52.44</b>	<b>52.49</b>
Aggregate cost of Investments:		
Quoted	0.68	0.68
Unquoted	51.76	51.81
<b>Total</b>	<b>52.44</b>	<b>52.49</b>
Market Value of Quoted Investments	118.15	105.73

# Annual Report 2009-2010

## SCHEDULE: 7 INVENTORIES

(Rs. in Lacs)  
As at  
30th June, 2009

Stores and Spares (At Cost)	555.93	796.23
Scrap Materials (At estimated realisable value)	1.81	5.69
By- Products (At estimated realisable value)	446.93	212.55
<b>Stock in trade:</b>		
Raw Materials (At Cost)	817.43	772.80
Finished Goods (At lower of Cost or Market value)	20,797.51	12,581.38
Trading Goods (At lower of Cost or Market value)	47.79	119.74
Work-in-Process (At Cost)	130.21	103.02
Crop-in-Progress (At Cost) (including preparation of land, irrigation etc.)	152.30	134.95
Total	<u>22,949.91</u>	<u>14,726.36</u>

## SCHEDULE: 8 SUNDRY DEBTORS (UNSECURED)

(A) Debts outstanding for a period exceeding six months:		
Considered Good	71.99	167.05
Considered Doubtful	8.18	53.18
(B) Other Debts Considered Good	892.13	907.19
	<u>972.30</u>	<u>1,127.42</u>
Less: Provision for Doubtful Debts	8.18	53.18
Total	<u>964.12</u>	<u>1,074.24</u>

## SCHEDULE: 9 CASH AND BANK BALANCES

Cash/Cheques/Drafts on Hand	6.19	28.11
Bank Balances with Scheduled Banks:		
In Current Accounts	607.95	174.05
In Fixed Deposit Accounts	90.01	157.21
In Post Office Savings Bank Account (Maximum Balance during the year Rs.0.16 Lacs, Previous Year Rs.0.17 Lacs)	0.16	0.16
In Dividend Accounts with Scheduled Banks	7.88	5.25
Total	<u>712.19</u>	<u>364.78</u>

## SCHEDULE: 10 OTHER CURRENT ASSETS

	<i>(Rs. in Lacs)</i>	
	<i>As at</i>	
	<i>30th June, 2009</i>	
Interest Accrued on Fixed Deposits with Banks	13.51	8.85
Interest Accrued on Investments	0.71	0.69
Total	14.22	9.54

## SCHEDULE: 11 LOANS AND ADVANCES

(Unsecured, Considered Good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

Considered Good	1,547.72	957.51
Considered Doubtful	25.34	8.09
Loans & Advances to Employees [Inclusive of Rs.5.54 Lacs (Previous Year Rs.7.49 Lacs) secured by charge on assets against which loans are granted.]	20.56	33.51
	1,593.62	999.11
Less: Provision for Doubtful Advances	25.34	8.09
	1,568.28	991.02
Advance Payment of Income-Tax (Including Tax Deducted at Source)	863.58	1,032.58
Deposit with Government & Others	203.97	207.35
Total	2,635.83	2,230.95

## SCHEDULE: 12 CURRENT LIABILITIES AND PROVISIONS

(A) Current Liabilities:

Sundry Creditors for Capital Expenditure	148.81	829.43
Sundry Creditors	4,211.36	4,201.99
Interest accrued but not due on Loans & Deposits	9.54	10.88
Advances and Deposits from Dealers/Customers	90.69	255.22
Sundry Creditors due to Micro, Small and Medium Enterprises (See Note 11)	50.89	37.11
Unclaimed Dividends	7.88	5.24
	4,519.17	5,339.87

(B) Provisions:

Corporate Tax on Dividend	11.61	34.96
Provision for Income Tax	595.16	668.42
Provision for Wealth Tax	4.62	5.31
Provision for Gratuity & Leave Encashment	189.73	215.77
Proposed Dividend on Preference Shares	2.00	2.00
Proposed Final Dividend on Equity Shares	67.90	203.70
	871.02	1,130.16
Total	5,390.19	6,470.03

# Annual Report 2009-2010

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2010

### SCHEDULE: 13

#### SALES AND SERVICES

		<i>(Rs. in Lacs)</i>
		<i>Previous Year</i>
<b>SALES</b>		
Manufacturing Goods (Inclusive of Excise Duty)	26,964.75	29,072.34
Less: Intra Division transfer of ENA	26.46	62.88
	<u>26,938.29</u>	<u>29,009.46</u>
Less: Transferred to Molasses and Alcohol Storage Funds and Effluent Disposal Fund	3.62	5.18
Less: Value of Molasses supplied to Own Division	534.46	1,003.72
Less: Value of Bagasse supplied to Own Division	—	12.49
	<u>26,400.21</u>	<u>27,988.07</u>
Trading Goods	128.08	71.91
Agricultural Products (After adjusting Opening & Closing Stock)	598.80	382.27
Less: Value of Seed supplied to Own Division	115.40	117.48
Less: Value of Cane supplied to Own Factory	372.99	181.16
	<u>110.41</u>	<u>83.63</u>
<b>SERVICES</b>		
Storage and Handling	—	1,362.17
Total	<u><u>26,638.70</u></u>	<u><u>29,505.78</u></u>

### SCHEDULE: 14

#### OTHER INCOME

Dividends	0.74	0.74
Interest (Gross) [Tax Deducted at Source Rs. 1.16 Lacs, (Previous year Rs. 1.15 Lacs)]		
On Fixed Deposits	9.54	8.32
Others	4.54	0.53
Rent	3.72	3.99
Buffer Stock Subsidy	—	12.94
Sundry Receipts	205.36	155.03
Credit Balances written back	39.71	8.53
Profit on Sale of Fixed Assets	102.34	2.74
Insurance Claims	21.96	40.78
Provision for Expenses no longer required	45.20	—
Total	<u><u>433.11</u></u>	<u><u>233.60</u></u>

## SCHEDULE: 15

### INCREASE / (DECREASE) IN STOCKS

		<i>(Rs. in Lacs)</i>	
		<i>Previous Year</i>	
<b>Closing Stock:</b>			
Finished Goods	20,797.51		12,581.38
Trading Goods	47.79		119.74
Work-in-Process	130.21		103.02
By- Products	446.93		212.55
Stores and Spares	1.81		5.69
		21,424.25	13,022.38
<b>Opening Stock:</b>			
Finished Goods	12,581.38		12,716.80
Trading Goods	119.74		25.67
Work-in-Process	103.02		62.34
By- Products	212.55		336.09
Stores and Spares	5.69		7.73
		13,022.38	13,148.63
INCREASE / (DECREASE)		8,401.87	(126.25)

## SCHEDULE: 16

### RAW MATERIALS CONSUMED

Sugar Cane (inclusive of Transport, Commission and Other Expenses)	18,024.57		8,853.22
Less: Value of Cane supplied by Own Farm	372.99		181.16
		17,651.58	8,672.06
Sugar Cane Purchase Tax		138.05	111.44
Raw Seeds	870.71		752.78
Less: Value of Seeds supplied by Own Farm	115.40		117.48
		755.31	635.30
Molasses and Spirits	1,677.49		2,704.33
Less: Intra Division transfer of ENA	26.46		62.88
		1,651.03	2,641.45
Less: Value of Molasses supplied by Own Division	534.46		1,003.72
		1,116.57	1,637.73
Total		19,661.51	11,056.53

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## SCHEDULE: 17 EXPENSES ON SUGAR CANE PLANTATION

(Rs. in Lacs)

Previous Year

(Inclusive of Crop-in-Progress at Commencement and Exclusive of Crop-in-Progress at Close)

Crop-in-Progress at Commencement	134.95	90.56
Sowing, Harvesting, Irrigation, Seeds, Manures and Transport	196.96	161.37
Stores Consumed	36.58	54.83
Power & Fuel	1.90	2.03
Machinery Repairs	3.98	3.69
Building Repairs	0.42	0.43
Sundry Repairs	2.45	2.80
Rates and Taxes	1.43	1.15
Salaries and Wages	58.23	51.93
Contribution to Provident Fund	4.45	3.77
Workmen and Staff Welfare Expenses	1.14	1.66
Miscellaneous Expenses	30.31	24.11
	<u>472.80</u>	<u>398.33</u>
Less: Crop-in-Progress at close	152.30	134.95
	<u>320.50</u>	<u>263.38</u>
Total	<u><u>320.50</u></u>	<u><u>263.38</u></u>

## SCHEDULE: 18 MANUFACTURING AND OTHER EXPENSES

Storage and Handling Charges	—	50.03
Stores and Spares Consumed	1,581.10	1,807.27
Power and Fuel	494.03	625.45
Less: Value of Bagasse supplied by Own Division	<u>—</u>	<u>12.49</u>
	494.03	612.96
Repairs:		
Plant and Machinery	582.67	857.38
Buildings	49.75	69.57
Others	57.78	59.33
Rent	125.61	121.19
Salaries, Wages & Bonus	1,698.44	1,864.67
Company's Contribution to Provident and Other Funds	159.39	192.59
Workmen and Staff Welfare Expenses	53.77	40.35
Insurance	26.95	45.32
Rates and Taxes	151.44	321.36
Selling Agents' Commission & Brokerage	21.55	43.24
Legal and Professional Charges	62.49	93.23
Discount given to dealers	153.89	85.84
Miscellaneous Expenses	771.20	821.36
Sales Promotion Expenses	255.64	199.98
Sugar Expenses	151.82	78.59
Charity and Donations	5.75	1.76
Directors' Fees	4.38	3.05
	<u>6407.65</u>	<u>7369.07</u>
Carried forward	6407.65	7369.07



## SCHEDULE: 18 MANUFACTURING AND OTHER EXPENSES

		<i>(Rs. in Lacs)</i>	
		<i>Previous Year</i>	
	Bought forward	6407.65	7369.07
Auditors' Remuneration:			
Audit Fees		2.33	3.00
In Other Capacities:			
For Certification		1.83	1.75
For Other Matters		0.37	0.56
Out of Pocket Expenses		0.48	0.59
Cost Audit Fees		0.45	0.33
Bad Debts/Advances written off		37.68	41.58
Loss on Assets discarded/scrapped		0.04	0.25
Total		6,450.83	7,417.13

## SCHEDULE: 19 INTEREST & FINANCE CHARGES

On Fixed Deposits (Includes Rs.0.45 Lacs (Previous Year Rs. 0.45 Lacs) paid to Chairman & Managing Director)	21.16	14.92
On Fixed Loans	30.24	146.87
On Cash Credit	1,511.39	1,180.10
Others	198.50	175.74
Total	1,761.29	1,517.63

## SCHEDULE: 20 PRIOR PERIOD ADJUSTMENTS

### CREDITS:

1. Income of Previous Year (MAT Credit)	229.95	—
1. Excess Provision of Bonus	(0.05)	—
2. Excess Provision Income Tax	(30.48)	0.03
Total	199.42	0.03

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## SCHEDULE: 21

### NOTES FORMING PART OF THE ACCOUNTS

#### Significant Accounting Policies

##### A. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

##### B. Use of Estimates

The preparation of financial statements are in conformity with the generally accepted accounting principles and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

##### C. Revenue Recognition

Income is generally recognised only when its collection or receipt is reasonably certain. Insurance Claims are recognised only when the claim is passed. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer. Sales turnover includes excise duty but excludes sales tax.

##### D. Fixed Assets

- a) Fixed Assets except Freehold Land are stated at cost of acquisition less accumulated depreciation. Cost includes interest on borrowings, specific or otherwise, used for funding of Fixed Assets till the date of commissioning.
- b) Leasehold Land and Premium on Leasehold Land is amortised over the period of lease.

##### E. Depreciation

- a) Depreciation on the Bio-Gas Plant, Plant & Machinery installed for Expansion and Modernisation and Assets given on lease has been provided on a Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- b) For all other assets, depreciation is provided on a Written Down Value Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- c) For assets added / disposed off during the year, depreciation has been provided on a pro-rata basis with reference to the period, at the applicable rates.
- d) Depreciation on Assets, whose actual cost does not exceed Rs.5,000/- is provided at the rate of hundred percent.

##### F. Capital Work-in-Progress

These are stated at cost to date relating to items or projects in progress, incurred during construction/ pre-operative period. Cost includes allocable interest.

##### G. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

##### H. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments

are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

## **I. Inventories**

Raw Materials, Work-in-Process, Crop-in-Progress and Stores and Spares are valued at cost. When Market value is lesser than cost, it is still valued at cost if the sales price of final product is higher than the cost.

Finished Goods and Trading Goods are valued at lower of cost or market value. Cost includes applicable overheads.

By-Products and Scrap Materials are valued at estimated realisable value.

## **J. Foreign Currency Transactions**

Transactions arising in foreign currency are converted at the rates ruling on the transaction dates. Liabilities payable in foreign currency are reinstated at year-end exchange rates. All exchange differences arising from conversion are charged to Profit and Loss Account.

## **K. Research & Development Expenditure**

Revenue Expenditure on Research and Development is charged to Profit and Loss Account in the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets.

## **L. Earning Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **M. Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## **N. Income-tax**

Income tax expenses comprise of current tax and Deferred Tax charge or credit. The deferred tax charge or credit is recognized at the tax rates enacted on the Balance Sheet date. Where there is an unabsorbed depreciation or carry forward loss, Deferred Tax Assets are recognized only if there is virtual certainty of realization of such assets. Other Deferred Tax Assets are recognized only to the extent when there is reasonable certainty of realization in future. Deferred Tax Assets/Liabilities are reviewed as at each Balance Sheet date based on developments during the year. MAT credit available is deducted from the current Tax.

## **O. Segment Reporting**

The segment reporting is in line with the accounting policies of the Company. Inter segment transactions have been accounted for based on the price which has been arrived at considering cost for utilities and net realizable value for by-products. Revenue and expenses that are directly identifiable with or allocable to segments are considered for determining the segment results. Segment assets and liabilities include those directly identifiable with the respective segments. Business segments are identified on the basis of the nature of products, the risk/return profile of the individual business, the organizational structure and the internal reporting system of the Company.

## **P. Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet Date, if there is any indication of impairment basis on internal /external factors. An asset is impaired when the carrying amount of the asset

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exceeds the recoverable amount. An impairment is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. Impairment losses recognised in prior accounting periods are reversed if there is any change in the estimate of the recoverable amount.

## Q. Retirement Benefits

The Company has various schemes of retirement benefits such as Provident Fund, Superannuation Fund, Leave Encashment and Gratuity. The Company's contribution to the Provident Fund and Superannuation Fund is charged against revenue every year. The Company has an arrangement with Life Insurance Corporation of India to administer its Superannuation and Gratuity Schemes. Provision for Leave Encashment is made on the basis of actuarial valuation. Provision for Gratuity is made on the basis of actuarial valuation made by Life Insurance Corporation of India for every financial year which is pro rated upto 30<sup>th</sup> June.

## NOTES TO ACCOUNTS

### 1. Demerger of Storage Undertaking /Division of the Company into Kesar Terminals and Infrastructure Limited (KTIL).

- a) The Board of Directors of Kesar Enterprises Limited (KEL) at their meeting held on 21-01-2009 approved the Scheme of demerger of Storage Undertaking /Division known as Distillers' Trading Corporation (DTC) Division of KEL [Transferor Company] into Kesar Terminals and Infrastructure Limited (KTIL) [Resulting Company] and their respective Shareholders' and Creditors U/S 391-394 of the Companies Act which was sanctioned by the Hon'ble High Court, Bombay on 12<sup>th</sup> March 2010 and as per the Order, the Scheme of Demerger of Storage Undertaking /Division known as DTC Division of KEL into KTIL is effective from the "Appointed Date" i.e. 1st January, 2009. Accordingly, all the Assets and Liabilities of Storage Division of the Transferor Company(KEL) stands transferred to and vested in KTIL with Effect from the appointed date at Book Value.
  - b) Pursuant to the Scheme of Demerger, in consideration of the transfer of the Storage Undertaking into KTIL, 47,53,113 Equity Shares of Rs. 10/- each fully paid up are issued and allotted by KTIL on 1-6-2010 to the shareholders of the Company in the ratio of 10:7 i.e. for every 10 shares in the Company, 7 shares of KTIL.
  - c) As per the sanctioned Scheme, against the Net Assets of the Storage Division as on 1st January, 2009 amounting to Rs.1500.52 Lacs (i.e. gross assets of Rs. 3140.71 Lacs as reduced by liabilities amounting to Rs.1640.19 Lacs) Rs.971.55 Lacs is debited to Securities Premium Account, Rs. 49.42 Lacs is debited to Capital Reserve Account and the balance amount of Rs.479.55 Lacs is Debited to General Reserve Account of the Company.
  - d) In view of the above, figures in respect of the current financial year are not comparable with those of the previous year, since the previous year figures include the operations of the Storage Division for 12 months i.e from July 2008 to June, 2009.
2. Contingent Liabilities on account of Demands/Claims against the Company not acknowledged as debts and not provided for Rs. 711.22 Lacs (*Previous Year Rs. 719.64 Lacs*)
  3. For Sugar season 2008-2009, the company has accounted for Sugarcane purchase @ Rs. 140/- per quintal as per the State Advised Price declared by the U.P. Government. For Sugar season 2009-2010, the company has paid @ Rs. 165/- per quintal for Sugarcane purchase as per the State Advised Price (SAP) as declared by the U.P. Government plus substantial incentives which led to a net total Sugarcane cost of about Rs. 248/- per Qtl, keeping in view the higher Sugar prices at that point of time & the shortage of Sugarcane.
  4. The estimated amount of contracts remaining to be executed on Capital Account (net of advances) Rs. 83.29 Lacs (*Previous Year Rs 83.29 Lacs*).
  5. Alcohol and Molasses Storage Funds and Effluent Disposal Fund amounting to Rs.115.62 Lacs (*Previous Year Rs 112.00 Lacs*) are not deposited with a Scheduled Bank as required by the said Orders, under legal advice.

6. a) Managerial Remuneration paid/payable to Chairman & Managing Director as per approval under Sections 310 & 198 (4)/309 (3) of the Companies Act, 1956, is as under:

	(Rs. in Lacs)	
	2009-10	2008-09
I Salary	23.70	18.00
II Contribution to Provident Fund & Superannuation Fund	6.40	4.86
III Perquisites	17.15	17.14
<b>Total</b>	<b>47.25</b>	<b>40.00</b>

The Company has recovered from the Chairman & Managing Director (CMD) for personal use of motor car and telephone.

The above remuneration is paid as minimum remuneration as per the Schedule XIII of the Companies Act 1956 in terms of the Special Resolution passed by the Shareholders of the company at their Annual General Meeting held on 20-12-2007.

- b) Commission payable based on the Net Profit calculated in accordance with Section 349 of the Companies Act, 1956 is NIL (Previous Year NIL).
7. Term Loans from UP Co-operative Bank and Allahabad Bank under SEFA 2007 (Scheme for Extending Financial Assistance to Sugar Undertakings, 2007), are secured by way of residual charge on the Fixed Assets of the Sugar Division situated at Baheri on *pari passu* basis.

Term Loans from Sugar Development Fund are secured by way of charge on the Fixed Assets of the Sugar, Spirit and Power Division situated at Baheri on First *pari passu* basis.

Cash Credit facility from U.P.Co-operative Bank Limited, is secured by way of Pledge of sugar stock. Cash Credit facility from Allahabad Bank is secured by way of Pledge of sugar stock and joint first hypothecation charge on *pari passu* basis over Current Assets of Sugar Division and Spirits (Distillery) Division at Baheri, State of Uttar Pradesh (U.P.). Cash Credit facility from U.P.Co-operative Bank Limited and Allahabad Bank is further secured by second hypothecation/mortgage charge on *pari passu* basis over the fixed assets of the Sugar Division and Spirits (Distillery) Division of the Company situated at Baheri, U.P. Cash Credit facility from Axis Bank Limited, is secured by way of Pledge of warehouse receipts / storage receipts with lien noted in favour of Bank for stock of Seed Division.

8. In the absence of confirmations, the balances in respect of Loans and Advances, Sundry Debtors, Sundry Creditors, Acceptances, Deposits and National Savings Certificates deposited with the Government Authorities are taken as shown by the books of account and are subject to adjustments and reconciliations, if any.
9. The Company has entered into arrangements with third Parties for Manufacture of its Indian Made Foreign liquor (IMFL) products for which the Company provides them necessary technical know-how, working capital and marketing services.

The Company has tied up with third parties for manufacture of their IMFL brands in its plant at Baheri for which necessary technical know-how, working capital and marketing services are provided by them.

10. The Company's Accounting Year for the purpose of compliance with the provisions of the Companies Act, 1956 ended on 30<sup>th</sup> June 2010 and the previous year for tax purpose ended on 31<sup>st</sup> March 2010. The income if any for the period from 1/4/2010 to 30/6/2010 forming part of the annexed accounts will be assessed as a part of the composite income relevant to previous year ending 31<sup>st</sup> March, 2011 i.e. Assessment Year 2011-2012.

The Company has made provision for Current Income Tax of Rs. 16.87 Lacs and Deferred Tax Expenses of Rs. (16.30) Lacs for the financial year 2009-2010 pertaining to Assessment Year 2010-2011.

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Details of Deferred Tax are as under:

(Rs. in Lacs)

Particulars	Transferred			As on 30 <sup>th</sup> June, 2010
	As on 30 <sup>th</sup> June, 2009	to KTIL due to Demerger	During the Year	
<b>Deferred Tax Liability</b>				
Accumulated depreciation	1,214.99	(363.76)	94.20	945.43
Total Deferred Tax Liability	<b>1,214.99</b>	<b>(363.76)</b>	<b>94.20</b>	<b>945.43</b>
<b>Deferred Tax Assets</b>				
Expenses deductible on payment	118.19	(0.82)	21.17	138.54
Losses Carried Forward	446.01	(74.28)	89.33	461.06
Total Deferred Tax Assets	<b>564.20</b>	<b>(75.10)</b>	<b>(75.10)</b>	<b>599.60</b>
<b>Net Deferred Tax Liability</b>	<b>650.79</b>	<b>(288.66)</b>	<b>(16.30)</b>	<b>345.83</b>

11. Sundry Creditors include Rs.50.88 Lacs (*Previous year Rs. 37.11 Lacs*) due to The Micro, Small and Medium Enterprises.

The Micro, Small and Medium Enterprises to whom an amount of Rs.1.00 lac or more was payable and outstanding for more than 45 days (as per the terms & conditions of the orders) are as under:-

1	M/s. Rajukesh Industries	Rs. 4.73 Lacs
2	M/s G.R.Polypet Industries	Rs. 26.33 Lacs
3	M/s. Anil Kumar Singhal	Rs. 8.15 Lacs
4	M/s. Deepak Chemical Lime Works	Rs. 1.76 Lacs
5	M/s. Dehra mineral Corporation	Rs. 4.57 Lacs
6	M/s Lux Flavours Chennai	Rs. 5.34 Lacs

This disclosure is on the basis of information available with the Company regarding the status of Suppliers as defined under the "Interest on delayed payments to The Micro, Small & Medium Enterprises Act, 2006."

12. Advances includes Rs 9.67 Lacs, outstanding since a long time. In the opinion of the management, the same are considered good and recoverable.
13. The Company had given Bank Guarantees to Government of India in respect of Levy Price realization. Subsequently the Government has adjusted the amounts from the Buffer Stock Subsidy receivable by the Company and has also encashed the Bank Guarantees, which has resulted in excess payment of Rs. 16.80 Lacs to the Government of India. The Company has lodged its claim with Government Authorities for refund.
14. Segmental Reporting Disclosures under Accounting Standard 17

Business Segments:

Based on the guiding principles given in Accounting Standard 17 "Segmental Reporting" issued by the Institute of Chartered Accountants of India, the Company's primary business segments are

- Sugar
- Spirits
- Seed

Geographical Segments:

Since the Company's activities/operations are primarily within the country and considering the nature of products it deals in, the risk and returns are same and as such there are no geographical segments.

# KESAR ENTERPRISES LTD.

Financial Information about the primary business segment is presented in the table below:

Figures for the Year ended 30<sup>th</sup> June, 2010 indicated in **bold**. Previous year figures indicated in the row there below:

	Sugar	Spirits	Seed	Storage & Handling	Others	Total
	(Rs. in Lacs)					
Segmental Revenue						
Sales (Including Inter division / segment revenue, Net of intra division/segment revenue & excluding Excise Duty)	<b>15,069.16</b> 15,938.57	<b>4,265.67</b> 4,515.37	<b>1326.93</b> 1,220.74	- 1,362.18	<b>598.80</b> 382.26	<b>21,260.56</b> 23,419.12
Other Income	<b>132.58</b> 74.41	<b>92.44</b> 52.76	<b>4.49</b> 0.15	- 46.66	<b>52.88</b> 53.81	<b>282.39</b> 227.79
Less : Inter Segment/Division Revenue	<b>534.46</b> 1,016.21	- -	- -	- -	<b>488.39</b> 298.64	<b>1,022.85</b> 1,314.85
Add : Unallocable Income						<b>150.72</b> 5.81
Total Revenue						<b>20,670.82</b> 22,337.87
Segmental Result before Interest & Taxation	<b>2,544.37</b> 2,964.70	<b>(360.49)</b> (428.99)	<b>(75.62)</b> 60.19	- 776.99	<b>320.60</b> 43.58	<b>2,428.86</b> 3,416.47
Less : Segmental Interest	<b>1,580.96</b> 1,241.05	<b>32.63</b> 12.84	<b>33.04</b> 3.26	- 37.94	- -	<b>1,646.63</b> 1,295.09
Segmental Result before Taxation	<b>963.41</b> 1,723.65	<b>(393.12)</b> (441.83)	<b>(108.66)</b> 56.93	- 739.05	<b>320.60</b> 43.58	<b>782.23</b> 2,121.38
Less : Unallocable Expenses Net of Unallocable Income						<b>557.64</b> 1,031.54
Profit /(Loss) Before Taxation						<b>224.59</b> 1,089.84
Less :Provision for Tax						<b>1.59</b> 169.61
Less : Deferred Tax						<b>(16.30)</b> 15.84
Profit /(Loss) after Tax						<b>239.30</b> 904.39
Prior Period Adjustments						<b>199.42</b> 0.03
Profit available for appropriation						<b>438.72</b> 904.42

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(Rs. in Lacs)

Figures for the Year ended 30<sup>th</sup> June, 2010 indicated in **bold**. Previous year figures indicated in the row therebelow:

	<b>Sugar</b>	<b>Spirits</b>	<b>Seed</b>	<b>Storage &amp; Handling</b>	<b>Others</b>	<b>Total</b>
Segmental Assets	<b>25,498.02</b>	<b>4,518.30</b>	<b>1,502.81</b>	-	<b>291.66</b>	<b>31,810.79</b>
	16,221.72	4,960.51	1,378.14	3,336.12	266.90	26,163.39
Unallocable Assets/ Investments						<b>2,169.78</b>
						1,842.39
Total Assets						<b>33,980.57</b>
						28,005.78
Segmental Liabilities	<b>27,078.10</b>	<b>1,027.05</b>	<b>481.36</b>	-	<b>103.17</b>	<b>28,689.68</b>
	17,003.54	1,667.91	604.88	1,352.57	69.33	20,698.23
Share Capital & Reserves Less Miscellaneous Expenditure						<b>3,109.13</b>
						4,464.36
Unallocable Liabilities						<b>2,181.76</b>
						2,843.19
Total Liabilities						<b>33,980.57</b>
						28,005.78
Capital Expenditure including Capital Work in Progress	<b>257.34</b>	<b>119.25</b>	<b>5.08</b>	-	<b>17.87</b>	<b>399.54</b>
	1,270.29	218.38	17.78	353.27	5.54	1,865.26
Unallocable						<b>126.56</b>
						7.96
Total						<b>526.10</b>
						1,873.22
Depreciation	<b>298.56</b>	<b>153.10</b>	<b>10.18</b>	-	<b>10.58</b>	<b>472.42</b>
	299.56	149.01	10.04	170.65	11.18	640.44
Unallocable Depreciation						<b>107.37</b>
						98.35
Total Depreciation						<b>579.79</b>
						738.79

Segment revenue, results, Assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

## 15. Related party disclosures under Accounting Standard 18

Names of related parties and nature of related party relationships:

### a. Subsidiary Companies:

As on date of Balance Sheet NIL.

During the year, on 1-6-2010 KTIL ceased to be Subsidiary of the Company. [Refer Note 1 (b)].

### b. Associates:

N.A.

### c. Key Management Personnel and relatives of such personnel:

Mr. H R Kilachand

Chairman & Managing Director

Mrs. M.H. Kilachand

Director

Relatives of Key Management Personnel

Mr. Rohan H. Kilachand

Son

Ms. Rohita H. Kilachand

Daughter



- d. Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence:

Kesar Corporation Pvt. Ltd.  
 Kilachand Devchand & Co. Pvt. Ltd.  
 Indian Commercial Co. Pvt. Ltd.  
 India Carat Pvt. Ltd.  
 Kilachand Devchand Commercial Pvt. Ltd.  
 Duracell Investments & Finance Pvt. Ltd.  
 Seel Investments Pvt. Ltd.  
 Skyline Chem-Trade Pvt. Ltd.  
 Kesar Terminals & Infrastructure Limited

Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 30<sup>th</sup> June 2010 indicated in **bold**. Previous year figures indicated in the row therebelow:

				<b>(Rs. in Lacs)</b>
Nature of Transaction	Subsidiary Companies	Associates	Key Managerial Personnel And Relatives	Enterprises over which influence exists
Expenses Reimbursed				<b>20.89</b> 23.27
Expenses Reimbursed Received				<b>128.96</b>
Rent Paid				<b>16.84</b> 17.49
Interest on Fixed Deposits			<b>0.45</b> 0.45	
Interest on Car loan paid				<b>2.68</b> 4.55
Managerial Remuneration			<b>47.25</b> 40.00	
Fixed Deposits Accepted / Renewed			<b>5.00</b> 5.00	
Investments in Subsidiary Company	-			
	50.00			
Sundry Creditors				<b>162.92</b> 155.31
Sundry Debtors				<b>158.74</b>
Fixed Deposits			<b>5.00</b> 5.00	
Security Deposits				<b>109.82</b> 108.39

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16. Additional Disclosure as required by the amended clause 32 of the listing agreement with Bombay Stock Exchange:

Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:

(Rs. in Lacs)

Sr. No.	Name	Balance as at 30 <sup>th</sup> June 2010	Maximum amount outstanding during the year	No. of shares of the Company held by the loanee as at 30 <sup>th</sup> June 2010
-	-	-	-	-

17. Earnings per share has been calculated as under:

	2009-2010	2008-2009
Profit/(Loss) after Tax & Preference Dividend (Rs. in Lacs)	436.39	902.08
No of Equity Shares	67,90,162	67,90,162
Basic and diluted earnings per share – Rupees (Face value of share – Rs. 10 each)	6.43	13.29

18. Share warrant application money account amounting to Rs. 67.90 lacs has been forfeited and transferred to Capital Reserve Account.

19. Quantitative information of Manufacturing and Trading activities is given in Annexure I.

20. The following tables summarise the components of net benefit expenses recognised in the Profit and Loss account and the funded status and amounts recognised in the balance sheet for Gratuity for financial year.

	2009-2010	2008-2009
<b><u>I. Assumptions :</u></b>		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	4.00%	4.00%
<b><u>II. Table Showing Change in present value of Obligation :</u></b>		
Present value of Obligations (PBO) at the beginning of the period	560.59	502.50
Interest Cost	42.82	40.20
Service Cost	35.72	25.28
Benefits paid	(50.60)	(34.35)
Actuarial (gain) loss on obligations	94.11	26.97
PBO at the end of the period	682.65	560.59
<b><u>III. Table showing changes in the fair value of plan assets</u></b>		
Fair Value of Plan Assets at the beginning of the period	477.51	448.24
Expected Return on Plan Assets	40.67	41.67
Contributions	112.31	21.96
Benefits paid	(50.60)	(34.35)
Actuarial Gain / (loss) on Plan Assets	2.06	NIL
Fair Value of Plan Assets at the end of the period	581.96	477.51
<b><u>IV. Table showing fair value of plan assets</u></b>		
Fair Value of Plan Assets at the beginning of the period	477.51	448.24
Actual return on Plan Assets	42.73	41.67

	2009-2010	2008-2009
Contributions	112.31	21.96
Benefits paid	(50.60)	(34.35)
Fair value of Plan Assets at the end of the period	581.96	477.51
Excess of actual over expected return on Plan Assets	2.06	NIL
<b><u>V. Funded Status</u></b>	<b>(100.69)</b>	<b>(83.08)</b>
<b><u>VI. Actuarial gain / loss recognised</u></b>		
Actuarial gain/(loss) on Obligation	(94.11)	(26.97)
Actuarial gain (loss) for the period - Plan Assets	2.06	NIL
Actuarial gain/(loss) on Obligation	(92.04)	26.97
Actuarial (gain)/loss recognised for the period	92.04	26.97
<b><u>VII. The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis</u></b>		
Present Value of Obligation at the end of period	682.65	560.59
Fair value of Plan Assets as at the end of period	(581.95)	477.51
Funded Status	<b>(100.69)</b>	<b>(83.08)</b>
Net asset /(Liability) Recognised in Balance Sheet	<b>(100.69)</b>	<b>(83.08)</b>
<b><u>VIII. Expenses recognised in statement of profit and loss</u></b>		
Current Service Cost	35.72	25.28
Interest Cost	42.82	40.20
Expected Return on Plan Assets	(40.67)	(41.67)
Net Actuarial (gain) loss recognised in the period	92.04	26.97
Expenses Recognised in the Income Statement	129.92	50.78
<b><u>IX. Movements in the liability recognised in the Balance Sheet:</u></b>		
Opening Net Liability	83.08	54.26
Expense as above	129.92	50.78
Contributions/Transfers	(112.31)	(21.96)
Closing Net Liability	100.69	83.08

21. Previous year figures have been regrouped and recasted wherever necessary.

As per our report attached

For and on behalf of  
Haribhakti & Company  
Chartered Accountants

N. N. Jambusaria  
Partner  
Membership No. 38979  
Mumbai, November 22, 2010

For and on behalf of the Board of Directors

H.R. KILACHAND  
Chairman & Managing Director

D.J. SHAH  
Vice President (Legal)  
& Company Secretary

K.D. SHETH  
Director

Mumbai, November 22, 2010

### Annexure to Note No. 19 of schedule 21

Quantitative Information of Manufacturing and Trading activities :

Figures for the Year ended 30th June, 2010 indicated in **Bold**. Previous year figures indicated in the row therebelow in brackets.

	Licenced Capacity		* Installed Capacity		Actual Production		Opening Stock		Closing Stock		Sales	
	Capacity	Crushing	Capacity	Crushing	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value#
A) Manufacturing activities of the Company :												
(I) Sugar Division :												
(1) Sugar		Sugar Cane Crushing		Sugar Cane Crushing	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs
	<b>Not Applicable</b>	<b>7200 TCD</b>	<b>548,275</b>	<b>11,542.56</b>	<b>733,747</b>	<b>20,003.05</b>	<b>463,889</b>	<b>13,390.24</b>	<b>784,571</b>	<b>(14,542.90)</b>	<b>463,889</b>	<b>13,390.24</b>
		(6900 TCD)	(809,606)	(12,266.46)	(548,275)	(11,542.56)	(784,571)	(14,542.90)				
(II) Distillery Division :												
(1) Rectified Spirit	<b>16,365</b>	<b>16,365</b>	<b>1,107.61</b>	<b>305.48</b>	<b>73.25</b>	<b>15.81</b>	<b>3,297.31</b>	<b>909.83</b>	<b>3,810.16</b>	<b>(1,077.13)</b>	<b>3,297.31</b>	<b>909.83</b>
	(16,365)	(16,365)	(188.95)	(30.59)	(1,107.61)	(305.48)	(3,810.16)	(1,077.13)				
(2) Denatured Spirit			<b>98.75</b>	<b>18.15</b>	<b>0.34</b>	<b>0.10</b>	<b>159.90</b>	<b>48.23</b>	<b>169.35</b>	<b>(51.46)</b>	<b>159.90</b>	<b>48.23</b>
			(200.18)	(6.06)	(62.58)	(18.15)	(169.35)	(51.46)				
(3) Special Denatured Spirit			<b>2,541.81</b>	<b>2.09</b>	<b>8.26</b>	<b>1.65</b>	<b>2,540.00</b>	<b>579.59</b>	<b>3,110.00</b>	<b>(696.88)</b>	<b>2,540.00</b>	<b>579.59</b>
			(3,125.58)	(0.62)	(12.32)	(2.09)	(3,110.00)	(696.88)				
(4) Country Liquor			<b>5,113.00</b>	<b>434.94</b>	<b>354.50</b>	<b>475.81</b>	<b>5,071.60</b>	<b>6,768.12</b>	<b>5,853.92</b>	<b>(8,083.73)</b>	<b>5,071.60</b>	<b>6,768.12</b>
			(6,072.42)	(165.86)	(336.10)	(434.94)	(5,853.92)	(8,083.73)				
(5) Extra Neutral Alcohol	<b>6,000</b>	<b>6,000</b>	<b>456.82</b>	<b>140.20</b>	<b>76.15</b>	<b>20.48</b>	<b>160.29</b>	<b>45.12</b>	<b>(735.88)</b>	<b>(217.45)</b>	<b>160.29</b>	<b>45.12</b>
	(6,000)	(6,000)	(147.19)	(28.86)	(456.82)	(140.20)	(735.88)	(217.45)				
(6) Indian Made Foreign Liquor (IMFL)	<b>3,070</b>	<b>2,160</b>	<b>286.34</b>	<b>101.00</b>	<b>224.66</b>	<b>81.23</b>	<b>4,596.70</b>	<b>1,710.10</b>	<b>(4,209.14)</b>	<b>(1,624.67)</b>	<b>4,596.70</b>	<b>1,710.10</b>
	(3,070)	(2,160)	(270.93)	(141.92)	(286.34)	(101.00)	(4,209.14)	(1,624.67)				
(7) CO 2			<b>473.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>473.50</b>	<b>5.86</b>	<b>(1,315.00)</b>	<b>(28.14)</b>	<b>473.50</b>	<b>5.86</b>
			(1,315.00)	-	-	-	(1,315.00)	(28.14)				
(8) Miscellaneous				<b>0.10</b>		<b>0.95</b>		<b>0.92</b>	<b>(0.10)</b>	<b>(2.82)</b>		<b>0.92</b>
				(0.47)		(0.10)		(2.82)				
(III) Processed Seeds			<b>73,018.58</b>	<b>2,502.63</b>	<b>7,896.24</b>	<b>195.02</b>	<b>67,624.97</b>	<b>1,198.84</b>	<b>(34.09)</b>	<b>(34.09)</b>	<b>67,624.97</b>	<b>1,198.84</b>
			(69,791.66)	(2,377.37)	(7,896.24)	(195.02)	(67,624.97)	(1,198.84)				
(IV) Agricultural Products												

Quantitative figures shown are exclusive of Reprocessing, Wastages, Shortages & Excesses and Captive consumption

\* As certified by the Managers of the Company on which the Auditors have relied.

# Sales value includes Excise Duty

TCD = Tonnes Cane crushed per day

Qtls. = Quintals

K.L. = Kilo Litres

M.T. = Metric Ton

## Annexure to Note No. 19 of schedule 21 (Contd.)

Figures for the Year ended 30th June, 2010 indicated in **Bold**. Previous year figures indicated in the row therebelow in brackets. (Rs. in Lacs)

(B) Trading activities of the Company	C L		SEEDS	
	Quantity K.L.	Amount Rs.	Quantity QTLS.	Amount Rs.
Opening Stock	—	—	<b>2,228.22</b>	<b>119.74</b>
	—	—	(330.38)	(25.67)
Purchase	—	—	<b>3,392.65</b>	<b>74.18</b>
	—	—	(3,239.27)	(102.87)
Sales	—	—	<b>4,029.11</b>	<b>128.08</b>
	—	—	(1,341.43)	(71.91)
Closing Stock	—	—	<b>1,591.76</b>	<b>47.79</b>
	—	—	(2,228.22)	(119.74)

Quantitative figures shown are exclusive of Reprocessing, Wastages, Shortages & Excesses and Captive consumption

(C) Information regarding Raw Materials Consumed	Product	Quantity	Amount
(1) Sugar Division	Sugar Cane [Inclusive of 157,750 Qtls. from Own Farm (Previous Year 1,28,808 Qtls.)]	<b>69,37,720 Qtls.</b>	<b>18,162.62</b>
		(56,15,092 Qtls.)	(8,964.66)
(2) Distillery Division	Molasses [Inclusive of 1,91,733 Qtls. from Sugar Division (Previous Year 2,87,520 Qtls.)]	<b>3,22,545 Qtls.</b>	<b>1,567.43</b>
		(4,91,805 Qtls.)	(2,525.77)
	Malt Spirit	<b>0.00 K.L.</b>	—
		(0.03 K.L.)	(0.02)
	Spirit [Inclusive of 100 K.L. from Distillery Division (Previous Year 240 K.L.)]	<b>294.56 K.L.</b>	<b>110.06</b>
		(529.02 K.L.)	(178.54)
(3) Seed Division	Seeds [Inclusive of 13,025.75 Qtls. from Own Farm (Previous Year 10,777.14 Qtls.)]	<b>72,452.36 Qtls.</b>	<b>870.71</b>
		(69,791.66 Qtls.)	(752.78)

Value and Percentage of

Consumption of Raw Materials, Stores and Spares	Raw Materials		Stores and Spares	
	Rs.in Lacs	Percentage	Rs.in Lacs	Percentage
Imported	—	—	—	—
	(—)	(—)	(—)	(—)
Indigenous (including canalised items & cane supplied from Own Farms)	<b>20,710.82</b>	<b>100.00</b>	<b>1,581.10</b>	<b>100.00</b>
	(12,421.77)	(100.00)	(1,807.27)	(100.00)
(D) Expenditure in Foreign Currency on account of travelling	<b>9.49</b>			
	(11.46)			
(E) Value of Imports on C.I.F basis :				
(i) Spare Parts	<b>Nil</b>			
	(Nil)			
(ii) Capital Items	<b>0.47</b>			
	(Nil)			
(F) Earnings in foreign exchange :				
(a) Export of goods on F.O.B. basis	<b>Nil</b>			
	(Nil)			

# Annual Report 2009-2010

## CASH FLOW STATEMENT

for the year ended 30th June,2010

	(Rs in Lacs)	
	Previous Year	
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET PROFIT/(LOSS) BEFORE TAX	224.59	1,089.84
<b>Adjustments for :</b>		
Depreciation	579.79	738.79
Dividend Income	(0.74)	(0.74)
Interest Income	(14.08)	(8.85)
Interest and Finance Charges	1,761.29	1,517.63
Transferred to Molasses and Alcohol Storage Fund & Effluent Disposal Fund	3.62	5.19
Profit on sale of Fixed Assets/ Investments	(102.34)	(2.74)
Assets Discarded/Scrapped	0.04	0.25
Credit Balances Written Back	(39.71)	(8.53)
Bad Debts/Advances written off	37.68	41.58
Provision for expenses no longer required	(45.20)	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>2,404.94</b>	<b>3,372.42</b>
<b>Adjustments for :</b>		
Inventories	(8,236.32)	95.91
Trade and Other Receivables	(156.74)	(198.17)
Loans & Advances	(683.61)	241.23
Trade Payables	(442.82)	688.79
Other Current Liabilities	(176.79)	136.67
<b>CASH (USED IN) / GENERATED FROM OPERATIONS</b>	<b>(7,291.34)</b>	<b>4,336.85</b>
Taxes (Paid)/ Refunds	(18.46)	(151.25)
Prior Period Adjustments	216.29	0.03
<b>NET CASH (USED IN) / FROM OPERATING ACTIVITIES</b>	<b>(7,093.51)</b>	<b>4,185.63</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets / Capital Work-in-Progress	(526.09)	(1,873.22)
Sale/Scrap of Fixed Assets	121.66	26.45
(Purchase) of Investments	-	(45.49)
Interest Received	9.40	5.91
Dividend Received	0.74	0.74
<b>NET CASH (USED IN) / FROM INVESTING ACTIVITIES</b>	<b>(394.29)</b>	<b>(1,885.61)</b>

## CASH FLOW STATEMENT

for the year ended 30th June,2010 (contd.)

(Rs in Lacs)  
Previous Year

### C. CASH FLOW FROM FINANCING ACTIVITIES :

Addition/ (Repayment) of Term Loans	(107.26)	(746.57)
Increase/ (Decrease) in Bank Borrowings	10,250.71	143.62
Increase/ (Decrease) in Short Term Borrowings	(219.58)	(74.15)
Dividends Paid	(238.02)	(43.98)
Interest Paid	(1,762.63)	(1,531.50)
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	<b>7,923.22</b>	<b>(2,252.58)</b>
<b>NET INCREASE /( DECREASE) IN CASH AND CASH EQUIVALENTS ( A + B + C )</b>	<b>435.42</b>	<b>47.44</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>364.78</b>	<b>317.34</b>
<b>Less :- Transferred to KTIL on account of Demerger</b>	<b>(88.01)</b>	
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>712.19</b>	<b>364.78</b>

Note : Figures in brackets are outflows. - -

Cash and Cash Equivalent includes cash and bank balance as per Schedule 9 of Balance Sheet.

Current year figure does not include Storage Division figure, whereas Previous year figure includes Storage Division figure.

As per our Report attached

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

For and on behalf of  
Haribhakti & Company  
Chartered Accountants

H. R. KILACHAND  
Chairman & Managing Director

N.N.Jambusaria  
Partner  
Membership No. 38979

D.J.SHAH  
Vice President (Legal)  
& Company Secretary

K.D.SHETH  
Director

Mumbai, November 22, 2010

Mumbai, November 22, 2010

# Annual Report 2009-2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Submitted in items of Part IV of Schedule VI to the Companies Act, 1956)

### I. REGISTRATION DETAILS

REGISTRATION NO. : 1 9 9 6

STATE CODE: 1 1

BALANCE SHEET DATE : 3 0 0 6 2 0 1 0  
DATE MONTH YEAR

### II. CAPITAL RAISED DURING THE YEAR (Rs. in Lacs)

PUBLIC ISSUE

0 0 0 0 0 0 N I L

RIGHT ISSUE

0 0 0 0 0 0 N I L

BONUS ISSUE

0 0 0 0 0 0 N I L

PRIVATE PLACEMENT

0 0 0 0 0 0 N I L

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. in Lacs)

#### SOURCES OF FUNDS

TOTAL LIABILITIES

2 8 5 9 0 . 3 8

PAID-UP CAPITAL

8 7 9 . 0 2

SECURED LOANS

2 4 6 8 1 . 1 5

#### APPLICATION OF FUNDS

NET FIXED ASSETS

6 6 5 1 . 8 6

ACCUMULATED LOSSES

0 0 0 0 0 0 N I L

TOTAL ASSETS

2 8 5 9 0 . 3 8

RESERVES AND SURPLUS

2 2 3 0 . 1 1

DEFERRED TAX LIABILITY

3 4 5 . 8 3

UNSECURED LOANS

4 5 4 . 2 7

INVESTMENTS

5 2 . 4 4

NET CURRENT ASSETS

2 1 8 8 6 . 0 8

MISCELLANEOUS EXPENDITURE

0 . 0 0

### IV. PERFORMANCE OF THE COMPANY (Rs. in Lacs)

TOTAL INCOME

2 0 6 7 0 . 8 2

PROFIT/(LOSS) BEFORE TAX

2 2 4 . 5 9

EARNING PER SHARE (IN RS.)

6 . 4 3

TOTAL EXPENDITURE

2 0 4 4 6 . 2 3

PROFIT/(LOSS) AFTER TAX

2 3 9 . 3 0

Dividend Rate %

1 0

### V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per monetary terms)

ITEM CODE NO. (ITC CODE) 1 7 0 1 9 9 . 0 2

PRODUCT DESCRIPTION S U G A R

ITEM CODE NO. (ITC CODE) 2 2 0 7 1 0 . 0 1

PRODUCT DESCRIPTION R E C T I F I E D S P I R I T



## STATEMENT OF FIGURES FROM SEASON 1986-87 TO 2009-2010 (Sugar Factory)

SEASON	DURATION DAYS	CANE CRUSHED M. TONS	SUGAR PRODUCED M. TONS	RECOVERY % OF CANE CRUSHED
1986-87	226	406,353.76	36,635.80	9.02
1987-88	212	422,531.80	37,389.08	8.85
1988-89	155	306,745.14	30,905.41	10.08
1989-90	222	569,131.22	52,390.95	9.21
1990-91	180	547,654.71	52,247.42	9.54
1991-92	203	746,941.45	72,961.77	9.77
1992-93	162	605,853.44	60,586.41	10.00
1993-94	142	582,473.61	57,287.22	9.84
1994-95	184	801,761.65	80,458.15	10.04
1995-96	194	871,869.00	84,386.84	9.68
1996-97	179	805,563.32	81,913.41	10.17
1997-98	164	747,149.95	74,985.32	10.04
1998-99	144	663,221.08	60,055.05	9.06
1999-2000	159	716,949.60	68,395.00	9.41
2000-2001	143	644,521.60	64,298.00	9.89
2001-2002	184	834,412.60	81,970.40	9.82
2002-2003	189	938,038.60	93,863.00	10.00
2003-2004	150	808,601.17	79,866.50	9.88
2004-2005	158	852,942.80	84,010.00	9.90
2005-2006	155	838,468.80	79,114.00	9.43
2006-2007	194	1,148,799.60	114,843.00	10.00
2007-2008	163	977,982.72	104,201.00	10.67
2008-2009	111	561,509.25	52,364.00	9.35
2009-2010	119	693,771.98	65,170.00	9.38

## STATEMENT SHOWING PRODUCTION AND YIELD IN DISTILLERY

Year	Production (Litres)	Yield per Quintal of Molasses (Litres)
1986-87	5,118,458	25.60
1987-89 (17 months)	6,216,600	24.90
1989-90	7,424,689	23.80
1990-91	6,477,165	24.80
1991-92	7,248,330	24.80
1992-93	10,868,023	23.20
1993-94	8,850,660	21.30
1994-95	8,142,169	21.70
1995-96 (15 months)	13,355,146	21.70
1996-97	11,798,172	22.00
1997-98	11,419,540	20.90
1998-99	8,545,420	19.70
1999-2000	11,701,670	20.40
2000-2001	12,835,127	21.40
2001-2002	12,280,300	21.00
2002-2003	12,954,000	21.16
2003-2004	11,552,050	24.12
2004-2005	11,274,630	22.58
2005-2006	14,765,450	22.98
2006-2007	16,412,783	23.22
2007-2008	16,274,637	22.70
2008-2009	11,414,558	22.99
2009-2010	7,458,803	23.12

# Annual Report 2009-2010

## FINANCIAL STATISTICS

	(Rs. in lacs)									
<b>Year end position</b>	<b>2009-2010</b>	<b>2008-2009</b>	<b>2007-2008</b>	<b>2006-2007</b>	<b>2005-2006</b>	<b>2004-2005</b>	<b>2003-2004</b>	<b>2002-2003</b>	<b>2001-2002</b>	<b>2000-2001</b>
Share Capital	679.02	746.92	746.99	746.99	794.95	633.93	633.93	633.93	633.93	633.93
Reserves and Surplus	2,230.11	3,517.44	2,848.42	2,504.27	3,864.07	3,271.71	3,409.50	3,327.16	4,664.49	5,039.56
Deferred Tax Liability	345.83	650.79	634.95	897.26	752.27	417.15	277.28	262.86	383.29	-
Borrowings	25,135.42	16,420.60	17,097.70	11,881.89	9,581.43	7,507.10	6,958.04	7,547.44	8,196.31	9,551.34
Working Capital	21,886.08	11,935.84	13,084.11	8,483.45	8,242.78	5,536.90	4,836.65	5,551.90	6,268.15	8,705.80
Capital Employed	28,590.38	21,535.75	21,528.06	16,230.41	15,192.72	12,029.89	11,478.75	11,771.39	13,878.02	15,224.83
Gross Block	15,280.52	19,546.13	16,714.42	15,557.89	14,552.40	13,660.10	13,292.96	11,918.23	11,208.64	10,645.42
Net Block	6,036.20	9,102.09	6,997.99	6,496.57	6,078.81	5,697.98	5,765.89	4,774.26	4,470.78	4,371.92
Investments	52.44	52.49	7.00	2.00	455.60	455.10	455.10	455.39	2,039.49	896.44
<b>Equity Shares</b>										
Book Value (Rs.)	42.84	62.80	52.94	46.69	73.16	59.89	28.15	25.78	46.71	52.38
Face Value (Rs. )	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
<b>For the Year</b>										
Sales including Excise Duty	26,638.70	29,505.78	29,161.56	27,951.98	27,955.41	25,044.67	24,555.65	28,080.17	30,930.40	15,223.63
Depreciation	579.79	738.79	661.19	607.76	537.97	512.96	500.43	444.53	478.61	431.41
Profit before Tax	224.59	1,089.84	156.53	(1,656.06)	1,824.69	1,863.44	157.23	(1,487.62)	20.59	61.56
Profit After Tax	239.30	904.39	381.36	(1,847.71)	1,111.00	1,661.73	128.49	(1,367.80)	100.97	40.49
Equity Dividend %	10.00	30.00	5.00	-	25.00	20.00	-	-	-	-
Equity Dividend Amount	67.90	203.70	33.95	-	158.48	126.79	-	-	-	-

\$ Excluding Storage Division figure due to Demerger of Storage Division into Kesar Terminals and Infrastructure Limited w.e.f. 1-1-2009



**ATTENDANCE SLIP**

Please fill and hand it over at the entrance of the Meeting Hall

I hereby record my presence at the 76th Annual General Meeting of the Company, to be held on Thursday, 23rd December, 2010 at 3:30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001.

Client ID*	DP ID No.*
Folio No.	No. of Shares

Name and Address of the Member:

Signature of Member or Proxy or Representative

\* Applicable for investors holding shares in electronic form.



**PROXY FORM**

I/We ..... in the district of .....  
of ..... in the district of .....  
being a Member/Members of Kesar Enterprises Ltd.  
hereby appoint .....  
of ..... in the district of .....  
or failing him/her .....  
of ..... or failing him/her .....  
as my/our proxy to vote for me/us and on  
my/our behalf at the 76th Annual General Meeting of the Company, to be held on Thursday, 23rd  
December, 2010 at 3:30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor,  
18/20, Kaikhushru Dubash Marg, Mumbai 400 001 or at any adjournment thereof.

Client ID*	DP ID No.*
Folio No.	No. of Shares

Signed this ..... day of December, 2010.

\* Applicable for investors holding shares in electronic form.

NOTE : The Proxy in order to be effective should be duly filled up, stamped, signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the company.



(Signature)

BOOK -POST



*If undelivered please return to:*

**KESAR ENTERPRISES LTD.**

Oriental House,  
7, Jamshedji Tata Road,  
Churchgate, Mumbai 400 020.