



80th Annual Report
2013~14
(18 Months)

KESAR ENTERPRISES LIMITED

KE KESAR ENTERPRISES LIMITED

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KE KESAR ENTERPRISES LIMITED

(Incorporated under the Indian Companies Act VII of 1913)

CIN: L24116 MH1933 PLC 001996

COMPANY INFORMATION

BOARD OF DIRECTORS	H R KILACHAND (<i>Chairman & Managing Director</i>) A S RUIA K KANNAN (<i>Expired on 18.12.2014</i>) K D SHETH (<i>upto 03.11.2014</i>) SMT. M H KILACHAND (<i>upto 31.12.2014</i>) AJEET PRASAD PRAKASH DUBEY P NAYAK (<i>Nominee Director – GIC</i>) D J SHAH (<i>Director & Company Secretary w.e.f. 27.01.2015</i>)
CHIEF FINANCIAL OFFICER (CFO)	ROHIT BALU (<i>w.e.f. 06.08.2014</i>)
BANKERS	Allahabad Bank Uttar Pradesh Co-operative Bank Limited UCO Bank
AUDITORS	M/s. Haribhakti & Co. LLP, Chartered Accountants
SUGAR FACTORY, SPRITS AND POWER PLANT	Baheri, Dist. Bareilly, U.P.
REGISTERED OFFICE	Oriental House 7, Jamshedji Tata Road Churchgate Mumbai - 400 020
REGISTRAR & TRANSFER AGENTS	SHAREX DYNAMIC (INDIA) PVT. LTD. Unit No.1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072
AUDIT COMMITTEE MEMBERS	K D SHETH (<i>Chairman of the Committee – upto 3.11.2014</i>) A S RUIA (<i>Chairman of the Committee – w.e.f. 27.01.2015</i>) K KANNAN (<i>Expired on 18.12.2014</i>) AJEET PRASAD PRAKASH DUBEY (<i>w.e.f. 27.01.2015</i>)

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NOTICE

NOTICE is hereby given that the **80th** Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Thursday, 19th March, 2015** at **3:30 p.m.** at **M C Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001** to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet for the 18 months period as at 31st December, 2014 and Statement of Profit & Loss for the period ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri P Nayak [DIN 06670875], who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and, if though fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Haribhakti & Co. LLP, Chartered Accountants, [ICAI Firm Registration No. 103523W] be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors plus reimbursement of travelling and other out of pocket expenses incurred by them in performance of their duties."

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution(s) as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force), the Articles of Association of the Company and subject to approval of the Central Government, if required, consent of the Shareholders of the Company be and is hereby accorded for the appointment of Shri D J Shah (DIN 03095028) as a Whole Time Director of the Company designated as "Director & Company Secretary" for a period of 3 years from 27.1.2015 to 26.1.2018 on a remuneration and the terms and conditions as per Schedule V of the Act and as specifically set out below:

- I. **Salary:** Rs.1,61,000/- per month, which may be increased from time to time by the Board of Directors upto the ceiling as prescribed in Schedule V.
- II. **Perquisites:** In addition to the Salary, Shri D J Shah would be entitled to the following perquisites:
 - i. House Rent Allowance @ 60% of the Salary.
 - ii Medical reimbursement as per the limit specified under the provisions of the Income Tax Act.
 - iii Leave, Leave accumulation and encashment as per rules of the Company.
 - iv Leave Travel Concession for self and family once in a year subject to one months' Salary per annum.
 - v Medclaim and Personal accident insurance premium as per rules of the Company.
 - vi The Company shall provide a car with driver or reimburse the Driver's Salary, for the Company's business, which will not be considered as perquisites.
 - vii The Company shall provide communication facilities such as mobile, telephone, internet etc. the expenditure on which shall not be considered as perquisite. However, long distance personal calls shall be billed by the Company.

Shri D J Shah shall be further eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration by way of salary, perquisites, allowances etc.

- i. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together, are not taxable under the Income Tax Act, 1961;
- 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.

"RESOLVED FURTHER THAT Shri D J Shah shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company."

“RESOLVED FURTHER THAT Shri D J Shah would be regarded as a Director liable to retire by rotation.”

“RESOLVED FURTHER THAT the aforesaid remuneration would nevertheless be paid and allowed to Shri D J Shah as Director & Company Secretary as the minimum remuneration, within the overall ceiling limits specified in Schedule V to the Companies Act, 2013 or any amendments thereto from time to time, notwithstanding that in any financial year of the Company during the tenure of office of Shri D J Shah, the Company might have made no profits or its profits might be inadequate.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter the terms and conditions of the appointment and remuneration payable to Shri D J Shah from time to time within the limits as specified in Schedule V to the Act.”

“RESOLVED FURTHER THAT Shri D J Shah be and is hereby authorised to do all such things as may be required to give effect to the above Resolutions including filing of various forms with the Registrar of Companies.”

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri A S Ruia (DIN: 00296622), Independent Director of the Company, who was appointed as Director liable to retire by rotation under the erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Shri A S Ruia as candidate for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office for the 1st Term of 5 (five) consecutive years effective from 19.3.2015 up to the conclusion of the 85th Annual General Meeting of the Company as and when held **AND THAT** he will not be liable to retire by rotation.”

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Ajeet Prasad (DIN: 00028983), Independent Director of the Company, who was appointed as Director liable to retire by rotation under the erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Shri Ajeet Prasad as candidate for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office for the 1st Term of 5 (five) consecutive years effective from 19.3.2015 up to the conclusion of the 85th Annual General Meeting of the Company, as and when held **AND THAT** he will not be liable to retire by rotation.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Prakash Dubey (DIN: 02132564), Independent Director of the Company, who was appointed as Director liable to retire by rotation under the erstwhile Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing Shri Prakash Dubey as candidate for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office for the 1st Term of 5 (five) consecutive years effective from 19.3.2015 up to the conclusion of the 85th Annual General Meeting of the Company, as and when held **AND THAT** he will not be liable to retire by rotation.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment(s) thereof, for the time being in force), the appointment and payment of remuneration of Rs. 85,000 (Rupees Eighty Five Thousand Only) plus service tax as applicable and reimbursement of actual travel and out of pocket expenses to M/s. R M Bansal & Co., Cost Accountant,

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Kanpur (Regn. No.000022) as Cost Auditor, as recommended by Audit Committee and approved by the Board of Directors of the Company, to conduct the audit of the cost records of the Company relating to Sugar & Industrial Alcohol and Electricity for the 15 months period ending 31st March, 2016, be and is hereby ratified by the Members .”

“RESOLVED FURTHER THAT Shri D J Shah, Director & Company Secretary be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution including filing of prescribed forms with the Registrar of Companies.”

Registered Office:

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

17th February, 2015

By Order of the Board of Directors

D J SHAH

Director & Company Secretary

DIN: 03095028

Notes:

- a) **A member, entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself 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) **A person can act as a proxy for not exceeding 50 Members and holding in the aggregate not more than 10% of the total Share Capital of the Company carrying voting rights. A Member holding more than 10% of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Member.**
- c) The Register of Members and Share Transfer Books of the Company shall remain closed from **Thursday, 12th March, 2015 to Thursday, 19th March, 2015** (both days inclusive) for the purpose of Annual General Meeting. The Shareholders are requested to inform of change in address, if any, at the earliest.
- d) The Unclaimed Dividends upto the financial year 2005-06, have been transferred to the Investor Education and Protection Fund (Fund) set up by the Central Government pursuant to Section 205C of the Companies Act, 1956. The unclaimed Dividend for the year 2007-2008 will be transferred to the Fund on or before 29.12.2015.
- e) The Members may lodge their shares for transfer / transmission with the office of M/s. Sharex Dynamic (India) Pvt. Ltd., the Registrar and Transfer Agents at their office at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072 or with the Company.
- f) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
- g) All documents referred in the accompanying Notice and the Explanatory Statement are 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.
- h) 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.
- i) 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.
- j) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- k) The Members of the Company are requested to provide their email address for serving by electronic mode the notice/documents as a part of the Green Initiative in Corporate Governance introduced by the Ministry of Corporate Affairs vide Circular No.17/2011 & 18/2011 dated 21.4.2011 and 29.4.2011 respectively. The said information / request can be sent by members to M/s. Sharex Dynamic (India) Pvt. Ltd., the Registrar and Transfer Agents through email id sharexindia@vsnl.com or the Company's email id djs@kesarindia.com.

l) Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

m) **E-Voting:**

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its Shareholders with facility to exercise their right to vote at the 80th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The Company has signed an agreement with CDSL for facilitating e-voting to enable the Shareholders to cast their vote electronically.

Process for E-Voting

- (i) The voting period begins on Monday, 9th March, 2015 at 00:01 hrs. and ends on Wednesday, 11th March, 2015 at 23:59 hrs. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13.2.2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website www.evotingindia.com.
- (iii) Click on "Shareholders".
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

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

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- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the **EVSN** for **Kesar Enterprises Ltd.** on which you choose to vote.
- (xii) On the voting page, you will see "**RESOLUTION DESCRIPTION**" and against the same the option "**YES/NO**" for voting. Select the option **YES** or **NO** as desired. The option **YES** implies that you assent to the Resolution and option **NO** implies that you dissent to the Resolution.
- (xiii) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "**SUBMIT**". A confirmation box will be displayed. If you wish to confirm your vote, click on "**OK**", else to change your vote, click on "**CANCEL**" and accordingly modify your vote.
- (xv) Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "**Click here to print**" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xx) M/s Ragini Chokshi & Co., Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxi) The Results declared at the AGM of the Company along with the Scrutinizer's Report shall be placed on the Company's website www.kesarindia.com and on the website of CDSL within 3 (three) working days of the passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 102 of the Companies Act, 2013

Item No. 4: Appointment of Shri D J Shah as Whole Time Director

Pursuant to the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 & the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Articles of Association of the Company, subject to approval of the Members of the Company and also the Central Government, if required and keeping in view the vast expertise and knowledge of Shri D J Shah, the Board of Directors have appointed Shri D J Shah as the Whole Time Director designated as “Director & Company Secretary” for a period of 3 years commencing from 27.01.2015 to 26.01.2018. Shri D J Shah shall be regarded as a Director liable to retire by rotation.

The remuneration to Shri D J Shah as proposed in the item No.4 has been approved by the Nomination & Remuneration Committee, consisting of three Independent Directors and also by the Board of Directors of the Company at their meeting held on 27.01.2015. The Board be authorised to revise the remuneration of Shri D J Shah from time to time as per the provisions of the Companies Act, 2013.

The Company has not made any default in repayment of any of its debts (including public deposits) or interest payable thereon for a continuous period of 30 days in the preceding financial year.

The Company has received from Shri D J Shah - (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under section 164(2) of the Act.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri D J Shah for the office of Director of the Company.

Shri D J Shah shall hold office for a term up to 3 (three) consecutive years on the Board of the Company and he shall be included in the total number of Directors for retirement by rotation.

A brief Profile of Shri D J Shah is as under:

INFORMATION ABOUT THE APPOINTEE - SHRI D J SHAH:	
DIN	03095028
Birth Date	12 th July, 1955
Nationality	Indian
Board Appointment	27.01.2015
Qualification	B.Com.; Fellow Company Secretary (FCS); Diploma in Financial Management (DFM).
Experience	He has been with the Company since 23.12.1993. He has overall 39 years of experience out of which he has been with the Company for more than 21 years and has vast experience in Secretarial, Legal, Administration & Personnel related work.
Relationship	Key Managerial Personnel as Company Secretary
Shareholding	500 Equity Shares
Relationship with other Director	Nil
List of other Directorship	Mrinal Exim Pvt. Ltd.,

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Shri D J Shah and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 4 of the Notice.

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The Board recommends the Special Resolution as set out at Item No.4 of the Notice for your approval.

The following additional information as required by Section II of Part II of Schedule V to the Companies Act, 2013 are given below:

I	General Information	
1	Nature of industry	Sugar Industry
2	Date or expected date of commencement of commercial production	16 th October,1933
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.
4	Financial performance based on given indicators as per audited financial results for 18 Months period ended 31.12.2014 Turnover & Other Income Net Loss as per Profit & Loss Account Profit as computed under Section 309 (5) read with Section 198 of the Companies Act, 1956 Net worth	Rs.436.11 crore Rs.(120.02) crore --- Rs.(114.53) crore
5	Foreign investments or collaborations, if any.	Nil
II	Information about the appointee:	
1	Background details	Shri D J Shah is a B. Com.; Fellow Company Secretary (FCS) and Diploma in Financial Management (DFM) by qualification. He joined the Company on 23.12.1993 as Joint Company Secretary. He was appointed as Company Secretary w.e.f. 01.05.1995. He has vast experience in Secretarial, Legal, Administration and Personnel related work.
2	Past remuneration	Rs.36.79 lac per annum.
3	Recognition or awards	--
4	Job profile and his suitability	He is a Key Managerial Personnel as Company Secretary and also is responsible for Legal, Secretarial, Administration and Personnel related work of the Company. Taking into consideration his vast experience, Shri D J Shah is best suited for the assigned role.
5	Remuneration proposed	Rs.36.79 lac per annum, which is the same as was drawn by Shri D J Shah as Company Secretary. The structure of the salary has been made in terms of Schedule V read with Section 197 of the Companies Act, 2013 as mentioned in the resolution.

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6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The salary of Shri D J Shah is as per the Sugar Industry standards, taking into consideration his profile and position
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Besides the remuneration proposed to be paid to him, Shri D J Shah or any of his relatives do not have any other pecuniary relationship with the Company or relationship with the Managerial Personnel.
III	Other information:	
1	Reasons of loss or inadequate profits	High payment of sugarcane price and low realisation on sale of sugar resulted in loss.
2	Steps taken or proposed to be taken for improvement	<p>The Company has allotted 3065000 Zero Coupon Optionally Convertible Preference Shares of Rs.10/- each fully paid-up aggregating to Rs.3,06,50,000/- to the Promoters / Promoter Group on Preferential basis, which resulted into increase in the Net worth of the Company.</p> <p>The Company will request for financial assistance under the Scheme for extending Financial Assistance to Sugar Undertakings (SEFA), 2014 issued by the Central government in January 2014.</p> <p>The Company has represented through Indian Sugar Mills Association (ISMA) to the UP Government to fix the State Advised Price (SAP) for Sugarcane as per the recommendation of Rangarajan Committee and has also sought other remedies from the UP Government for the survival of the sugar industry.</p> <p>The Central Government is likely to announce subsidy @ Rs.4,000 per tonne (approximately) on export of raw sugar. This will result in improving domestic sugar price and in turn the profitability of the Company.</p> <p>The Cogeneration plant is fully operational and the tariff rate has been revised for export of power to the grid. This will add to the revenue of the Company and thereby increase the profitability of the Company.</p>
3	Expected increase in productivity and profits in measurable terms.	-
IV	Disclosures:	The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual report in the Corporate Governance Report.

Items No.5, 6 & 7

Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey have been Independent Directors of the Company and were liable to retire by rotation under the erstwhile Companies Act, 1956.

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It is proposed to appoint Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement as amended, to hold office by each of them for the first term of 5 (five) consecutive years from 19.3.2015 up to the conclusion of the 85th Annual General Meeting of the Company as and when held.

The Company has received Notices in writing from the Members alongwith the deposits of requisite amount under Section 160 of the Act proposing the candidature of Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey for the office of Director of the Company.

The Company has received (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under section 164(2) of the Act; and (iii) declaration to the effect that he meets the criteria of Independence as provided in Section 149(6) of the Act, from Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey.

In the opinion of the Board, Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey fulfil the conditions for appointment as Independent Director as specified in the Act, and the Rules made there under and the Listing Agreement. Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey are independent of the Management.

Copies of the draft letters for respective appointments of Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey as the Independent Director setting out the terms and conditions are available for inspection at the registered office of the Company. These Statements may also be regarded as disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey are interested in the resolutions set out respectively at items No.5, 6 & 7 of the Notice with regard to their respective appointments.

The relatives of Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey may deemed to be interested in the resolutions set out respectively at items No. 5,6 & 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the these resolutions.

Brief resume of Shri A S Ruia, Shri Ajeet Prasad and Shri Prakash Dubey under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Corporate Governance Report.

The Board recommends the Ordinary Resolutions set out at Items No.5,6 & 7 of the Notice for your approval.

Item No. 8: Appointment of M/s. R M Bansal & Co. as Cost Auditor

Pursuant to Section 148 (3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the appointment of and remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the Shareholders of the Company.

The Board, on the recommendations of the Audit Committee, has approved the appointment and payment of remuneration of Rs. 85,000/- to M/s.R M Bansal & Co., Cost Accountant, Kanpur (Regn. No.000022), as Cost Auditor for conducting cost audit of the cost records of the Company relating to Sugar & Industrial Alcohol and Electricity for the 15 months period ending 31st March, 2016, is to be ratified by the shareholders of the Company.

None of the Directors and Key Managerial Personnel of the Company nor their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the Resolution set out at Item No.8 of the Notice for approval by the Shareholders.

Registered Office:

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

By Order of the Board of Directors

D J SHAH
Director & Company Secretary
DIN: 03095028

17th February, 2015

DIRECTORS' REPORT

To
The Shareholders,
Kesar Enterprises Ltd.

Dear Members,

Your Directors present to you the 80th Annual Report and audited Statement of Accounts for the 18 months period ended 31st December, 2014.

CONSEQUENTIAL CHANGES AS PER THE COMPANIES ACT, 2013:

Alignment of Financial Year

As per Section 2(41) of the Companies Act, 2013, every Company is required to follow a homogeneous Financial Year starting from 1st April to 31st March of the following year within a transition period of 2 years from the date of commencement of the Companies Act, 2013. The Financial Year of the Company was from 1st July to 30th June of the following year. Hence to align the Financial Year, after obtaining the necessary prior approval from the Registrar of Companies, Mumbai, the Company had extended its Financial Year by 6 months i.e. from 01.07.2013 to 31.12.2014. Consequently, the next Financial Year will be for 15 months i.e. from 01.01.2015 to 31.03.2016.

Applicability as to relevant Financial Year

As per General Circular 08/2014 dated 04.04.2014 issued by the Ministry of Corporate Affairs, the Company is required to prepare its Financial Statements (and documents required to be attached thereto), Auditor's Report and Directors' Report for the Financial Year that commenced earlier than 1st April, 2014 as per the relevant provisions / schedules / rules of the Companies Act, 1956. The same are therefore prepared accordingly.

FINANCIAL RESULTS:

	(Rs. in Lac)	
	2013-14 [18 Months]	2012-13
Profit / (Loss) before interest, depreciation & taxation	(3928.00)	3430.97
Less: Interest and Finance Charges.....	5719.21	3637.54
Profit / (Loss) before Depreciation & taxation (Cash Profit).....	(9647.21)	(206.57)
Less: Depreciation.....	2354.74	1461.63
Profit / (Loss)	(12001.95)	(1668.20)

For the Financial Year 2013-14 for 18 months period, there is a loss of Rs.12001.95 lac as against a loss of Rs.1,668.20 lac in the previous year for 12 months period. The Company has incurred significant operational losses in Sugar Division due to a steep decline in sugar prices and unrealistically high cane prices set by the U P Government.

In view of the above, your Directors have not recommended any dividend for the year 2013-14.

WORKING OF THE DIVISIONS

Sugar Division

The crushing for the season 2013-14 started on 07.12.2013 i.e. 12 days later as compared to 25.11.2012 in the previous season and ended on 26.03.2014 as against 15.04.2013, 20 days earlier than the previous season. During the season, the plant crushed 58.91 lac quintals of sugarcane in 109 days as against 85.80 lac quintals in 141 days in the previous season. The crushing was lower by 26.89 lac quintals during this season due to a short period of crushing for lack of availability of sugarcane. The sugar recovery overall was lower at 8.96% as against

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9.14% in the previous season. The production of sugar was lower at 5.51 lac quintals, as against 7.81 lac quintals in the previous season.

The crushing for the season 2014-15 started on 02.12.2014 i.e. 5 days earlier as compared to 07.12.2013 in the previous season. During the period from 02.12.2014 to 31.01.2015, the plant crushed 18.70 lac quintals of sugarcane, the sugar recovery was at 9.60% and the production of sugar was 1.80 lac quintals.

For the season 2013-14, on 20.02.2013, the Central Government had hiked the Fair & Reasonable Price [FRP] of sugarcane from Rs.170/- a quintal to Rs.210/- a quintal at a base recovery of 9.5%.

For the season 2014-15, on 14.02.2014, the Central Government had hiked FRP of sugarcane from Rs.210/- a quintal to Rs.220/- a quintal at a base recovery of 9.50%.

For the season 2013-14, the U P Government had announced State Advised Price (SAP) of sugarcane of Rs.280/- a quintal same as that in the previous season, much beyond the paying capacity of the Sugar Mills, which resulted into substantial cane price arrears.

For the season 2014-15, the U P Government had announced a State Advised Price (SAP) of sugarcane of Rs.280/- a quintal same as that in the previous season. The said price would be paid to farmers in two instalments. The 1st instalment would be paid within 14 days @ Rs.240/- a quintal and if the payment is not made in 14 days, it would attract interest. The 2nd instalment of Rs.40/- a quintal has to be made within 3 months after crushing comes to an end. The State Government also announced a reimbursement and subsidy of Rs.20/- a quintal with a break-up of society commission @ Rs.6.60 a quintal; purchase tax @ Rs.2/- a quintal; entry tax on sugar @ Rs.2.80 a quintal; & an additional support @ Rs.8.60 a quintal on payment of entire cane price. In addition to this, the U P Government has linked its additional support of Rs.8.60 a quintal to market forces and has decided that if the price of sugar and its by-products viz. Molasses, bagasse, Press Mud go below or above the benchmark prices viz. Rs. 3,100/-; Rs. 390/-; Rs. 167/- & Rs. 26/- per tonne respectively, during 01.10.2014 to 31.05.2015, it would either reduce the support or increase it in proportion.

The cost of production in U.P. became the highest in the country, which rendered the U. P. Sugar Industry unviable, cash-starved and uncompetitive. There is an urgent need to rationalize the cane pricing policy in U.P. and adopt a 'linkage formula' recommended by the Rangarajan Committee. The two major sugar producing States i.e. Maharashtra and Karnataka, who together contribute for almost 50% of the country's sugar production, have adopted and implemented the 'linkage formula' as recommended by the Rangarajan Committee for determining the cane price automatically. It is understood that a team of senior officials from U.P. had visited Maharashtra and Karnataka to study their cane pricing system and have submitted their report to the State Government but no decision is taken till date in the matter. The U P Government had announced to form a high level committee to determine a fair Sugarcane Pricing Policy.

Recently, the Supreme Court upheld the Allahabad High Court Order that the Sugar Mills must sell the sugar stocks, given as security to the Banks, to clear the sugarcane arrears to farmers.

The Banks have therefore become quite apprehensive due to seizure and forced auction of sugar stocks of several Companies by the State authorities, ignoring the first charge of Banks. The Banks have refused to renew credit facilities for the current season as they want clarity and transparency on the cane pricing policy to take further exposures on U.P. Sugar Mills.

In February 2014, the Central Government had extended sugar export incentives by way of subsidy @ Rs.3,300/- a tonne for export upto 4 million tonnes of raw sugar, which was increased to Rs.3,371/- a tonne for August & September 2014, to improve domestic sugar price and in turn the profitability of the Company.

In a move to bail out the ailing Sugar industry struggling with lower prices and higher stocks, in August 2014, the Food Ministry had hiked import duty on sugar from 15% to 25%; and raised the limit of Ethanol blending with Petrol to 10%.

On 14.8.2014, the U P Government had notified the Molasses Policy for 2013-14 (November-October) with retrospective effect. According to the new policy, 34% of the total molasses produced in U P were reserved for production of liquor, up from 20% earlier. The Policy made it mandatory for Sugar mills to sell molasses to country-liquor manufacturers at prices lower than the market rates.

During the season 2013-14, Molasses produced was 2.71 lac quintals as against 3.98 lac quintals. Bagasse produced was 18.23 lac quintals as against 26.07 lac quintals in the previous season.

The U P Government had announced its Molasses Policy for 2014-15 (November-October), wherein the molasses reservation rate to the country-liquor manufacturers had been reduced from 34% to 15%. The Policy had been

specifically formulated to help the sick driven Sugar industry, which was required to reserve a part of their total molasses production for the country-liquor manufacturers at a rate which is much lower than the market specified prices.

For the season 2014-15, during the period 02.12.2014 to 31.12.2014, Molasses produced was 0.84 lac quintals. Bagasse produced was 5.36 lac quintals.

Power Division

During the sugar season 2013-14, the Plant started on 05.12.2013 as against 01.10.2012 and operated for 131 days as against 250 days in the previous sugar season. The Plant consumed 1.78 lac MT of bagasse as fuel to generate 1.01 lac MW as against 3.95 lac MT of bagasse as fuel to generate 1.89 lac MW in the previous sugar season. The total power exported to the grid was 0.73 lac MW amounting to Rs. 34.31 crore as against 1.47 lac MW amounting to Rs.70.22 crore in the previous sugar season.

For the sugar season 2014-15, the Plant started on 30.11.2014 as against 05.12.2013. During the period 30.11.2014 to 31.12.2014, the Plant consumed 0.50 lac MT of bagasse as fuel to generate 0.25 lac MW. The total power exported to the grid was 0.18 lac MW amounting to Rs. 10.25 crore.

Spirits Division

During the 18 months period under review, the production of Rectified Spirit (RS) was 129.54 lac bulk litres as against 83.88 lac bulk litres in 12 months period of the previous year. The production of Extra Neutral Alcohol (ENA) was 59.72 lac bulk litres as against 39.97 lac bulk litres in 12 months period of the previous year. The quantity of Country Liquor supplied was 14.85 lac cases as against 7.57 lac cases in 12 months period of the previous year. The sale of IMFL was lower at 1.93 lac cases as against 2.94 lac cases in 12 months period of the previous year.

Agrotech Division:

Seed Division

With effect from 1.7.2013, the Company has merged its Seed Division into Agrotech Division, in view of surrender of the farm lands by the Company in June 2013, which were declared as surplus under the U.P. Imposition of Ceiling on Land Holding Act, 1960.

SUBSEQUENT FINANCIAL YEAR 2015-16 (15 Months)

Sugar Division

The crushing season 2014-15 is already started from 02.12.2014 and is expected to continue up to end of March 2015.

The Central Government is likely to announce export incentives for the year 2014-15 (October/ September) by way of subsidy of Rs.4,000/- a quintal for export of about 1.4 million tonnes raw sugar to enable the Sugar Mills to export raw sugar at a competitive global prices and to trim inventory piled-up due to the 5th straight year of surplus output, before the end of the season, which may result into increase in the domestic price of Sugar.

Power Division

The Cogen Power Plant is already started from 30.11.2014 and is expected to run up to 2nd week of April 2015.

Recently in December 2014, UP Electricity Regulatory Commission has revised the tariff rate for sell of power from Rs.4.81 per unit to Rs.5.50 per unit w.e.f. 01.4.2014, which will result into additional revenue. The Company has applied for Renewable Energy Certificate for 5,271 units, which will generate additional revenue.

Spirits Division

The sugar cane crushing is expected to be the same as in the previous season. Therefore, the total molasses availability will also be almost the same.

RAISING FUNDS THROUGH OPTIONALLY CONVERTIBLE PREFERENCE SHARES

As you are aware, the Annual Accounts for the year 2012-13 had reported a loss of Rs.1668.20 lac, which resulted in reducing the Net Worth of the Company. The Promoters / Promoter Group Companies had given non-interest bearing unsecured loans amounting to Rs.11,30,00,000/- to the Company as per the requirement of the

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Lending Bankers out of which the Company had converted earlier Rs.8,23,50,000/- into Equity Shares through Optionally Convertible Preference Shares Issue leaving the balance Unsecured Loan amount of Rs.3,06,50,000/-.

Considering the immediate need of the Company to take steps to improve its net worth, as per the SEBI Regulations, on 27.3.2014, the Company had allotted 30,65,000 Zero Coupon Optionally Convertible Preference Shares ("OCPS") of Rs.10/- each aggregating to Rs.3,06,50,000/- to the Promoters / Promoter Group on Preferential basis with an option to convert the OCPS into Equity Shares of Rs.10/- each at a price of Rs.21/- per Equity Share (including premium of Rs.11/-) within a period of 18 months from the date of allotment of OCPS, in one or more tranches.

During the Financial Year 2013-14, on exercise of option to convert 28,95,900 OCPS [leaving the balance 1,69,100 OCPS] by the Promoters / Promoter Group, on 8.5.2014, the Company had allotted 13,79,000 Equity Shares of Rs.10/- each at a price of Rs.21/- per Equity Share (including premium of Rs.11/-) aggregating to Rs.2,89,59,000/-.

Thus, the Issued, Subscribed & Paid up Equity Share Capital of the Company stands increased from 86,20,162 Equity Shares of Rs.10/- each aggregating to Rs.8,62,01,620/- to 99,99,162 Equity shares of Rs.10/- each aggregating to Rs.9,99,91,620/-. The total shareholding of the Promoters & Persons acting in concert with the Promoter & Promoter Group stands increased from the existing 64.927% to 69.764%. The Company has obtained the necessary Listing & Trading approvals from BSE & NSE for the same.

REDEMPTION OF PREFERENCE SHARES

In 2004, the Company had allotted 20,00,000 - 1% Cumulative Redeemable Preference Shares (CRPS) of Rs.10/- each fully paid-up aggregating to Rs.2,00,00,000 to Industrial Development Bank of India (IDBI), as per the Consent Terms dated 17.10.2003 signed under the Negotiated Settlement. The said CRPS were to be redeemed in 3 annual installments respectively on 10.08.2011, 10.08.2012 and 10.08.2013. Accordingly, the Company has paid all the 3 installments as on date. The Cumulative Dividend for the years 2011-12 & 2012-13 will be paid on the respective balance amounts as and when the Company declares Dividend on its Equity Shares.

RESTRUCTURING OF TERM LOANS

In view of the operational losses in the Sugar Division, at the request of the Company, Allahabad Bank and UCO Bank have restructured their Term Loans for Cogen Project amounting to Rs. 43.73 crores and Rs 41.11 crores respectively. For the purpose of the restructuring, 01.07.2014 has been agreed as the cut-off date. As per the restructuring package, the Company shall be allowed to repay the Cogen Term Loans as on the cut-off date over a period of 8 years (including the moratorium period of 2 years). The Company shall also be allowed to service the interest on the Cogen Loans during the moratorium period (i.e. 01.07.2014 to 30.06.2016) from Funded Interest Term Loan [FITL] sanctioned under the restructuring package. The FITL sanctioned is Rs.10.80 crore and Rs.10.12 crore by the Allahabad Bank and UCO Bank respectively.

DIRECTORS

Shri K D Sheth resigned from the office of Director of the Company with effect from 03.11.2014, due to old age; Shri K Kannan, expired on 18.12.2014; Smt. M H Kilachand resigned from the office of Director of the Company w.e.f. 31.12.2014 as she was not able to participate actively in the deliberations of the Board as a Director of the Company due to her engagement in various social activities.

The Board of Directors placed on record its sincere appreciation for the valuable support and guidance given by Shri K D Sheth, Shri K Kannan and Smt. M H Kilachand to the Company during their tenure as Director of the Company.

Shri P Nayak (Nominee of General Insurance Corporation [GIC]), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The brief profile, pursuant to Clause 49 of the Listing Agreement of the Directors retiring by rotation at the ensuing Annual General Meeting and being eligible, for reappointment, forms part of the Corporate Governance.

Shri H R Kilachand was reappointed as the Chairman and Managing Director of the Company for a further period of 3 years with effect from 14.8.2013. Kesar Terminals and Infrastructure Limited (KTIL) had also reappointed Shri Kilachand as Whole Time Director designated as Executive Chairman for a further period of 3 years with effect from 14.09.2013. 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. Accordingly, Shri Kilachand had drawn remuneration of Rs.9.05 lac from the Company from 01.07.2013 to 30.06.2014. Shri

KESAR ENTERPRISES LIMITED

Kilachand opted for not drawing any remuneration from 01.07.2014 in view of heavy operational losses incurred by the Company.

Pursuant to the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, subject to the approval of the Central Government, if required, and as approved by the Nomination & Remuneration Committee and the Board of Directors on 27.01.2015, Shri D J Shah was appointed as a Whole Time Director of the Company for a period of 3 years with effect from 27.01.2015 to 26.01.2018 on a remuneration, subject to your approval, as mentioned in the Special Resolution as placed before the Shareholders for approval.

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 18 months period ended on 31.12.2014, 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 loss 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 18 months period ended on 31.12.2014 on a going concern basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

INSIDER TRADING

In compliance with the SEBI regulation on prevention of Insider Trading, your Company has framed a comprehensive code which lays down guidelines and advises the Directors and employees of the Company on procedures to be followed and disclosures to be made, while dealing in securities of the Company.

INSURANCE

The Company has taken adequate insurance for all its properties.

FIXED DEPOSITS

Fixed Deposits of Rs.93,000/- due for repayment on or before 31.12.2014 were not claimed by 3 depositors as on that date.

Further, as per the Companies Act, 2013, since the Company does not fall within the criteria stipulated under the Act, it has discontinued acceptance and renewal of fresh / existing Fixed Deposits w.e.f 01.10.2013. Since the Company is facing a financial crunch, the Company is not in a position to repay the entire outstanding Fixed Deposits on or before 31.3.2015 as stipulated under Section 74 of the Companies Act, 2013 and therefore will make necessary application to the concerned authorities for permission to repay the Fixed Deposits on its maturity date or at such extended time as may be approved by the concerned authorities.

AUDITORS' REPORT

With respect to para (x) of the annexure to Auditors' Report, the Shareholders may note that under the provisions of Section 2(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 [SICA], the Company is regarded as a Sick Industrial Company as at the end of the Financial Year i.e. on 31.12.2014 for 18 months period, it has an Accumulated Losses exceeding its entire Net Worth.

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Under the Companies Act, 2013, as per Section 253, sickness of a Company will be determined not on the basis of whether Accumulated Losses exceed Net Worth but on the basis of whether, on a demand by the secured creditors of the Company representing 50% or more of its outstanding amount of debt, the Company has failed to pay the debt within a period of 30 days of the service of the Notice of Demand. In such event, the said secured creditor may file an application to the National Company Law Tribunal [Tribunal] along with the relevant evidence for such default, non-repayment or failure to offer security or compound it, for a determination that the Company be declared as a Sick Company.

As Section 253 is not yet Notified and the Tribunal is not yet formed, the provisions of SICA will continue to apply to such Companies. As per Section 15 of SICA, a reference to the Board for Industrial and Financial Reconstruction [BIFR] will be made within 60 days from the date of finalization of the audited Accounts that the Company has become a Sick Industrial Company.

Report of the Board of Directors as to such erosion, causes for such erosion

As per the audited Accounts of the Company for the 18 months period ended 31.12.2014, the Loss of the Company is Rs.120.02 crore. The Accumulated Loss is Rs.150.59 crore. The Net Worth is Rs.(114.53) crore as calculated on the basis of book value of the Assets of the Company (without considering Revaluation of its Assets amounting to Rs.232.06 crore).

Causes for erosion:

The performance of the Company was adversely affected during the years 2011-12; 2012-13 & 2013-14 (18 months) on account of the following reasons:

1. In the year 2011-12, there was a loss of Rs.1998.50 lac, which included a onetime Exceptional Item relating to the payment of differential cane price of Rs.1281.54 lac pertaining to the Sugar Season 2007-08 as per the Hon'ble Supreme Court Order dated 17.12.2012.
2. In the year 2011-12 the Company had to sell 10% of its total production of sugar at levy price.
3. In the years 2011-12 and 2012-13, the State Advise Price (SAP) of sugarcane was increased substantially by UP Government by Rs.40/- per quintal in both the years, increasing it from Rs.200/- per quintal in the year 2010-11 to Rs.240/- and further to Rs.280/- per quintal for the years 2012-13 respectively and thereafter for 2013-14 also the same SAP was fixed, which substantially affected the cost of production of sugar in all the years. As compared to that the market price of sugar remained lower at about Rs.2,650/- per quintal than the cost of production during the years ranging between Rs.2,800/- per quintal and Rs.3,600/- per quintal. The above resulted into huge losses in the Sugar Division.
4. Sugarcane production went down due to excessive early rainfall affecting yield & recovery.
5. The sugar recovery was lower in all the years as compared to that in the year 2010-11.
6. Distillery was forced to shutdown for a while in the year 2012-13 due to the Kumbhmela.

Steps & Measures

1. Uttar Pradesh Power Corporation Limited (UPPCL) has revised the power tariff upward, which will result into additional profit.
2. In view of the expectation of announcement for incentive on export of raw sugar by the Central Government, the average realization of sugar sale rate may improve.
3. In the year 2013-14, the promoters have brought in fresh capital amounting to Rs.306.50 lac to improve the Net Worth.
4. Recovery is better this season due to wide spread rainfall and better cane varieties planted.

With respect to para (xvii) of the annexure to Auditors' Report, the Directors would like to clarify that the necessary steps will be taken to raise long term funds in due course.

AUDITORS

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

INTERNAL CONTROL SYSTEM & INTERNAL AUDITORS

The Company has an adequate Internal Control System. All transactions are properly authorized, recorded and reported to the Management. The Company has Independent Auditors M/s. Ashok Jayesh & Co., Chartered Accountants

KESAR ENTERPRISES LIMITED

to review critical areas of operations. The Audit Reports are reviewed periodically by the management and the Audit Committee of the Board and appropriate measures are taken to improve the process.

COST AUDITOR

Pursuant to the directives of the Central Government under Section 233B of the Companies Act, 1956, the Board had appointed Mr. Rishi Mohan Bansal, Cost Accountant as Cost Auditor of the Company to conduct Cost Audit for the products 'Sugar & Alcohol' and 'Electricity Generation' for the 18 months period ended 31.12.2014. The Cost Audit Report for the same will be submitted to the Central Government before the due date.

Similarly, pursuant to Sections 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, as recommended by the Audit Committee and approved by the Board of the Company, the appointment and payment of remuneration to M/s. R M Bansal & Co., Cost Accountant, Kanpur, as Cost Auditor is proposed at the ensuing Annual General Meeting, to conduct the audit of the cost records of the Company relating to Sugar & Industrial Alcohol and Generation of Power for the 15 months period ending 31st March, 2016.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Ragini Chokshi & Co., Practicing Company Secretary, as Secretarial Auditor of the Company for a period of 5 Financial Years starting from the financial year 2015-16 to conduct Secretarial Audit and provide Secretarial Audit Report in Form MR3.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has continued to play its role as a responsible corporate citizen, adding value to society and addressing the contemporary societal needs and challenges. The Corporate Social Responsibility philosophy ensures that while business objectives are met and shareholder value is enhanced, the Company equally focuses on engaging with the wider community and sustainably addressing environmental concerns in its sphere of operations.

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, along with a Certificate from the Secretarial Auditors' confirming the compliance, are annexed, which forms part of this Report.

CMD / CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, the CMD / CFO Certificate forms part of this Report and is annexed hereto.

EMPLOYEES

Relation with the employees remained cordial throughout the year. Your Directors place on record their deep sense of appreciation for the devoted services of the employees of the Company. In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are prepared by the Company. However, as per the provisions of Section 219(l)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is sent to all the shareholders of the Company and others entitled thereto. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their grateful appreciation for the assistance and cooperation extended by the Banks, Financial Institutions and the wholehearted support extended by the Shareholders during the year under review.

By Order of the Board of Directors

H R KILACHAND

Chairman & Managing Director

DIN: 00294835

17th February, 2015

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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:

- We have replaced steam driven drives with electric drives with the latest technology with VFDs along with automation through Distributed Control System (DCS). The electric drives consume much less energy to drive the mills and thereby results in additional saving of bagasse ultimately benefiting by an increase in power sales.
- After reviewing the benefits of Mono Magnetic System installed in the previous year, we have added few more such systems in our process.

A.	POWER AND FUEL CONSUMPTION		2013-14 (01.07.2013 to 31.12.2014)	2012-13
1.	ELECTRICITY			
	a Purchased			
	Unit	Kwh	11,60,104	6,03,380
	Total Amount	Rs.	1,22,66,043	74,86,906
	Rate/Unit	Rs.	10.57	12.41
	b Own Generation			
	i) THROUGH DIESEL GENERATOR			
	Unit	Kwh	62,476	2,93,118
	Units Per Ltr. Of Diesel Oil	Kwh	3.13	3.32
	Rate / Unit	Rs.	18.54	15.54
	ii) THROUGH STEAM TURBINE			
	Unit	Kwh	12,62,00,006	18,96,21,503
	Units Per M. T. of Steam	Kwh	194.11	199.88
	Rate / Unit *	Rs.	-	-
2.	COAL			
	Quantity	M.T.	-	32
	Cost#	Rs.	-	1,78,678
	Average Rate#	Rs.	-	5,511.86
3.	BAGASSE (OWN)			
	Quantity	M.T.	2,27,930.38	3,60,949.59
	Cost #	Rs.	-	-
	Average Rate #	Rs. (M.T.)	-	-
4.	OTHER FUEL BAGASSE (Outside)			
	Quantity	M.T.	21,394	26,921
	Cost #	Rs.	1,70,24,961	80,53,466
	Average Rate#	Rs.	796	299
5.	Rice Husk			
	Quantity	M.T.	537.40	2,333.87
	Cost	Rs.	21,13,506	91,18,784
	Average Rate		3,932.84	3,907.16
6.	Cane Trash			
	Quantity	M.T.	-	1,690
	Cost	Rs.	-	13,48,255
	Average Rate	Rs.	-	798
7.	H. S. DIESEL			
	Quantity	Ltr.	19,950	8,8390
	Cost	Rs.	11,58,436	45,54,666
	Average Rate	Rs.	58.07	51.53

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

Not applicable as this is a by-product.

B. Consumption per unit of production

	Product (Sugar)			
	Electricity	Kwh / M.T.	352.40	337.54
	Bagasse / Risk Husk / Cane Trash	M.T. / M.T.	-	-
	Diesel Oil	Ltr. / M.T.	-	0.02
	Product (Industrial Alcohol)			
	Electricity	Kwh /000' Ltrs	91.79	94.27
	Coal	Qtls./000' Ltrs	-	0.01
	Bagasse (Pith)	M.T./000' Ltrs	-	-
	Rice Husk	Ltr./000' Ltrs	0.01	0.10
	Diesel Oil	Ltr. / 000'Ltrs	-	0.03

FORM B

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

A. RESEARCH AND DEVELOPMENT

- Rapid multiplication of new promising varieties of Sugarcane, Rejuvenation of existing prominent varieties & Production of disease free Sugar Cane Plant.
- Production of Tricho-cards to control Sugar Cane borers.
- Cogen & Distillery waste water concentration by using Reverse Osmosis (RO) Technology.
- Lotus roller installation at last mill gave the moisture and pol control in the outgoing bagasse.

B. BENEFITS DERIVED

Expenditure on R & D (in lac)		2013-14	2012-13 (in lac)
a)	Capital	0.00	0.00
b)	Recurring	0.00	183.61

The information on Foreign Exchange Earnings and Outgo is furnished in the Notes to the Account. (Please refer to Note No.37 of Notes forming part of financial statements)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SCENARIO IN INDIA

Sugar

India is the second largest producer of sugar in the world. The sugar industry is the largest agro-processing sector in India. It is dominated by the co-operative sector in terms of number 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 as well as production. The industry is regulated by the Central and State Governments by way of cane growing area, sugarcane pricing, import-export policy, government policy etc. Sugar cane is cultivated in around 5 million hectares in India. The major sugarcane producers are Uttar Pradesh, Maharashtra, Tamilnadu and Karnataka. Uttar Pradesh alone contributes about 47% of the total acreage and has 38% share in the total domestic production. Sugar cane is the only source of sugar production in India unlike many other countries, which produce sugar from sugar beat.

Power

Bagasse based cogeneration in sugar factories in India has an established potential capacity of 7000 MW. The installed capacity is 2250 MW in 190 plants in India today. Most plants are set up with cogeneration plant power cycle at pressures of 45, 67 and 87 kg/cm². About 750 MW capacity is in various stages of construction at 50 plants in India. Therefore, from among 550 sugar factories, cogeneration has been set up in about 240 factories and the remaining operational factories are selling bagasse in the market as is the usual practice.

Spirits

The alcohol industry is segregated into five major segments i.e. beer, wine, IMFL, bottled in origin alcoholic products and country liquor. IMFL consists of whisky, rum, brandy, gin and vodka. The increase in per capita income of the middle class led by growing young population force, urbanization and change in lifestyles are factors which will keep the demand for IMFL & country liquor robust. Though the per capita consumption for alcohol beverages in India is comparatively lower as against developed countries, the sector has a promising growth.

COMPANY STRUCTURE & DEVELOPMENT

Sugar

The sugar factory is located at Baheri, Dist. Bareilly, Uttar Pradesh, one of the largest producers of sugarcane in the country. The plant started with an initial crushing capacity of 800 tons of cane crushed per day (tcd), which had been gradually increased to 7,200 tcd over 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.

Power

The Company has commissioned its 44mw Bagasse based Cogeneration Power Plant at Baheri. It is the most efficient and largest capacity single plant in the sugar Cogeneration Sector in U.P. & perhaps the country, a world class plant having a state-of-the-art Process Control system with performance monitoring software. The Company exported majority of power produced to the grid and will benefit from the well established government policies related to renewable energy and also perhaps get benefit of carbon trading rights or renewable energy certificate.

Spirits

The Company had set up a Distillation Plant in order to effectively harness molasses, a by-product generated by its sugar factory. Its capacity has been increased to 50,000 klp over a period of time. It has a modern and sophisticated process of continuous fermentation of molasses, which gives higher yields and produces good quality spirit. The Company manufactures 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 Bio-gas, which is

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burnt in the boilers generating steam and the effluent from the Bio-reactor is further treated in a reverse osmosis plant and is further used to manufacture bio-compost. This bio-compost is then mixed with other nutrients to produce bio fertilizers, which is then sold.

OPPORTUNITIES & THREATS

Sugar

The Company expects a similar crushing period this season as that of the previous season. Untimely change in government policy and upward pricing in terms of Fair Remunerative Price (FRP) and State Advised Price (SAP) can prove a threat to the Company.

Power

The Company has set up a state of the art cogeneration plant operating at very high pressure of 115 kg/cm². Therefore, it is very efficient when compared to majority of the cogeneration plants having power cycle at pressures of 45, 67 and 87 kg/cm². This will therefore translate into producing more power from same bagasse. Besides, as our boiling house is also very efficient, there will be more savings of bagasse per ton of sugar produced and this saved bagasse will also enable us to produce more power.

Spirits

The demand for spirits is likely to be promising in the years to come. The Company's products have a strong hold in the North and has been able to sustain competition. The alcohol beverage industry being under the domain of the respective State government policies, rapid and unexpected changes may prove a threat to the Company. As also, the slow process to penetrate our brands in new markets, competition from existing peers, levy of various duties have an impact on the division of the Company.

OUTLOOK

Sugar

The sugar industry will be a major player in producing cost effective energy and fuel from its by-products bagasse and molasses. Bagasse can be processed for co-generation of power. Also, ethanol produced from molasses can be used as motor fuel by blending it with petrol.

Power

The season ahead should see the proper utilization of the cogeneration plant and therefore the exportable power will give rise to more revenues. Also due to the rate hike, the income / profits will rise over previous season.

Spirits

The consumption of liquor has been at a steady rise.

RISKS AND CONCERNS

Sugar Division being agro based is vulnerable to various risks enumerated below:

Raw Material Risk:

Sugarcane is the principal raw material for manufacture of Sugar, Spirits and Power and its shortages could be on account of pest attacks, crop diseases, diversion of land by farmers. Shortage of the basic raw materials would severely impact the working of the divisions of the Company. To mitigate these risks, the Company has adopted sound agronomic practice and improvement in basic infrastructure facilities.

Price Risk:

Sugar price is susceptible to fluctuations on account of international demand and supply, government pricing for cane as well as sugar, variance in production capacities of peers. Any change may affect the margins of the Company.

Regulatory Risk:

The policies of the Central and State Governments in terms of Fair Remunerative Price (FRP) and State Advised Price (SAP) for sugarcane have an impact on the operations of the Company. Increase in duties on liquor products has an impact on the margins of the Company.

INTERNAL CONTROL SYSTEM

The Company has an appropriate internal control system for its various functions with the ultimate objective of improving efficiency in its operations, better financial management and compliance with regulations and applicable laws. The Company has appointed an Internal Auditor [External]. 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 before the Audit Committee for review and discussion.

SEGMENT-WISE FINANCIAL PERFORMANCE

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

The Company considers human capital as a critical asset and success factor for smooth organizational work flow. Efforts are made to improve skills, knowledge and performance of employees by timely training, job satisfaction and enrichment. The Company has added to its fold, experienced manpower in line with future areas of growth.

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.

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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 shareholder value in the long term.

2. Board of Directors:

The Board of Directors has the optimum combination of Executive and Non-Executive Independent Directors and not less than fifty percent of the Board of Directors comprises of Non-Executive Directors. The Chairman of the Board is an Executive Director. The Board of Directors consists of the following Directors.

Name of Director	Category
Shri H R Kilachand (DIN:00294835)	: Chairman & Managing Director
Shri A S Ruia (DIN:00296622)	: Non-Executive Independent Director
Shri K Kannan (DIN:00001509)	: Non-Executive Independent Director (Expired on 18.12.2014)
Shri K D Sheth (DIN:00296674)	: Non-Executive Independent Director (upto 03.11.2014)
Smt. M H Kilachand (DIN:00296504)	: Non-Executive Director (upto 31.12.2014)
Shri Ajeet Prasad (DIN:00028983)	: Non-Executive Independent Director
Shri P N Dubey (DIN:02132564)	: Non-Executive Independent Director
Shri P Nayak (DIN:06670875)	: Nominee Director – GIC
Shri D J Shah (DIN:03095028)	: Director & Company Secretary (w.e.f. 27.01.2015)

Attendance of each Director at Board Meetings and Committee Meetings held during 01.07.2013 to 31.12.2014 & also at the last Annual General Meeting held on 08.10.2013 and the number of other Directorship and Chairmanship/ Membership of Committees of each Director in various Companies are as follows:

Name of the Director	Attendance Particulars						Sitting Fees paid (Rs.)	No. of other Directorships and Committee Member / Chairmanship in other Companies		
	Out of 9 Board Meetings	Out of 6 Audit Committee Meetings	Out of 2 Remuneration Committee Meetings	Out of 1 Allotment Committee Meeting	Out of 6 Share Transfer Committee Meetings	Last AGM		Director ships*	Comm Member #	Chairman-ships #
Shri H R Kilachand	9	(\$ 6	NA	NA	6	Yes	-	2	3	-
Shri A S Ruia	9	6	2	1	6	Yes	4,64,600	3	1	3
Shri K Kannan	6	3	1	1	-	Yes	2,09,000	-	-	-
Shri K D Sheth	8	5	2	NA	5	Yes	4,04,600	-	-	-
Smt. M H Kilachand	7	NA	NA	NA	NA	Yes	1,33,400	-	-	-
Shri A Prasad	7	5	NA	1	NA	No	2,37,800	1	-	1
Shri P N Dubey	9	NA	NA	1	1	Yes	2,13,400	-	-	-
Shri P Nayak	6	NA	NA	NA	NA	Yes	1,15,600	1	1	-

* Excludes Directorship in Private Limited Company, which is neither a Subsidiary nor a Holding Company of a Public Company, Non Profit Companies registered under Section 8 of the Companies Act, 2013 and Alternate Directorship, as per Section 165 of the Companies Act, 2013.

As per Explanation (ii) to Clause 49 (II) (D) of the Listing Agreement Chairmanship / Membership of the Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies is considered.

(\$) Attended by invitation.

KESAR ENTERPRISES LIMITED

The Non-Executive Directors were paid Sitting Fees of Rs.17,78,400/-, for attending the Board Meetings and the Committee Meetings held during 01.07.2013 to 31.12.2014, as stated above.

Shareholding of Non-Executive Directors pursuant to Clause 49(IV)(E)(iv) of the Listing Agreement is as under :

Name of Non-Executive Director	Shares held in the Company
Shri A S Ruia	1,000
Shri Ajeet Prasad	250
Shri P N Dubey	250

Information on Directors retiring by rotation eligible for reappointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

	1	2	3
Name of the Director	Shri A. S. Ruia	Shri Ajeet Prasad	Shri Prakash Dubey
Date of Birth	17.12.1943	15.03.1955	15.08.1946
Date of Appointment on the Board	23.03.1985	29.01.2010	18.04.2012
Qualification	Sr. Cambridge	BSc., MBA	M.A. (Modern History)
Expertise in Functional Area	He is on the Board as an Independent Director. He is an Industrialist and has vast knowledge and experience in Sugar & Distillery industries.	He is on the Board as an Independent Director. He is the former Executive Director of UTI AMC Ltd. He is having experience in mutual fund, banking operations, implementation of financial services and designing strategies. He has vast experience in the area of 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.	He is on the Board as an Independent Director. He has vast experience in Income Tax Department. He retired as Chief Commissioner, Income Tax, Mumbai in August 2006. He was conferred with the "Padmashree" Award in 2009 and also in 1992, the "National Press India" Award for Photography by the President of India at the Rashtrapati Bhawan. He is the Author of 5 Coffee Table Books, the only Author from India to have the privilege of a Book Release at the House of Lords, Westminster, London. He was Brand Ambassador for Fuji Films in India. Currently, he is the Member of National Committee for the conservation of the Asiatic Lion, Government of Gujarat.

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Number of Shares held in the Company	1000	250	250
List of Directorship held in other Companies	Kesar Terminals & Infrastructure Ltd. Kesar Multimodal Logistics Ltd. The Kolhapur Sugar Mills Ltd. Ruarco Investments Pvt. Ltd. Ruia & Ruia Pvt. Ltd.	India Nivesh Investment Advisors Pvt. Ltd.; SREI Asset Management Pvt. Ltd LICHFL Financial Services Ltd.	Lavanya Publishers Pvt. Ltd.
Chairman/Member of the Committees of the Boards of Companies in which he / she is Director	Chairman:- Asset Management Committee and Audit Committee of Kesar Enterprises Ltd. Audit Committee & Stakeholders Relationship Committee of Kesar Terminals & Infrastructure Ltd. Audit Committee; and Nomination & Remuneration Committee of Kesar Multimodal Logistics Ltd Member: Stakeholders Relationship Committee; Nomination & Remuneration Committee of Kesar Enterprises Ltd. Nomination & Remuneration Committee of Kesar Terminals & Infrastructure Ltd.	Chairman: Nomination & Remuneration Committee of Kesar Enterprises Ltd. Audit Committee of SREI Asset Management (P) Ltd. Member: Audit Committee of Kesar Enterprises Ltd. and Nomination & Remuneration Committee of SREI Asset Management (P) Ltd.	Chairman: Stakeholders Relationship Committee of Kesar Enterprises Ltd. Member: Audit Committee, Nomination & Remuneration Committee and Asset Management Committee of Kesar Enterprises Ltd.

Information on re-appointment of Director retiring by rotation:

Shri P Nayak has been nominated by General Insurers' (Public Sector) Association of India (GIPSA) as Director on the Board of the Company. As per Section 149(6) of the Companies Act, 2013, Shri P Nayak, Nominee Director, will not be considered as the Independent Director and will be liable to retire by rotation. Shri P Nayak will be retiring by rotation at the ensuing Annual General Meeting and is eligible for reappointment. He is 58 years of age. He is a B.SC graduate. He is having vast experience in General Insurance Industry with National Insurance Company Ltd., United India Insurance Company Ltd. and New India Assurance Company Ltd. Presently, he is working as General Manager in New India Assurance Co. Ltd., Mumbai.

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

In all 9 Board Meetings were held during 01.07.2013 to 31.12.2014, as against the minimum requirement of 6 meetings.

3. Audit Committee:

In terms of Clause 49(III)(A) of the Listing Agreement, the Company has an Audit Committee comprising only of Non-Executive Independent Directors. The Chairman of Audit Committee is an Independent Director. The Audit Committee meets at regular intervals, of not exceeding 4 months gap between any two meetings, with a minimum of 4 meetings in a year.

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;

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15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The existing Audit Committee consists of 3 Non-Executive Independent Directors viz. Shri A S Ruia, Chairman of the Committee, Shri Ajeet Prasad and Shri Prakash Dubey, Members. The said Directors are financially literate and have accounting or related financial management expertise. Shri D J Shah, is the Secretary to the Audit Committee.

During the year under review, the Audit Committee met 6 times during 01.07.2013 to 31.12.2014, as required under the Act. CMD, CFO, Internal Auditor and representatives of Statutory Auditors were present as Invitee in all such Meetings.

The Company has a full-fledged Internal Audit Department, which performs periodical 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. The Company has also appointed external Internal Auditor – M/s. Ashok Jayesh & Associates.

4. Nomination & Remuneration Committee [NRC]:

The Company has NRC consisting of 3 Non-Executive Independent Directors viz. Shri Ajeet Prasad, Chairman of the Committee, Shri A S Ruia, and Shri Prakash Dubey, Members.

Terms of reference of the Nomination & Remuneration Committee :

The brief terms of reference of this Committee includes consideration, review and approval of remuneration of Chairman & Managing Director and sitting fees payable to Non-Executive Directors with regard to performance standards and existing industry practices.

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Director and the Board.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan.
- To assist the Board in fulfilling responsibilities.
- To Implement and monitor policies and processes regarding principles of corporate governance.

During 01.07.2013 to 31.12.2014, 2 meetings of NRC were held.

During the year under review, Shri H R Kilachand, Chairman & Managing Director was paid remuneration of Rs. 9.05 lac from the Company for the period 01.07.2013 to 30.06.2014. Shri Kilachand opted for not drawing any remuneration from 01.07.2014 to 31.12.2014 in view of heavy operational losses incurred by the Company.

5. **Share Transfer Committee:**

The Company has a Share Transfer Committee consisting of Shri H R Kilachand, Chairman of the Committee, Shri A S Ruia and Shri Prakash Dubey, Members of the Committee to review and approve the transfer of shares, issue of duplicate share certificates and requests regarding transmission of shares. 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 31st December 2014.

6. **Asset Management Committee:**

The Company has an Asset Management Committee consisting of Shri A S Ruia - Chairman of the Committee and Shri Prakash Dubey, Member. During 01.07.2013 to 31.12.2014, as stated above, no meeting was held.

7. **Shareholders / Investors Grievance Committee/Stakeholders Relationship Committee:**

As required under Clause 49 of the Listing Agreement, the Board has duly constituted a Shareholders/ Investors Grievance Committee/ Stakeholders Relationship Committee specifically to look into the redressal of Investors' complaints relating to transfer of shares, non-receipt of annual report / dividend warrants etc.

The Company has the Shareholders / Investors Grievance Committee/ Stakeholders Relationship Committee consisting of Shri Prakash Dubey, Chairman of the Committee, Shri A S Ruia, and Shri H R Kilachand, as Members. During the Financial Year ended 31.12.2014 and till the date of this report, the Company had not received any complaint from the Shareholder. No sitting fee is paid to the Directors for attending Shareholders / Investors Grievance Committee/ Stakeholders Relationship Committee.

8. **Allotment Committee:**

The Board had constituted an Allotment Committee consisting of 4 Independent Directors viz. Shri K Kannan, Chairman of the Committee, (Since expired on 18.12.2014), Shri A. S. Ruia, Shri K D Sheth (upto 03.11.2014) and Shri Prakash Dubey, as Members of the Committee for allotment of 30,65,000 zero coupon Optionally Convertible Preference Shares (OCPS) of Rs.10/- each. During the period, one Meeting was held on 27.03.2014 to allot 30,65,000 OCPS amounting to Rs. 3,06,50,000/-.

9. **Risk Management Committee:**

The Board has a Risk Management Committee consisting of Shri Prakash Dubey (Independent Director) as Chairman of the Committee, Shri S M Sharma, Sr. Vice President, Baheri, Shri Anupam Desai, Sr. Vice President - Project & Technical as Members of the Committee.

10. **Compliance Officer:**

As per Clause 47(a) of the Listing Agreement, the Board has designated Shri D J Shah, Director & Company Secretary, as the Compliance Officer of the Company. His e-mail ID is djs@kesarindia.com.

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11. General Body Meetings:

- i) Location and time where the last Annual General Meetings were held:

AGM / EGM	Financial Year ended	Date	Location	Time
AGM	30.6.2013	08.10.2013	M C Ghia Hall	3:30 pm
AGM	30.6.2012	21.12.2012	Walchand Hirachand Hall	3:30 pm
AGM	30.6.2011	17.11.2011	M C Ghia Hall	3:30 pm

- ii) The following Special Resolutions were passed in the last 3 AGM:

Date of AGM	Particulars of Special Resolution
08.10.2013	i) Pursuant to Section 198, 309, 316 and Schedule XIII Reappointment of Shri H R Kilachand as Chairman & Managing Director of the Company. ii) Pursuant to Section 81(1A) of the Companies Act, 1956 for further Issue of securities. iii) Pursuant to Section 23 of SICA, to take note of erosion of more than 50% of the networth of the Company.
21.12.2012	Pursuant to Section 314 of the Companies Act, 1956 for increasing remuneration of Shri Rohan Kilachand, Vice President.
17.11.2011	Pursuant to Section 81(1A) of the Companies Act, 1956 for further Issue of securities.

- iii) Details of Resolutions passed through Postal Ballot pursuant to Section 110 of the Companies Act, 2013 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2014:

The declared results of the Postal Ballot were announced through stock exchanges, newspaper and were also displayed on the website of the Company, www.kesarindia.com. Details of the same are given below:

- 1) a) Resolutions passed on 30th September, 2014:

Sr.	Particulars	Details / Dates
1.	Date of Board Meeting	06.08.2014
2.	Name of the Scrutinizer appointed	M/s Ragini Chokshi & Co. Practicing Company Secretary
3.	Date of Notice seeking Shareholders approval	06.08.2014
4.	Date of completion of dispatch of Notice	25.08.2014
5.	Last date of receipt of duly filled Postal Ballot Form	26.09.2014
6.	Scrutinizer's Report submitted of to the Chairman	30.09.2014
7.	Date of Decalartion of Result	30.09.2014

b) Particulars of Resolutions passed :

Resolution 1: Special Resolution	Under Section 180(1)(a) of the Companies Act, 2013 to Create Mortgage / Charge on the assets of the Company.
Resolution 2: Special Resolution	Under Section 180(1)(c) of the Companies Act, 2013 regarding borrowing powers of the Company.
Resolution No.3: Special Resolution	Under Section 186 of the Companies Act, 2013 to make Investments, give loan / guarantee or provide security against a loan as mentioned in the resolution.
Resolution No.4: Special Resolution	Under Section 14 of the Companies Act, 2013 to adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.

c) Voting Pattern :

Particulars	Total valid votes	Total valid votes cast in favour of the Resolution	Total valid votes cast against the Resolution
Resolution 1	71,74,345	71,72,676 (99.98%)	1,669 (0.02%)
Resolution 2	71,74,245	71,72,476 (99.98%)	1,769 (0.02%)
Resolution 3	71,74,245	71,72,405 (99.97%)	1,840 (0.03%)
Resolution 4	71,74,245	71,74,046 (99.99%)	199 (0.00%)

12. Disclosures:

- i. No transaction of material nature has been entered into by the Company with its Promoters, Directors, 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. The Company has a policy in place for Related Party Transactions, which is uploaded on the website of the Company www.kesarindia.com.
- 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.
- iii. As per SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company is having policy for Corporate Disclosure Practices for Prevention of Insider Trading. The Policy ensures prevention of dealing in shares by all the Directors and Designated Employees of the Company, while they are exposed to or expected to be exposed to unpublished price sensitive information about the Company.
- iv. The Company follows Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956. In preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standards.
- v. The Company has laid down procedures to inform Board members about risk assessment and minimization. These procedures are periodically reviewed to ensure control of risk through a properly defined framework.
- vi. Whistleblower Mechanism has been established for the employees to report to the management about unethical behaviour, mismanagement, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy, that could adversely impact the Company's operations and business performance. The Whistleblower Policy is overseen by the Audit Committee of the Board.
- vii. The Company has complied with all applicable mandatory requirements of Clause 49 of the Listing Agreement with Stock Exchanges.

Annual Report 2013-2014 (18 Months)

13. Means of communication:

The Board takes on record the Unaudited quarterly financial results and the Audited Financial results in the prescribed format of the stock exchanges and forthwith fax and send copies of the results to Bombay Stock Exchange and National Stock Exchange of India Ltd., respectively where the shares of the Company are listed.

The financial results of the Company are published in the 'Free Press Journal' in English and 'Navshakti' in Marathi newspapers within 48 hours of the conclusion of the meeting of the Board in which they are approved.

The results and all other official news releases are displayed on the websites of the Stock Exchanges: www.bseindia.com and www.nseindia.com and also on the website of the Company, viz. www.kesarindia.com

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

14. General Shareholders information:

- | | |
|---|---|
| a. Registered Office | : Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai-400020. |
| b. Plant Locations | : Sugar Factory, Power Plant, Spirits & Bottling at Baheri, Dist. Bareilly, U. P. |
| c. Annual General Meeting | |
| Date | : Thursday, 19th March, 2015 |
| Time | : 3:30 p.m. |
| Venue | : M C Ghia Hall, Bhogilal Hargovindas Building, 4 th Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 |
| d. Next Financial Year ending | : 31st March, 2016 [15 months] |
| e. Next Annual General Meeting | : By 18th June, 2016 |
| f. <u>Financial Reporting for the 15 month period ending 31st March, 2016</u> | |
| For the 1 st quarter ending 31st March, 2015 | : By 15th May, 2015 |
| For the 2 nd quarter ending 30th June, 2015 | : By 14th August, 2015 |
| For the 3 rd quarter ending 30th September, 2015 | : By 14th November, 2015 |
| For the 4 th quarter ending 31st December, 2015 | : By 14th February, 2016 |
| For the 5 th quarter ending 31st March, 2016 | : By 30th May, 2016 |
| g. Date of Book Closure | : From Thursday, 12th March, 2015
To Thursday, 19th March, 2015 |
| h. Listing on Stock Exchange | : Bombay Stock Exchange Ltd., (BSE) & National Stock Exchange of India Ltd.(NSE)
The Company has paid Annual Listing fees to BSE & NSE for the year 2014-15. |
| i. Stock Exchange Code Number | : BSE Scrip Code : 507180
NSE Symbol : KESARENT |
| j. Demat ISIN numbers in NSDL & CDSL | : INE133B01019 |

KESAR ENTERPRISES LIMITED

Address for correspondence by the Shareholders of the Company:

Registrar & Share Transfer Agents
M/s. Sharex Dynamic (India) Pvt. Ltd.
Unit No.1, Luthra Indl. Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072

Tel.: 2851 5606/ 28515644

Fax: 2851 28 85

Email: sharexindia@vsnl.com

Kesar Enterprises Ltd.

Oriental House,
7, Jamshedji Tata Road,
Churchgate,
Mumbai- 400020

Tel: 22042396 / 22851737

Fax: 22876162

Email: djs@kesarindia.com

Code of Conduct

The Company has a Code of Conduct for its Board of Directors and Senior Management Personnel and the same is posted on the Company's website www.kesarindia.com. All the Directors and Senior Management Personnel have affirmed compliance of the Code of Conduct. The declaration is signed by the Chairman & Managing Director to that effect and is attached at the end of this report.

Share Transfer System:

The shares sent for transfer are generally registered & returned within the time limits. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulation, 1996, certificates have also been received from Company Secretary in Practice for timely dematerialization of the shares of the Company and for conducting of Reconciliation of Share Capital Audit of the Company.

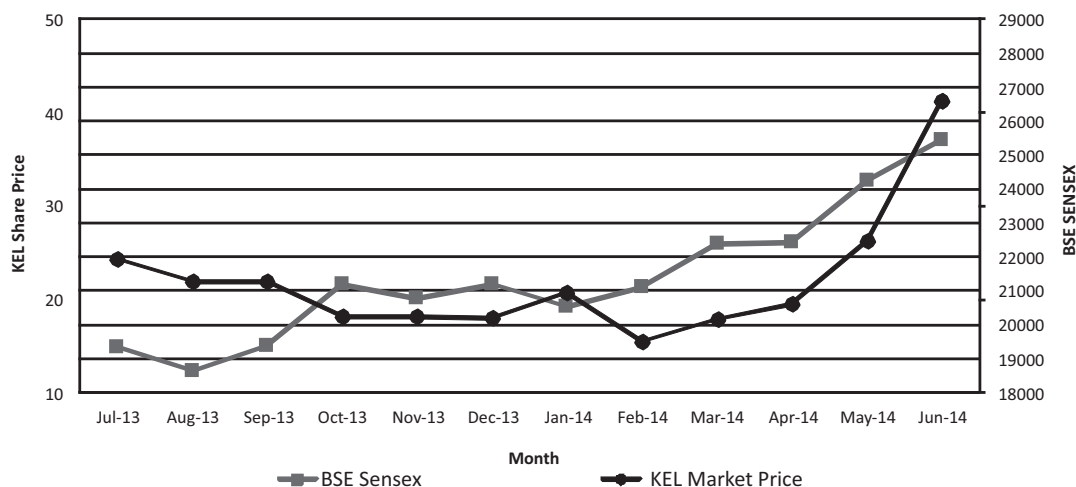
Stock Market Data:

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

Month	BSE		NSE	
	High	Low	High	Low
July 2013	24.65	21.50	31.95	28.90
August 2013	24.85	21.00	33.45	28.25
September 2013	26.40	21.70	28.20	20.25
October 2013	22.90	18.10	21.35	19.00
November 2013	19.95	17.25	21.90	19.85
December 2013	20.00	18.00	21.45	18.65
January 2014	22.05	17.70	20.60	18.50
February 2014	20.00	15.30	19.60	17.50
March 2014	22.05	15.25	22.45	17.35
April 2014	19.50	17.75	20.50	17.95
May 2014	27.90	18.05	27.50	16.90
June 2014	41.60	27.50	40.95	27.50
July 2014	42.95	33.50	43.05	34.00
August 2014	33.85	25.70	32.20	26.30
September 2014	39.60	22.80	41.15	23.05
October 2014	38.75	27.50	39.45	27.05
November 2014	31.75	23.40	33.00	25.00
December 2014	26.15	21.00	26.25	21.10

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Performance of the Share Price of the Company in comparison to the BSE Sensex



Distribution of shareholding as on 31st December, 2014:

Shareholding in Nominal Value of	Shareholders		Share Amount	
	Rs	Rs	Rs	Rs
	Rs	% of Holders	In Rs.	% to Total
Upto - 5,000	4222	87.84	5356500	5.36
5,001 -10,000	287	5.97	2255560	2.25
10,001 - 20,000	151	3.14	2180470	2.18
20,001 - 30,000	34	0.71	850250	0.85
30,001 - 40,000	22	0.46	767680	0.77
40,001 - 50,000	22	0.46	1019330	1.02
50,001 - 1,00,000	34	0.71	2551620	2.55
1,00,001 - and above	34	0.71	85010210	85.02
Total	4806	100.00	99991620	100.00

Categories of Shareholders as on 31st December, 2014:

As on 31.12.2014 about 96% of the total shareholding in the Company representing 95,98,881 shares have been converted into demat.

Sr. No.	Category	No. of Shares Held	No. of Shares in Demat Form	% of Shareholding
A.	PROMOTERS HOLDING			
1.	Promoters: - Indian Promoters - Foreign Promoters	5725517	5725517	57.260
		-	-	-
2.	Persons acting in concert	1250309	1165748	12.504
	Sub Total:	6975826	6891265	69.764

B. 1.	NON-PROMOTERS HOLDING INSTITUTIONAL			
	a. Mutual Funds & UTI	1200	0	0.012
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions / Non Govt. Institutions)	681096	680401	6.812
	c. Flls	0	0	0
	Sub Total:	682296	680401	6.824
C.	OTHERS:			
	a. Private Corporate Bodies	404187	402497	4.042
	b. Indian Public	1819871	1507936	18.200
	c. NRI's/ OCB's	109416	109216	1.094
	d. Clearing Members	7566	7566	0.076
	Sub Total:	2341040	2027215	23.413
	GRAND TOTAL:	9999162	9598881	100.00

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., the Registrar & Share Transfer Agent of the Company located at the addresses mentioned in para 13 above.
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. A 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.

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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 year 2006-07. Shareholders, who have not encashed their dividend warrants in respect of the dividend declared for the financial years 2007-08 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
31.10.2008	2007-2008	@ 5%	29.12.2015
22.12.2009	2008-2009	@ 30%	20.02.2017
23.12.2010	2009-2010	@ 10%	21.02.2018
17.11.2011	2010-2011	@ 10%	14.01.2019

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.

KESAR ENTERPRISES LIMITED

SECRETARIAL AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Kesar Enterprises Ltd.

We have examined the compliance of conditions of Corporate Governance by Kesar Enterprises Limited for the 18 months period ended December 31, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

We 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 Ragini Chokshi & Co.

Sudhir R. Singh
Partner

CP : 13592
FCS : 4880

Place : Mumbai
Date : 17th February, 2015

DECLARATION

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has laid down a Code of Conduct for its Board of Directors and Senior Management.

I hereby declare that all the Directors and Senior Management have confirmed compliance with the Code of Conduct as adopted by the Company.

Mumbai,
17th February, 2015

For Kesar Enterprises Ltd.
H R KILACHAND
Chairman & Managing Director
DIN: 00294835

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CERTIFICATION

To the Board of Directors
Kesar Enterprises Ltd.

We have reviewed financial statements and the cash flow statement of Kesar Enterprises Ltd. for the 18 months period ended 31st December, 2014 and that to the best of our knowledge and belief, We state that:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that:
 - (i) there have been no significant changes in internal control over financial reporting during the period;
 - (ii) there have been no significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and
 - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Rohit Balu
Chief Financial Officer

H R Kilachand
Chairman & Managing Director
DIN: 00294835

Mumbai, 17th February, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Kesar Enterprises Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Kesar Enterprises Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the eighteen months period then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 December 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

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Emphasis of Matter

We draw attention to Note No. 39 with regard to recognition of Deferred Tax Assets (net) arising on account of unabsorbed depreciation and brought forward losses for the reason stated therein by the management to be in accordance with AS-22 "Accounting for Taxes on Income".

We draw attention to Note No. 40 to the financial statements. For the reasons stated in the said note, the financial statements have been prepared on the assumption of going concern, despite accumulated losses resulting in erosion of its network.

Our report is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") 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 Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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 ;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, which as per General Circular 15/2013 dated September 13, 2013 issued by Ministry of Corporate Affairs continues to apply under Section 133 of the Act;
 - e. on the basis of written representations received from the directors as on December 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No.103523W

Sumant Sakhardande

Partner
Membership No. 34828

Place: Mumbai

Date: February 17, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Kesar Enterprises Limited on the financial statements for the period ended on 31st December, 2014

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (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 has been physically verified by the management during the year. 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) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(b),(c) and (d) of the order are not applicable.
- (e) The Company had taken loan from two Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 501.42 lac and the year-end aggregate balance of loans taken from such parties was Nil.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (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. During the course of our audit, we have not observed any continuing failure to correct major weaknesses 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

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- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products 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 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.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) 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 (₹ In Lac)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	100.74	1989-90, 2002-03 & 2003-04	High Court, Allahabad
U.P. Trade Tax Act, 1948	U.P. Trade Tax	56.72	1989-90, 1993-94 to 1996-97 & 1999-2000	High Court, Allahabad
Specific Relief Act, 1963	Compensation for loss due to non - supply of Rectified Spirit	18.27	2009-10	Civil Court, Panipat
Central Excise Act, 1944	Excise Duty – Spirits	1.08	2005-06	Supreme Court
Central Excise Act, 1944	Cenvat Credit on Steel Material	10.46	2012-13	Joint Commissioner CEX Meerut
Central Excise Act, 1944	Arrears of Overtime of Excise Personnel	15.72	2006-07 to 2008-09	High Court, Allahabad
Central Excise Act, 1944	Excise Duty & Wrong Reversal Of CENVAT Credit	2.84	2012-13	Dy Comm. CEX Bareilly
Central Excise Act, 1944	Wrong Reversal Of CENVAT Credit	24.14	2004-05	Custom Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Excise Duty - Sugar (Interest & Penalty)	312.72	2006-07 to 2009-10	Custom Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Excise Duty & Wrong Reversal Of CENVAT Credit	53.95	2006-07 to 2008-09 & 2010-11 to 2012-13	A.E.C. (U.P.)
Central Excise Act, 1944	License Fee Payable	0.48	2007-08	A.E.C. (U.P.)
U.P. Tax on Entry of Goods into Local Area Act, 2007	Entry Tax - Sugar Sales	551.58	2000-01 to 2005-06	D.C. (A) – Bareilly
Central Excise Act, 1944	Cenvat Credit Reversal	5.38	2012-13 & 2013-14	AC AEX Bareilly
Central Excise Act, 1944	Cenvat Credit on Steel Materials	5.13	2012-13	AC AEX Hapur
Central Excise Act, 1944	Cenvat Credit on Molasses	1493.69	2012-13 & 2013-14	Commissioner CEX Meerut
Central Excise Act, 1944	Shortage of Sugar/ Molasses/Scrap	17.20	2011-12 & 2012-13	A.E.C. (U.P.)

KESAR ENTERPRISES LIMITED

Central Excise Act, 1944	Cenvat Credit & Demand Duty on Sale of Electricity	450.82	2012-13	Commissioner CEX Meerut
U.P. Tax on Entry of Goods into Local Area Act, 2007	Entry Tax	150.10	2008-09 to 2010-11 & 2013-14	A.C. (A) – Bareilly

- (x) In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has been regular in the repayment of dues to banks except for delays in few cases.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & 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 (xiii) of paragraph 4 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 (xiv) of paragraph 4 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 the Company has used funds raised on short term basis for long term investment amounting to ₹ 10,066.32 Lac. According to information and explanations given to us, the Company is, however, able to generate sufficient funds from long sources to meet the working capital requirements.
- (xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the prices at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised 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. LLP
Chartered Accountants
ICAI Firm Registration No.103523W

Sumant Sakhardande
Partner
Membership No. 34828

Place: Mumbai

Date: February 17, 2015

Annual Report 2013-2014 (18 Months)

BALANCE SHEET AS AT 31ST DECEMBER, 2014

Particulars	Note No.	(₹ In Lac)	
		As at 31st December, 2014	As at 30th June, 2013
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	1,016.83	928.02
(b) Reserves and Surplus	3	9,392.66	22,176.28
2 Non Current Liabilities			
(a) Long Term Borrowings	4	11,561.54	13,071.43
(b) Other Long Term Liabilities	5	67.26	93.41
(c) Long Term Provisions	6	469.30	341.79
3 Current Liabilities			
(a) Short Term Borrowings	7	21,274.09	27,608.47
(b) Trade Payables	8	10,159.76	10,321.28
(c) Other Current Liabilities	9	4,202.20	5,490.03
(d) Short Term Provisions	10	139.44	176.10
Total		<u>58,283.08</u>	<u>80,206.81</u>
II ASSETS			
1 Non Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		44,967.41	48,520.83
(ii) Intangible Assets		30.44	30.44
(iii) Capital Work - in - Progress		89.03	77.35
(b) Non Current Investments	12	54.95	54.95
(c) Deferred Tax Assets (Net)	13	378.84	378.84
(d) Long Term Loans and Advances	14	351.83	666.05
(e) Other Non Current Assets	15	179.74	78.62
2 Current Assets			
(a) Inventories	16	8,361.93	21,951.72
(b) Trade Receivables	17	1,506.08	6,229.78
(c) Cash and Bank Balances	18	208.45	942.60
(d) Short Term Loans and Advances	19	2,135.15	1,275.63
(e) Other Current Assets	20	19.23	0
Total		<u>58,283.08</u>	<u>80,206.81</u>
Significant Accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W

For and on behalf of the Board of Directors

Sumant Sakhardande

Partner

Membership No. 34828

H R KILACHAND

Chairman & Managing Director

A S RUIA

Director

Place: Mumbai

Date: 17th February, 2015

ROHIT BALU

Chief Financial Officer

D J SHAH

Director & Company Secretary

KESAR ENTERPRISES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD OF EIGHTEEN MONTHS ENDED ON 31ST DECEMBER, 2014

Particulars	Note No.	For the Period of Eighteen Months ended on 31st December, 2014	(₹ In Lac) For the Year ended on 30th June, 2013
I. REVENUE			
Revenue from Operations (Gross)	21	74,954.17	47,254.60
Less: Excise Duty		31,648.29	13,498.21
Revenue from Operations (Net)		43,305.88	33,756.39
II. Other Income	22	305.18	229.88
III. Total Revenue (I + II)		43,611.06	33,986.27
IV. EXPENSES			
(a) Cost of Materials Consumed	23	27,073.33	27,756.01
(b) Purchases of Traded Goods	24	374.56	36.30
(c) Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	25	13,034.19	(2,777.96)
(d) Employee Benefits Expense	26	3,274.09	2,504.55
(e) Finance Costs	27	5,719.21	3,637.54
(f) Depreciation and Amortization Expense (net of transfer from Revaluation Reserve ₹ 807.32 Lac (P.Y. ₹ 536.74 Lac)	11	2,354.74	1,461.63
(g) Other Expenses	28	3,782.89	3,036.40
Total Expenses		55,613.01	35,654.47
V Profit before Exceptional Items & Tax (III- IV)		(12,001.95)	(1,668.20)
VI Exceptional Items		0	0
VII Profit Before Tax (V- VI)		(12,001.95)	(1,668.20)
VIII Tax Expense:			
(a) Current Tax		0	0
(b) Deferred Tax		0	0
IX Profit / (Loss) for the Period (VII-VIII)		(12,001.95)	(1,668.20)
X Basic Earnings Per Equity Share		(130.20)	(23.20)
Diluted Earnings Per Equity Share		(129.62)	(23.20)
[Nominal Value of Equity Share ₹ 10/- (P.Y. ₹ 10/-)] (Refer Note No 38)			

Significant Accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W

For and on behalf of the Board of Directors

Sumant Sakhardande
Partner
Membership No. 34828

H R KILACHAND
Chairman & Managing Director

A S RUIA
Director

Place: Mumbai
Date: 17th February, 2015

ROHIT BALU
Chief Financial Officer

D J SHAH
Director & Company Secretary

Annual Report 2013-2014 (18 Months)

1. 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 except tangible Assets which are revalued. 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 include excise duty and exclude Value Added Tax.

(d) Fixed Assets

- (i) Fixed Assets are stated at cost of acquisition including revaluation amount, less accumulated depreciation and impairment loss, if any. Cost includes interest on borrowings, specific or otherwise, used for funding of fixed assets till the date of commissioning.
- (ii) Freehold Lands are stated at cost of acquisition including revaluation amount.
- (iii) On 30th June 2012, the Company has revalued tangible assets of the Sugar and Distillery Division. The assets are stated at fair market value less accumulated depreciation recognized after the date of the revaluation. Revaluation Reserve to the extent of amount in excess of Written Down Value, is shown as Revaluation Reserve under the head "Reserves & Surplus"

(e) Depreciation

- (i) Leasehold Land and Premium on Leasehold Land is amortised over the period of lease.
- (ii) 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 up to 31st March, 2014 and from 1st April, 2014, based on remaining useful lives of the assets in compliance with provision of the Companies Act, 2013.
- (iii) Depreciation on Assets, whose actual cost does not exceed ₹ 0.05 Lac for each asset is provided at the rate of hundred percent.
- (iv) 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 up to 31st March, 2014 and from 1st April, 2014, based on remaining useful lives of the assets in compliance with provision of the Companies Act, 2013.
- (v) Depreciation on revalued portion is provided for the balance estimated useful life of the respective assets and equivalent amount is transferred from Revaluation Reserve to recoup such Depreciation.
- (vi) 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.

(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.

(g) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(h) 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 statement of Profit and Loss on a straight-line basis over the lease term.

(i) 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.

(j) Inventories

- (i) Raw Materials, Work-in-Process, Crop-in-Progress and Stores and Spares are valued at cost, arrived on weighted average method.
- (ii) Finished Goods and Trading Goods are valued at lower of cost and market value. Cost includes direct material, direct labour, excise duty and attributable overheads.
- (iii) By-Products and Scrap Materials are valued at estimated realisable value.

(k) Foreign Currency Transactions

Transactions arising in foreign currency are recorded at the rates ruling on the transaction dates. Exchange differences arising on settlement of foreign currency transactions are recognised in the statement of profit and loss. Liabilities payable in foreign currency are reinstated using the exchange rate prevailing at the balance sheet date. Exchange differences relating to long term monetary items, arising during the year, in so far as those relate to the acquisition of a depreciable capital asset are added / deducted from the cost of the asset and depreciated over the balance life of the asset. All other exchange differences arising from conversion are charged off to the statement of Profit and Loss.

(l) Research & Development Expenditure

Expenditure during Research phase is charged off to the statement of Profit and Loss in the year in which it is incurred and expenditure during Development phase is shown as an addition to Fixed Assets, if it is materialized, else it is charged off in the year where it is not materialized.

(m) Earnings 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.

(n) 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.

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(o) Income-tax

Income tax expenses comprise of current tax and Deferred Tax charge or credit. Due to seasonal nature of the business, the Provision for Current Tax and Deferred Tax is made at the end of each financial year as per Income Tax Act, 1961 i.e. 31st March. The deferred tax charge or credit is recognized at the tax rates enacted at the end of each financial year i.e. 31st March. 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 recognised only to the extent when there is reasonable certainty of realization in future. Deferred Tax Assets/Liabilities are reviewed at the end of each financial year i.e. 31st March, based on developments during the year. MAT credit available, if any, is deducted from the current Tax.

(p) 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 plus appropriate margins. 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.

(q) 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 exceeds the recoverable amount. Impairment is charged to the statement of Profit and Loss in the year in which an asset is identified as impaired. Impairment losses recognised in earlier accounting periods are reversed, if there is any change in the estimate of the recoverable amount.

(r) Retirement and other employee Benefits

- (i) Retirement benefits in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- (ii) Gratuity and Leave Encashment liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method.
- (iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- (iv) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(s) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(t) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

KESAR ENTERPRISES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE PERIOD OF EIGHTEEN MONTHS ENDED ON 31ST DECEMBER, 2014

2. SHARE CAPITAL

PARTICULARS

(₹ In Lac)

	As at 31st December, 2014		As at 30th June, 2013	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10/- each	12,000,000	1,200.00	12,000,000	1,200.00
Preference Shares of ₹ 10/- each	10,000,000	1,000.00	6,000,000	600.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	9,999,162	999.92	8,620,162	862.02
1% Cumulative Redeemable Preference Shares of ₹ 10/- each	0	0	660,000	66.00
Zero Coupon Optionally Convertible Preference Shares	169,100	16.91	0	0
Total	<u>10,168,262</u>	<u>1,016.83</u>	<u>9,280,162</u>	<u>928.02</u>

(a) **Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**

	Number	Amount	Number	Amount
(i) Equity Shares Outstanding				
Shares outstanding at the beginning of the year	8,620,162	862.02	6,790,162	679.02
Shares Issued during the year	1,379,000	137.90	1,830,000	183.00
Shares bought back during the year	0	0	0	0
Shares outstanding at the end of the year	<u>9,999,162</u>	<u>999.92</u>	<u>8,620,162</u>	<u>862.02</u>
(ii) Redeemable Preference Shares Outstanding				
Shares outstanding at the beginning of the year	660,000	66.00	1,330,000	133.00
Shares Issued during the year	0	0	0	0
Shares redeemed during the year	660,000	66.00	670,000	67.00
Shares outstanding at the end of the year	<u>0</u>	<u>0</u>	<u>660,000</u>	<u>66.00</u>
(iii) Zero Coupon Optionally Convertible Preference Shares Outstanding				
Shares outstanding at the beginning of the year	0	0	0	0
Shares Issued during the year*	3,065,000	306.50	8,235,000	823.50
Shares converted into Equity Shares during the year*	2,895,900	289.59	8,235,000	823.50
Shares outstanding at the end of the year	<u>169,100</u>	<u>16.91</u>	<u>0</u>	<u>0</u>

* During the current period the Company made preferential issue of 30,65,000 Optionally Convertible Preference Shares of ₹ 10/- each with an option to convert into Equity shares of ₹ 10/- each at a premium of ₹ 11/- per share. 28,95,900 Preference shares holders have exercised their rights

(b) **Terms/rights attached to**

(i) **Equity Shares**

The Company has only one class of Equity Shares having a par value of ₹ 10 /- per Share. Each Holder of Equity Shares is entitled to one vote per Share. The Company declares and pays Dividends in Indian Rupees. The Dividend, if proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

(ii) **Redeemable Preference Shares**

1% Cumulative Redeemable Preference Shares having a par value ₹ 10/- each fully paid up redeemable in 3 Annual Installments of ₹ 67 Lac, ₹ 67 Lac and ₹ 66 Lac on 10th August, 2011, 10th August, 2012 and 10th August, 2013 respectively.

(iii) **Zero Coupon Optionally Convertible Preference Shares**

Zero Coupon Optionally Convertible Preference Shares issued to promoter/promoter group on preferential basis with an option to convert, either partly or fully, in one or more tranches, in one or more financial years, at a price of ₹ 21/- each (including securities premium of ₹ 11/- each).

(c) **Details of Shareholders holding more than 5% Shares in the Company**

(i) **Equity Shareholder**

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Kesar Corporation Pvt. Ltd.	2,337,922	23.38	2,220,922	25.76
Duracell Investments & Finance Pvt. Ltd.	1,629,950	16.30	979,950	11.37
Seel Investment Pvt. Ltd.	1,515,229	15.15	903,229	10.48
Harsh Rajnikant Kilachand	583,777	5.84	583,765	8.60

(ii) **Cumulative Redeemable Preference Shareholders**

Industrial Development Bank of India	0	0	660,000	100.00
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3. RESERVES & SURPLUS

PARTICULARS

(₹ In Lac)

	As at 31st December, 2014	As at 30th June, 2013
(a) General Reserve		
Opening Balance	1,536.26	1,527.46
Add: Current Period Transfer from Storage and Effluent Disposal Reserves	0	75.80
Add: Transfer from Capital Redemption Reserve on Redemption of Preference Shares	134.00	0
Less: Transfer to Capital Redemption Reserve	0	67.00
Closing Balance	<u>1,670.26</u>	<u>1,536.26</u>
(b) Securities Premium Account		
Opening Balance	640.50	0
Add : Securities premium credited on Share issued	151.69	640.50
Closing Balance	<u>792.19</u>	<u>640.50</u>
(c) Storage and Effluent Disposal Reserves: (Refer Note No 31)		
(i) Storage Reserves for Alcohol:		
Opening Balance	4.33	13.58
Add: Current Period Transfer	0.50	0.26
Less: Transfer to General Reserve	0	9.51
Closing Balance	<u>4.83</u>	<u>4.33</u>
(ii) Storage Reserves for Molasses:		
Opening Balance	53.14	105.17
Add: Current Period Transfer	4.57	6.49
Less: Expensed in current period	8.90	0
Less: Transfer to General Reserve	0	58.52
Closing Balance	<u>48.81</u>	<u>53.14</u>
(iii) Effluent Disposal Reserves		
Opening Balance	4.60	12.10
Add: Current Period Transfer	0.54	0.27
Less: Transfer to General Reserve	0	7.77
Closing Balance	<u>5.14</u>	<u>4.60</u>
(d) Capital Reserves	67.90	67.90
(e) Capital Redemption Reserve		
Opening Balance	134.00	67.00
Add: Transfer from General Reserve	0	67.00
Less: Transfer to General Reserve on redemption of Preference Shares	134.00	0
Closing Balance	<u>0</u>	<u>134.00</u>
(f) Revaluation Reserves		
Opening Balance	22,669.62	23,206.36
Less: Transfer to Depreciation and Amortization Expense	807.33	536.74
Closing Balance	<u>21,862.29</u>	<u>22,669.62</u>
(g) Surplus		
Opening balance	(2,934.07)	(1,265.87)
Less: Additional Depreciation as per Companies Act, 2013	(122.74)	0
Add: Net Profit/(Net Loss) for the Period	(12,001.95)	(1,668.20)
Closing Balance	<u>(15,058.76)</u>	<u>(2,934.07)</u>
Total	<u>9,392.66</u>	<u>22,176.28</u>

4. LONG TERM BORROWINGS

PARTICULARS

(a) Secured Borrowings

(i) Term Loans from Banks

(1) Sugar Development Fund (Modernisation Loan)

453.89

453.89

Security: Secured by way of first pari passu charge on Properties of the Sugar Factory at Baheri both present and future

Terms of Repayments: Tranche I: Repayable in 5 annual installments of ₹.44.05 Lac each, starting from August 3, 2018 to August 3, 2022. Interest payable at Bank rate minus 2% (i.e. 4% p.a.) payable alongwith the principal repayment

Tranche II: Repayable in 5 annual installments of ₹ 46.72 Lac each, starting from August 15, 2018. to August 15, 2022. Interest payable at Bank rate minus 2% (i.e. 4% p.a.) alongwith the principal repayment

(2) Sugar Development Fund (Co-Gen Term Loan)

2,386.19

3,182.46

Security: Secured by way of first pari passu charge on Properties of the Sugar Factory at Baheri both present and future

Terms of Repayments: Tranche I: Repayable in 10 half yearly installments of ₹159.77 Lac each, starting from July 4, 2014 to January 4, 2019. Interest payable at Bank rate minus 2% (i.e. 4% p.a.) payable annually during the moratorium period and alongwith the principal repayment thereafter.

Tranche II: Repayable in 10 half yearly installments of ₹158.47 Lac each, starting from March 2015 to September 2019. Interest payable at Bank rate minus 2% (i.e. 7.50% p.a.) payable annually during the moratorium period and alongwith the principal repayment thereafter.

(3) UCO Bank Ltd. (Co-Gen Term Loan)

4,038.77

4,111.69

Primary security: Secured by way of first pari passu charge on all Fixed Assets of Sugar, Distillery and Power Division at Baheri both present and future, by way of 1st pari passu charge on the Current Assets of proposed Power Project both present and future.

Collateral Security: Secured by way of 2nd pari passu charge on the Current Assets of Sugar, Distillery Division at Baheri (except Sugar Stocks pledged) both present and future

Terms of Repayments: Repayable in 24 quarterly instalments of ₹ 171.29 Lac each, starting from quarter ending September 2016 to June 2022 as per bilateral debt restructuring plan. Interest payable at Allahabad Bank (Lead Bank's) Base Rate plus 3% p.a. with monthly rest.

(4) Allahabad Bank (Modernisation Term Loan)

137.00

257.00

Primary security: Secured by way of first pari passu charge on all Fixed Assets of Sugar Division at Baheri both present and future

Collateral Security: Secured by way of 2nd pari passu charge on the Current Assets of Sugar and Distillery Division at Baheri (except Sugar Stocks pledged) both present and future

Terms of Repayments: Repayable in 24 quarterly installments of ₹ 20 Lac each, starting from November 2011 to August 2017. Interest payable at Base Rate plus 3% p.a. with monthly rest.

(5) Allahabad Bank (Co-Gen Term Loan)

4,545.69

4,388.06

Primary Security: Secured by way of first pari passu charge on all Fixed Assets of Sugar, Distillery and Power Division both present and future at Baheri Secured by way of 1st pari passu charge on the Current Assets of Power at Baheri Project both present and future

Collateral Security: Secured by way of 2nd pari passu charge on the Current Assets of Sugar, Distillery Division at Baheri (except Sugar Stocks pledged) both present and future.

Terms of Repayments: Repayable in 24 quarterly instalments of ₹ 182.21 Lac each, starting from quarter ending September 2016 to June 2022 as per bilateral debt restructuring plan. Interest payable at Base Rate plus 3% p.a. with monthly rest.

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PARTICULARS	As at 31st December, 2014	(₹ In Lac) As at 30th June, 2013
(6) Vehicle Loan	0	0.43
Security: Secured by hypothecation of respective Vehicles.		
Terms of Repayments: Repayable in 36 to 60 Equated Monthly Installments starting from the date of the loan and carrying Interest in the range of 8.34% to 17.16% p.a.		
(ii) Term loans from Others		
Vehicle Loan (Various Financial Companies)	0	1.57
Security: Secured by hypothecation of respective Vehicles.		
Terms of Repayments: Repayable in 36 Equated Monthly Installments starting from the date of the loan and carrying Interest ranging from 8.40% to 17.16% p.a.		
Total Secured Borrowings	11,561.54	12,395.10
(Out of the total secured borrowings of ₹ 12,298.03 Lac (P.Y. ₹ 14,682.10 Lac), borrowings of ₹ 736.49 Lac (P.Y. ₹ 2,287.00 Lac) having current maturities, have been disclosed in Note No: 9)		
(b) Unsecured Borrowings		
(i) Deposits from Public	0	294.91
Terms of Repayments: Repayable in one to three years starting from the date of the deposits and carrying interest in the range of 12.00% to 12.50% p.a.		
(ii) Loans from Related Parties	0	381.42
Interest free and repayable on demand but not before 12 months from the date of Balance Sheet		
Total Unsecured Borrowings	0	676.33
(Out of the total unsecured borrowings of ₹ 260.33 Lac (P.Y. ₹ 800.07 Lac), borrowings of ₹ 260.33 Lac P.Y. ₹ 123.74 Lac) having current maturities, have been disclosed in Note No:9)		
Total	11,561.54	13,071.43
5. OTHER LONG TERM LIABILITIES		
Deposits from Dealers & Customers	67.26	93.41
(Repayable on cancellation of distributionship and Interest in the range of 9% to 12% p.a.)		
Total	67.26	93.41
6. LONG TERM PROVISIONS		
(a) Provision for Employees Benefits		
(i) Leave Encashment (Non funded)	70.60	59.63
(ii) Gratuity (Funded)	371.70	282.16
(b) Provision of Income Tax including Wealth Tax	27.00	0
[Net of Advance Payment of Income Tax ₹ 439.55 Lac (P.Y. Nil)]		
Total	469.30	341.79
7. SHORT TERM BORROWINGS		
(i) Secured Short Term Loans from Banks		
(a) Cash Credit Facilities		
(1) Allahabad Bank	3,961.60	4,421.07
Security: Sugar Division: Secured by pledge of Sugar Stock and second pari passu charge on Fixed Assets of Sugar and Spirit Division		
Spirit Division: Secured by way of hypothecation of Current Assets of Sugar Division (except Sugar Stock) & Spirit Division and secured by second pari passu charge on Fixed Assets of Sugar & Spirit Division		
Seed Division: Secured by way of hypothecation of Current Assets of Seed Division and second pari passu charge on Fixed Assets of Sugar & Spirit Division		
Rate of Interest: Base Rate + 4% p.a.]		

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PARTICULARS	As at 31st December, 2014	As at 30th June, 2013
	(₹ In Lac)	
(2) U. P. Co - Operative Bank	9,276.81	17,187.40
Security: Secured by hypothecation / pledge of Stocks of Sugar and further secured by second pari passu charge on Fixed Assets of Sugar Division Rate of Interest: 11.50% p.a.		
(b) U.P. Co-Operative Bank, SEFA Loan (Scheme for Extending Financial Assistance to Sugar Undertakings, 2014)	2,040.00	0
Security: Secured by way of residual charge on the Fixed Assets of the Sugar Division situated at Baheri, on pari passu basis Terms of Repayments: Repayable in 5 years including 2 years of moratorium i.e 36 Equally monthly installment of ₹ 56.67 Lac from March, 2016. Rate of Interest: 12% p.a. (effective rate is Nil due to Subsidy from Central Government & Sugar Development Fund)		
(ii) Unsecured Short Term loans from Banks		
(a) From UCO Bank	3,995.68	4,000.00
(b) From Allahabad Bank (Rate of Interest: 7% p.a.)	2,000.00	2,000.00
Total	21,274.09	27,608.47
8. TRADE PAYABLES		
Trade Payables (for goods and services received)		
(a) Outstanding towards Micro and Small Enterprises (Ref Note No.32)	131.60	159.92
(b) Others	10,028.16	10,161.36
Total	10,159.76	10,321.28
9. OTHER CURRENT LIABILITIES		
(a) Current maturities of Long Term Debts		
(i) Current maturities of Long Term Debts - Secured Borrowings (Refer Note No 4)	736.49	2,287.00
(ii) Current maturities of Long Term Debts - Unsecured Borrowings (Refer Note No 4)	260.33	123.74
(b) Interest accrued but not due on Borrowings	397.27	453.33
(c) Trade Payables for Capital Goods	190.21	625.15
(d) Trade Payables for Other Contractual Obligations	364.87	302.38
(e) Payable to Related Party	178.26	174.47
(f) Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividends	5.14	6.07
(g) Advance received from Customers	1,435.33	413.92
(h) Statutory Dues	634.30	1,033.03
(i) Bank Account Book Overdraft	0	70.94
Total	4,202.20	5,490.03
10. SHORT TERM PROVISIONS		
Provision for Employees Benefits		
(i) Gratuity (Funded)	96.06	110.85
(ii) Leave Encashment (Unfunded)	10.94	40.68
(iii) Provisions for Bonus & Exgratia	32.44	24.57
Total	139.44	176.10

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11. FIXED ASSETS

(₹ In Lac)

Particulars	Gross Block			Accumulated Depreciation				Net Block			
	Balance as at Revaluation as at 1st July, 2013	Balance as at 31st December, 2014	Disposals	Balance as at 1st July, 2013	Revaluation as at 1st July, 2013	Depreciation / amortization charge for the Year	On Revaluation	On Disposals	Additional Depreciation	Balance as at 31st December, 2014	Balance as at 30th June, 2013
(i) Tangible Assets											
(1) Freehold	812.49	5,064.89	0	0	0	0	0	0	0	0	5,877.38
(2) Lease hold Land Premium	0.06	0	0	0.04	0	0	0	0	0	0.04	0.02
(3) Leasehold Land	12.39	6,454.70	0	2.72	54.39	0.19	81.58	0	0	138.88	6,409.98
	824.94	11,519.59	0	2.76	54.39	0.19	81.58	0	0	138.92	12,205.61
(ii) Buildings	5,789.66	3,396.98	6.89	1,889.31	68.13	532.09	102.19	0	37.45	2,629.17	6,564.36
(iii) Plant and Equipments	27,956.03	7,976.69	80.40	7,157.11	399.92	1,663.89	599.90	208.82	51.76	9,663.76	25,800.28
(iv) Office Equipments	593.06	0	5.62	430.90	0	93.05	0	1.90	25.26	547.31	48.16
(v) Vehicles	504.98	0	23.35	407.71	0	45.15	0	194.88	1.60	259.58	31.57
(vi) Furniture and Fixtures	313.45	314.57	2.20	243.12	15.77	20.37	23.66	10.45	6.67	299.14	317.43
Total (a)	35,982.12	23,207.83	118.46	10,130.91	538.21	2,354.74	807.33	416.05	122.74	13,537.88	44,967.41
(b) Intangible Assets											
Computer software	146.84	0	0	116.40	0	0	0	0	0	116.40	30.44
Total (b)	146.84	0	0	116.40	0	0	0	0	0	116.40	30.44
Total (a+b)	36,128.96	23,207.83	118.46	10,247.31	538.21	2,354.74	807.33	416.05	122.74	13,654.28	44,997.85
Capital Work In Progress	77.35	0	11.67	0	0	0	0	0	0	0	89.03
Total (a+b+c)	36,206.31	23,207.83	130.13	10,247.31	538.21	2,354.74	807.33	416.05	122.74	13,654.28	45,086.88
<i>Previous Year Total</i>	<i>33,494.27</i>	<i>23,207.83</i>	<i>21,836.12</i>	<i>8,908.76</i>	<i>1.47</i>	<i>1,461.63</i>	<i>536.74</i>	<i>123.10</i>	<i>0</i>	<i>10,785.52</i>	<i>48,628.62</i>

Note: (a) The written down value of Freehold Land, Leasehold Land, Building, Plant and Equipments and Furniture and Fixtures revalued by the Company were ₹ 4,717.60 Lac respectively and their fair market value were ₹ 27,923.26 Lac respectively. Hence, the revaluation resulted in increase in the value of Freehold Land, Leasehold Land, Building, Plant and Equipments and Fixtures by ₹ 23,207.83 Lac respectively. The revaluation of the Freehold Land, Leasehold Land, Building, Plant and Equipments and Furniture and Fixtures resulted into additional Depreciation charge of ₹ 807.32 Lac (P.Y. ₹ 536.74 Lac) for the Period of Eighteen Months under consideration. In accordance with the option given in the Guidance Note on Accounting for Depreciation, the Company recoups such additional Depreciation out of Revaluation Reserve every year.

(b) Borrowing Costs Capitalized during the year was Nil (P.Y. ₹ 403.45 Lac)

(c) The Company has aligned the useful life of its fixed assets in line with Part C of Schedule II of the Companies Act, 2013 ('the Act') w.e.f. 1st April, 2014. In respect of the assets where the remaining useful life is 'Nil', their carrying amount after retaining the residual value as on 1st April, 2014 aggregating to ₹ 122.74 Lac has been adjusted against the opening balance of retained earnings as on that date.

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12. NON CURRENT INVESTMENTS

PARTICULARS	As at 31st December, 2014	(₹ In Lac) As at 30th June, 2013
(a) Trade Investments (Unquoted)		
In fully paid Equity Shares:		
(i) 300 Shares of ₹ 100/- each of U.P. Seeds & Tarai Development Corporation Ltd.	0.30	0.30
(ii) 5 Shares of ₹ 10/- each of Baheri Co-operative Cane Development Union Ltd.	0	0
(iii) 17 Shares of ₹ 20/- each of Sahakari Ganna Vikas Samiti Ltd.	0	0
(iv) 1 Share of ₹ 100/- of Ganna Beej Nigam, Bareilly	0	0
(v) 1 Share of ₹ 20/- of Bhojeepera Co-operative Cane Development Union Ltd.	0	0
(vi) National Savings Certificates	1.37	1.37
Total	1.67	1.67
(b) Non Trade Investments		
(i) In fully paid Equity Shares (Quoted)		
(1) 5,00,000 Equity Shares of ₹ 10/- each of Kesar Terminals and Infrastructure Limited (Extent of Holding 9.52% [P.Y. 9.52%])	50.00	50.00
(2) 43,200 Equity Shares of ₹ 2/- each of Walchandnagar Industries Ltd. [Extend of holding 0.11% (P.Y. 0.11%)]	0.27	0.27
(3) 9,230 Equity Shares of ₹ 10/- each of Shervani Industrial Syndicate Ltd. [Extend of holding 0.28% (P.Y. 0.28%)]	0.23	0.23
(4) 15,000 Equity Shares of ₹ 2/- each of Indian Hume Pipe Co. Ltd. [Extend of holding 0.01% (P.Y. 0.01%)]	0.18	0.18
(ii) In Joint Venture (Unquoted)		
Investments in Joint Controlled Special Purpose Company 25,000 Equity Shares of ₹10/- each of Kesar Multimodal Logistics Ltd. (Extend of holding 0.06% (P.Y. 50%))	2.50	2.50
(iii) In fully paid Equity Shares (Unquoted)		
10 Equity Shares of ₹ 1,000/- each of Antophill Warehousing Company Ltd.	0.10	0.10
Total	53.28	53.28
Total (a+b)	54.95	54.95
Aggregate cost of Quoted Investments	50.68	50.68
Aggregate cost of Unquoted Investments	4.27	4.27
Total	54.95	54.95
Market Value of Quoted Investments	2,489.95	306.75

13. DEFERRED TAX ASSETS (NET)

(a) Deferred Tax Assets		
(i) Expenses allowable on payment basis for Tax purposes	319.54	240.12
(ii) Carried Forward Business Losses and Unabsorbed Depreciation	1,631.92	1,329.63
(b) Deferred Tax Liability		
Impact of difference between Tax Depreciation & Book Depreciation	1,572.62	1,190.91
Net Deferred Tax Assets (a-b)	378.84	378.84

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14. LONG TERM LOANS AND ADVANCES

PARTICULARS

	As at 31st December, 2014	(₹ In Lac) As at 30th June, 2013
(a) Capital Advances	0	1.00
(b) Security Deposits (Unsecured, considered good)	27.30	86.57
(c) Advance Payment of Income Tax including Wealth Tax [Net of Provisions of Nil (P.Y. ₹ 530.72 Lac)]	0	290.93
(d) MAT Credit entitlement	64.16	64.16
(e) Other Loans and Advances Unsecured, considered good	260.37	223.39
Unsecured, considered doubtful	17.81	17.81
	<u>278.18</u>	<u>241.20</u>
Less: Provision for doubtful advances	17.81	17.81
	<u>260.37</u>	<u>223.39</u>
Total	<u>351.83</u>	<u>666.05</u>

15. OTHER NON CURRENT ASSETS

(a) Fixed Deposits with maturity of more than 12 months (Under lien for issuing various Bank Guarantees in favour of Government authorities and Public Deposits)	173.20	67.09
(b) Interest Accrued on Bank Fixed Deposits	5.73	10.86
(c) Interest Accrued on Investments	0.81	0.67
Total	<u>179.74</u>	<u>78.62</u>

16. INVENTORIES

(a) Raw Materials and components (Valued at Cost)		
(i) Molasses	14.58	114.17
(ii) Malt Spirit	38.48	14.20
(iii) Seeds	0	7.25
	<u>53.06</u>	<u>135.62</u>
(b) Work-in-progress (Valued at Cost)		
(i) Sugar	458.35	170.23
(ii) Molasses	5.83	35.09
(iii) Rectified Spirit	4.50	36.24
	<u>468.68</u>	<u>241.56</u>
(c) Finished goods (Valued at lower of Cost and Market value)		
(i) Sugar *	6,573.05	20,028.42
(ii) Spirits *	470.48	868.23
(iii) Banked Power	30.66	76.14
(iv) Seed	0	46.83
	<u>7,074.19</u>	<u>21,019.62</u>
(d) Traded Goods (Valued at lower of cost and Market value)	0	0.25
(e) By - Products (Valued at estimated realisable value)		
(i) Molasses	231.97	49.95
(ii) Bagasses	93.97	50.36
	<u>325.94</u>	<u>100.31</u>
(f) Stores and spares (Valued at Cost)	440.06	454.36
Total	<u>8,361.93</u>	<u>21,951.72</u>

* includes Excise Duty on balance stock of current year production ₹ 488.88 Lac (P.Y. ₹ 991.22 Lac)

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17. TRADE RECEIVABLES

PARTICULARS

(Unsecured, considered good unless stated otherwise)

	As at 31st December, 2014	As at 30th June, 2013
(a) Outstanding for a period exceeding six months from the date they are due for payment	308.75	257.04
Unsecured, considered doubtful	8.67	34.90
	317.42	291.94
Less: Provision for doubtful debts	8.67	34.90
	308.75	257.04
(b) Others	1,197.33	5,972.74
Total	1,506.08	6,229.78

18. CASH AND BANK BALANCES

Cash & Cash Equivalent

(a) Balance with Bank		
(i) On Current Account	193.98	922.98
(ii) On Unclaimed Dividend Accounts	5.14	6.07
(iii) On Post Office Saving Bank Account	0	0.16
(b) Cash on hand	9.33	13.39
Total	208.45	942.60

19. SHORT TERM LOANS AND ADVANCES

(Unsecured, Considered good)

a) Loans and Advances to Employees	3.40	14.52
b) Loans and Advances to Related Party	0	0.06
c) Others	2,131.75	1,261.05
Total	2,135.15	1,275.63

20. OTHER CURRENT ASSETS

Deposits maturing within three to twelve Months

Total	19.23	0
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21. REVENUE FROM OPERATIONS

	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013
Sale of Products		
(a) Manufactured Goods		
(i) Sugar	31,938.61	21,883.42
(ii) Power	4,456.29	6,776.57
(iii) Spirits	37,824.74	17,212.52
(iv) Seed	0	456.16
(v) By - Products	98.99	422.91
Less: Transferred to Molasses & Alcohol Storage Reserves and Effluent Disposal Reserves	5.62	7.02
	74,313.01	46,744.56
(b) Traded Goods (Seeds)	491.66	57.16
(c) Agricultural Products	0	95.92
(d) Other Operating Revenue	149.50	356.96
Total (a+b+c+d)	74,954.17	47,254.60
Less: Excise Duty	31,648.29	13,498.21
Total	43,305.88	33,756.39

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22. OTHER INCOME		<i>(₹ In Lac)</i>
PARTICULARS	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013
(a) Dividend Income	30.91	13.32
(b) Interest Income (Tax deducted at Source ₹ 2.22 Lac (P.Y. ₹ 1.21 Lac)		
(i) On Fixed Deposits	28.35	7.30
(ii) Others	98.83	0.83
(c) Rent	27.46	6.85
(d) Credit Balance/ Excess Provision Written Back	51.84	8.72
(e) Profit on Sale of Fixed Assets (Net)	67.79	177.92
(f) Insurance Claims	0	14.94
Total	<u>305.18</u>	<u>229.88</u>
23. COST OF MATERIAL CONSUMED		
(i) Raw Materials Consumed		
(a) Sugar Cane		
Opening Stock	0	0
Add: Purchases	22,468.87	24,715.05
Less: Closing Stock	0	0
Consumption	<u>22,468.87</u>	<u>24,715.05</u>
(b) Raw Seeds		
Opening Stock	7.25	65.12
Add: Purchases	0	188.21
Less: Closing Stock	0	7.25
Consumption	<u>7.25</u>	<u>246.08</u>
(c) Molasses & Spirits		
Opening Stock	128.37	145.33
Add: Purchases	1,565.01	532.75
Less: Closing Stock	52.40	128.37
Consumption	<u>1,640.98</u>	<u>549.71</u>
d) Raw Materials Consumed for Power	166.99	245.64
e) Agricultural Products		
Opening Stock	0	180.48
Add: Purchases	0	276.19
Less: Closing Stock	0	0
Consumption	<u>0</u>	<u>456.67</u>
(ii) Packing Material Consumed	2,789.24	1,542.86
Total	<u>27,073.33</u>	<u>27,756.01</u>
24. PURCHASE OF TRADED GOODS		
Purchase of Traded Goods (Seeds)	374.56	36.30
Total	<u>374.56</u>	<u>36.30</u>
25. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
(a) Opening Stock		
Finished Goods	19,952.26	15,430.44
Banked Power	76.14	0
Traded Goods	0.25	4.71
Work- in - Progress	241.55	45.31
By Products	49.95	2,061.43
Scrap Materials	0	0.30
	<u>20,320.15</u>	<u>17,542.19</u>

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PARTICULARS	For the Period of Eighteen Months ended on 31st December, 2014	(₹ In Lac) For the Year ended on 30th June, 2013
(b) Closing Stock		
Finished Goods	6,554.65	19,952.26
Banked Power	30.66	76.14
Traded Goods	0	0.25
Work- in - Progress By Products	468.68	241.55
	<u>231.97</u>	<u>49.95</u>
	<u>7,285.96</u>	<u>20,320.15</u>
Total	<u>13,034.19</u>	<u>(2,777.96)</u>
26. EMPLOYEE BENEFIT EXPENSES		
(a) Salaries and Wages	2,951.90	2,160.91
(b) Gratuity expenses	77.50	163.47
(c) Contribution to Provident fund	190.45	118.56
(d) Contribution to Superannuation scheme	21.45	21.33
(e) Staff Welfare	32.79	40.28
	<u>3,274.09</u>	<u>2,504.55</u>
Total	<u>3,274.09</u>	<u>2,504.55</u>
27. FINANCE COSTS		
(a) Interest Expense		
(i) On Fixed Deposits	64.34	51.61
(ii) On Fixed Loans	2,272.61	1,370.74
(iii) On Cash Credit	3,074.73	1,833.86
(iv) On Short Term Loans	244.63	342.83
(b) Others including bank charges	62.90	38.50
	<u>5,719.21</u>	<u>3,637.54</u>
Total	<u>5,719.21</u>	<u>3,637.54</u>
28. OTHER EXPENSES		
(a) Stores and Spares Consumed	452.40	441.30
(b) Power and Fuel Consumed	186.44	240.46
(c) Repairs		
(i) Plant and Equipments	736.71	571.60
(ii) Building	66.71	81.20
(iii) Others	64.86	56.27
(d) Rent	117.23	120.02
(e) Insurance	81.46	51.90
(f) Rates and Taxes	308.54	245.90
(g) Commission and Brokerage	70.75	47.32
(h) Legal Charges	87.52	85.12
(i) Discounts	102.68	96.95
(j) Sales Promotion Expenses	192.64	31.54
(k) Loading and Unloading Charges	141.08	113.24
(l) Foreign Travelling Expenses	0.16	4.95
(m) Travelling Expenses	135.87	126.21
(n) Transportation and Freight & Forwarding	167.04	102.88
(o) Security and Other Labour Charges	197.51	126.07
(p) Chariy and Donation	1.63	1.43
(q) Directors Sitting Fees	17.78	13.12
(r) Auditors Remuneration		
(i) Audit Fees	6.00	4.75
(ii) For Certification	6.90	6.12
(iii) For Other Matter	0.46	0
(iv) Out of Pocket Expenses	0.66	0
(s) Cost Audit Fees	1.20	1.05
(t) Bad Debts	29.63	23.91
(u) Loss on Sale / Discarded of Fixed Assets	137.04	0
(v) Miscellaneous Expenses	471.99	443.09
	<u>3,782.89</u>	<u>3,036.40</u>
Total	<u>3,782.89</u>	<u>3,036.40</u>

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29. Capital and other commitments

Particulars	(₹ In Lac)	
	As at 31st December, 2014	As at 30th June, 2013
Estimated amounts of contracts remaining to be executed on capital account and not provided for	0	22.35

30. Contingent Liabilities

Nature of claim/Demands	As at	
	31st December, 2014	30th June, 2013
Claims / demands against the Company under litigation:		
Central Sales Tax	122.56	122.56
Entry Tax (U.P.)	745.07	730.30
Trade Tax (U.P.)	113.36	193.07
Excise Duty	2,376.34	408.02
Arrears of Dividend on Cumulative Preference Shares	0	2.21
Others	35.55	35.55
Total	<u>3,392.88</u>	<u>1,491.71</u>

31. Alcohol and Molasses Storage Reserves and Effluent Disposal Reserves amounting to ₹ 58.78 Lac (P.Y. ₹ 62.06 Lac) are not deposited with a Scheduled Bank, as required under Uttar Pradesh Sheera Niyanttran (Sansodhan) Adesh, 1974.

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

Particulars	As at	
	31st December, 2014	30th June, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier	131.60	159.92
The amount of Principal and interest paid beyond the appointed day	124.76	87.44
The amount of interest due and payable on delayed payments	20.37	5.25
The amount of interest accrued and remaining unpaid	20.37	5.25
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	0	0

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." Since the Company has not received any claims, hence interest is provided but not paid during the period.

33. Employee Benefit

Defined Contribution Plans

The Company has recognised the following amounts in statement of Profit and Loss

Particulars	For the Period of Eighteen Months ended on 31st December, 2014		For the Year ended on 30th June, 2013
	Employer's Contribution to Provident Fund	190.45	118.56
Employer's Contribution to Super Annuation Fund	21.45	21.33	
Defined Benefit Plan			
(i) Gratuity (Funded)			
(ii) Leave Encashment (Non-funded)			
(i) Gratuity (Funded)			

In accordance with Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed by independent actuaries in respect of the aforesaid defined benefit plan.

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(a) The amounts recognized in the balance sheet are as follows:

Particulars	(₹ In Lac)	
	Defined Benefit (Gratuity) Plan For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013
Present Value of funded obligations	739.27	763.25
Fair Value of plan assets	<u>271.51</u>	<u>370.24</u>
Net liability	<u>467.76</u>	<u>393.01</u>
Amount shown in balance sheet as Liabilities		

(b) The amounts recognized in the statement of profit and loss are as follows:

Particulars	Defined Benefit (Gratuity) Plan	
	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013
Current service cost	35.50	41.14
Interest on obligation	82.48	47.88
Expected return on plan assets	(76.85)	(34.32)
Net actuarial losses / (gains) recognized in year	36.37	108.77
Plan assets (Contributions) / transfers by employer	<u>0</u>	<u>0</u>
Total included in employee benefit expense	<u>77.50</u>	<u>163.47</u>

(c) Loss / (gain) on Actual Plan Assets

Particulars	Defined Benefit (Gratuity) Plan	
	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013
Expected return on plan assets	(76.85)	(34.32)
Actual return on plan assets	<u>76.85</u>	<u>34.88</u>
Net actuarial (gains)/ losses on plan assets	<u>0</u>	<u>(0.56)</u>

(d) Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Defined Benefit (Gratuity) Plan	
	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013
Opening defined benefit obligation	763.25	632.34
Service costs	35.50	41.14
Interest costs	82.48	47.89
Actuarial losses / (gains)	36.37	109.33
Benefits paid	<u>(178.33)</u>	<u>(67.45)</u>
Closing defined benefit obligation	<u>739.27</u>	<u>763.25</u>

(e) Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Defined Benefit (Gratuity) Plan	
	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013
Opening fair value of plan assets	370.24	402.80
Expected return on plan assets	76.85	34.32
Actuarial gains / (losses)	0	0.56
Contributions	2.75	0
Benefits paid	<u>(178.33)</u>	<u>(67.45)</u>
Closing defined benefit obligation	<u>271.51</u>	<u>370.24</u>

The Company has invested in LIC Group Gratuity Scheme and hence the investment pattern is defined by LIC as per the Scheme.

Annual Report 2013-2014 (18 Months)

- (f) Principal actuarial assumptions at the balance sheet date (expressed as weighted average):

Particulars	Defined Benefit (Gratuity) Plan	
	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013
Discount rate	8.00%	8.00%
Salary escalation rate	6.00%	6.00%
Expected return on plan assets	8.75%	9.30%

The expected rate of return is based on the rate as declared by the fund manager (LIC)

- (g) Amounts for the Current and Previous Four Years are as follows:

Particulars	Defined Benefit (Gratuity) Plan				
	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013	For the Year ended on 30th June, 2012	For the Year ended on 30th June, 2011	For the Year ended on 30th June, 2010
Defined benefit obligation	739.27	763.25	632.34	580.65	682.65
Plan assets	271.51	370.24	402.80	389.74	581.95
Surplus/ (deficit)	<u>(467.76)</u>	<u>(393.01)</u>	<u>(229.54)</u>	<u>(190.91)</u>	<u>(100.70)</u>

The Company expects to contribute ₹ 96.06 Lac to Gratuity fund in the next year.

- (h) Experience Adjustment:

Particulars	Defined Benefit (Gratuity) Plan			
	For the Period of Eighteen Months ended on 31st December, 2014	For the Year ended on 30th June, 2013	For the Year ended on 30th June, 2012	For the Year ended on 30th June, 2011
On plan Liability (Gains)/ Losses	36.36	7.42	48.09	(81.15)
On plan Assets Gains/ (Losses)	(2.43)	0.19	6.79	(40.30)

- (ii) Leave Encashment (Non-funded)

The Company has recognised ₹ 17.91 Lac (P.Y. ₹ 56.04 Lac) in statement of Profit and Loss based on actuarial valuation.

34 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
- Power
- Spirits
- Seed
- Agricultural Products

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.

Financial Information about the primary business segment:

Figures for the Period of eighteen months ended 31st December, 2014 indicated in bold. Previous Year figures indicated in the row there below

KESAR ENTERPRISES LIMITED

Particulars	Sugar	Power	Spirits	Seed	Agricultural Products	(₹ In Lac) Total
(a) Revenue from Operations						
Sales net of Excise Duty (Including Inter Division/ Segment Revenue and Net of Intra Division Revenue)	36,867.92	10,041.26	7,286.49	494.68	0	54,690.35
Other Income	28,097.76	11,108.22	4,502.39	516.47	511.53	44,736.37
Less : Inter Segment Revenue	3.33	14.13	25.29	13.99	0	56.74
Add : Unallocable Income	2.05	17.46	8.19	4.14	0	31.84
Total Revenue	5,809.96	5,574.51	0	0	0	11,384.47
	6,315.67	4,306.20	3.28	0	355.33	10,980.48
						248.44
						198.54
						43,611.06
						33,986.27
(b) Segmental Results						
Segmental Result before Interest, Exceptional Items & Tax	(8,046.48)	2,878.25	(52.46)	(329.89)	0	(5,550.58)
Less : Finance Cost	(2,015.16)	4249.09	660.04	(389.49)	40.52	2,545.00
Less : Unallocable Expenses Net of Unallocable Income						5,719.21
Less : Exceptional Items						3,637.54
Profit/(Loss) Before Tax						732.16
Less : Current Tax						575.66
Less : Deferred Tax						0
Profit / (Loss) after Tax						0
						(12,001.95)
						(1,668.20)
						0
						0
						0
						0
						(12,001.95)
						(1668.20)
(c) Segmental Assets and Liabilities						
(i) Segmental Assets	27,071.12	19,352.38	10,474.10	539.96	0	57,437.56
Unallocable Assets/ Investments	41,742.74	24,939.19	11,485.42	770.24	136.50	79,074.08
Total Assets						845.52
						1,132.73
						58,283.08
						80,206.81
(ii) Segmental Liabilities	31,150.84	12,204.99	1,896.85	864.59	0	46,117.27
Share Capital & Reserves & Surplus	37,813.71	14,629.41	1,469.96	922.52	63.91	54,899.51
Unallocable Liabilities						10,409.49
Total Liabilities						23,104.29
						1,756.32
						2,203.01
						58,283.08
						80,206.81
(d) Capital Expenditure and Depreciation						
(i) Capital Expenditure including Capital Work in Progress	52.12	36.42	31.82	(7.02)		113.35
Unallocable	1,034.41	1,824.31	9.16	0		2,867.88
Total						0
						33.39
						113.35
						2,901.28
(ii) Depreciation/ Amortization	509.10	1,529.01	210.01	33.15	0	2,281.27
Unallocable Depreciation	362.58	866.47	159.72	7.64	14.25	1,410.66
Total Depreciation/ Amortization						73.47
						50.97
						2,354.74
						1,461.63

Segment Revenue from Operations, Results, Assets and Liabilities and Depreciation include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Annual Report 2013-2014 (18 Months)

35. Related party disclosures as per Accounting Standard 18

Names of related parties and nature of related party relationships:

a) Key Management Personnel and their relatives:

Mr. H R Kilachand Chairman & Managing Director
Mrs. M H Kilachand Director (up to 31st December, 2014)

Relatives of Key Management Personnel:

Mr. Rohan H Kilachand Son
Ms. Rohita H Kilachand Daughter

b) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence:

Kesar Terminals & Infrastructure Limited
Kesar Multimodal Logistics Limited
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.

Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 31st December, 2014 indicated in bold. Previous Year figures indicated in the row there below:

Nature of Transaction	(₹ In Lac)									
	Kesar Terminals & Infrastructure Ltd	H. R. Kilachand	Rohan H. Kilachand	Kilachand Devchand & Co. Ltd.	Indian Commercial Co. Pvt. Ltd.	Seel Investment P Ltd	Duracell Investments & Finance P Ltd	Kesar Corporation P Ltd.	Kesar Multimodal Logistics Ltd	
Expenses Reimbursement	6.78 (33.95)			23.78 (16.13)	0 (1.58)					0.50 (0.31)
Sharing of Common Expenses	214.40 (154.03)									
Assets Allocation	29.84 (32.59)									
Dividend Received	30.00 (12.50)									
Rent Paid				26.07 (17.38)						
Interest on F.D.		0.17 (0.54)								
Salary paid			16.85 (16.85)							
Managerial Remuneration		9.05 (10.05)								
Loans received						0 (237.00)	70.00 (218.00)	50.00 (0)		
Loans Repaid						50.47 (37.00)	119.02 (37.00)	24.43 (0)		
Equity Investments						142.49 (372.04)	139.44 (376.54)	24.57 (74.93)	0 (2.50)	
Closing Balance										
Security Deposit		0 (5.00)			0 (10.00)					
Sundry Creditors	0 (0.06)			178.26 (174.17)	0 (0.30)					
Investments	50.00 (50.00)									2.50 (2.50)
Long Term Loans						0 (192.96)	0 (188.46)			

KESAR ENTERPRISES LIMITED

36. Disclosure in respect of Operating Lease in accordance with AS 19 on 'Leases'
- a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
 - i) Not later than one year ₹ 68.84 Lac (P.Y. ₹ 58.83 Lac).
 - ii) Later than one year and not later than five years is Nil (P.Y. ₹ 9.20 Lac).
 - b) Lease payments recognised in the statement of profit and loss during the Period of Eighteen Months is ₹ 41.48 Lac (P.Y. ₹ 50.02 Lac).

37. Supplementary statutory information

Particulars	For the Period of Eighteen Months ended on 31st December, 2014	(₹ In Lac) For the Year ended on 30th June, 2013
(a) CIF value of Imports Capital Goods	0	0
(b) Expenditure in Foreign Currency (Foreign Travelling & Business Promotion Expenses)	0.15	4.95
(c) Amount payable in Foreign Exchange (Unhedged) Capital Goods	0	0
USD (in Lac)	0	0
₹	0	0

38. Disclosure in respect of Earning per Share in accordance with Accounting Standard (AS 20)

Particulars	(₹ In Lac)	(12,001.95)	(1,668.20)
Profit after tax			
Nominal value of equity shares	₹	10	10
Weighted average no. of equity shares (Basic)		92,17,980	71,91,678
Earnings per equity share (Basic)	₹	(130.20)	(23.20)
Weighted average no. of equity shares (Diluted)		92,59,048	71,91,678
Earnings per equity share	₹	(129.62)	(23.20)

39. The Company follows Accounting standard 22 (AS22) "Accounting for taxes on Income", Deferred Tax Asset arising on account of Unabsorbed depreciation and brought forward losses has been recognised only to the extent of Deferred Tax Liability. The management has assessed the position and on the basis of reasonable/ virtual certainty of realising it in future, has recognised Deferred Tax Asset as on 31st December, 2014, amounting to ₹ 1,631.92 Lac (P.Y. ₹ 1,569.74 Lac).
40. The Company has incurred significant operational losses in Sugar Division during the current period due to a steep decline in sugar prices and uneconomically high Sugarcane prices. Considering the various representations made by the Industry, the State Government of Uttar Pradesh has decided to form a high level committee to determine a fair sugarcane pricing policy and to restore the viability of the Sugar Industry and the Company is hopeful that pursuant to the same the Company would turnaround in near future. Accordingly, the financial statements have been prepared on the assumption of going concern, despite accumulated losses resulting in erosion of its network.
41. Sugar cane purchase price for the season 2014-2015 is accounted at State Advisory Price (SAP) ₹ 280/- per quintal for general, ₹ 275/- per quintal for rejected and ₹ 290/- per quintal for early varieties. The Government of Uttar Pradesh has announced various rebates in sugar cane purchase price for the Season Year 2014-2015 vide press note dated 12/11/2014, linked to average market price of sugar & by-products during the period 1st October, 2014 to 31st May, 2015. The above rebates shall be accounted if and when crystallised to the Company or declared by the State Government of Uttar Pradesh.
42. The Previous Year figures have been regrouped and re-casted wherever necessary. The current financial statements are prepared for the Period of Eighteen Months and hence not comparable with the Previous Year figures.

For and on behalf of the Board of Directors

H R KILACHAND
Chairman & Managing Director

A S RUIA
Director

Place: Mumbai
Date: 17th February, 2015

ROHIT BALU
Chief Financial Officer

D J SHAH
Director & Company Secretary

Annual Report 2013-2014 (18 Months)

CASH FLOW STATEMENT

FOR THE PERIOD OF EIGHTEEN MONTHS ENDED ON 31ST DECEMBER, 2014

Particulars	For the Period of Eighteen Months ended on 31st December, 2014	(₹ in Lac) For the year ended 30th June, 2013
A CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT/(LOSS) BEFORE TAX	(12,001.95)	(1,668.20)
Non cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	2,354.74	1,461.63
Dividend Income	(30.91)	(13.32)
Interest Income	(127.18)	(8.13)
Interest and Finance Charges	5,719.21	3,637.54
Transferred to Molasses and Alcohol Storage Reserves & Effluent Disposal	(3.28)	7.02
Reserves net of Expenses		
Profit on sale of Fixed Assets/ Investments	(67.79)	(177.92)
Credit Balances Written Back	(51.84)	(8.72)
Discount given to Debtors/ Dealers	102.68	96.95
Bad Debts	29.63	23.91
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>(4,076.69)</u>	<u>3,350.76</u>
Movements in working Capital		
Decrease / (Increase) in Inventories	13,589.79	(2,560.04)
Decrease / (Increase) in Trade Receivables	4,591.39	(4,838.21)
Decrease / (Increase) in Short term Loans & Advances	(859.53)	248.94
Decrease / (Increase) in Long term Loans & Advances	23.28	574.20
Decrease / (Increase) in Other Current Assets	(19.23)	287.91
Increase / (Decrease) in Trade Payables	(109.68)	1,740.71
Increase / (Decrease) in Other Current Liabilities	183.09	(1,149.68)
Increase / (Decrease) in Short term Provisions (Employee Benefits)	(36.65)	193.26
Increase / (Decrease) in Other Long term Liabilities	(26.16)	(8.53)
Increase / (Decrease) in Long term Provisions	100.51	(7.03)
CASH (USED IN) / GENERATED FROM OPERATIONS	<u>13,360.12</u>	<u>(2,167.71)</u>
Taxes (Paid)/ Refunds	317.93	1.73
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	<u>13,678.05</u>	<u>(2,165.98)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets including Intangible Assets & CWIP	(130.13)	(2,901.28)
Sale/Scrap of Fixed Assets	454.85	244.05
(Investment in)/ withdrawal of Fixed Deposits	(106.11)	36.42
Interest Received	132.17	7.56
Dividend Received	30.91	13.32
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	<u>381.69</u>	<u>(2,599.93)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Addition/ (Repayment) of Long Term Borrowings including Current Maturities	(2,923.81)	894.50
Allotment of Equity Shares including Share Premium	306.50	823.50
Repayment of Redeemable Preference Shares	(66.00)	(67.00)
Addition/ (Repayment) of Short Term Borrowings	(6,334.38)	7,345.40
Dividends Paid	(0.93)	(3.77)
Interest Paid	(5,775.27)	(3,525.06)
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	<u>(14,793.89)</u>	<u>5,467.57</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(734.15)</u>	<u>701.66</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>942.60</u>	<u>240.94</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>208.45</u>	<u>942.60</u>
COMPONENT CASH AND CASH EQUIVALENTS		
Cash on Hand	9.33	13.39
With Bank on Current Account	193.98	922.98
Unclaimed Dividend Account	5.14	6.07
Post Office Account	0	0.16
TOTAL CASH AND CASH EQUIVALENTS	<u>208.45</u>	<u>942.60</u>

Note : Figures in brackets are outflows.

As per our report of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W

Sumant Sakhardande

Partner

Membership No. 34828

Place: Mumbai

Date: 17th February, 2015

For and on behalf of the Board of Directors

H R KILACHAND

Chairman & Managing Director

A S RUIA

Director

ROHIT BALU

Chief Financial Officer Director & Company Secretary

D J SHAH

KESAR ENTERPRISES LIMITED

STATEMENT SHOWING PRODUCTION AND YIELD IN SUGAR

SEASON	DURATION DAYS	CANE CRUSHED M. TONS	SUGAR PRODUCED M. TONS	RECOVERY % OF CANE CRUSHED
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
2010-2011	116	738,041.20	71,811.00	9.68
2011-2012	148	931,902.00	88,761.00	9.48
2012-2013	136	858,008.00	78,105.00	9.14
2013-2014	98	588,836.00	51,632.60	8.77
2014-2015 (upto December 2014)	30	187,040.00	17,960.40	9.60

STATEMENT SHOWING PRODUCTION AND YIELD IN DISTILLERY

Year	Production (Litres)	Yield per Quintal of Molasses (Litres)
2000-01	12,835,127	21.40
2001-02	12,280,300	21.00
2002-03	12,954,000	21.16
2003-04	11,552,050	24.12
2004-05	11,274,630	22.58
2005-06	14,765,450	22.98
2006-07	16,412,783	23.22
2007-08	16,274,637	22.70
2008-09	11,414,558	22.99
2009-10	7,458,803	23.12
2010-11	13,141,901	23.00
2011-12	11,223,029	22.60
2012-13	8,506,467	22.41
2013-14	11,575,401	22.76
2014-2015 (upto December 2014)	1,238,192	22.24

Annual Report 2013-2014 (18 Months)

FINANCIAL STATISTICS FROM 2004-2005 TO 2013-14

Year end position	(₹ In Lac)										
	2013-2014 (18 Months)	2012-2013	2011-2012	2010-2011	2009-2010 \$	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	
Share Capital	999.92	862.02	679.02	679.02	679.02	746.92	746.99	746.99	794.95	633.93	
Reserves and Surplus	* 9,392.66 (378.84)	*22,176.28 (378.84)	* 23,733.70 (378.84)	2,518.53	2,230.11	3,517.44	2,848.42	2,504.27	3,864.07	3,271.71	
Deferred Tax Liability/ Assets				24.84	345.83	650.79	634.95	897.26	752.27	417.15	
Borrowings	33,832.45 (1,278.73)	43,090.64 (1,132.52)	34,956.36 (11,276.43)	20,824.08	25,135.42	16,420.60	17,097.70	11,881.89	9,581.43	7,507.10	
Working Capital				14,819.70	21,886.08	11,935.84	13,084.11	8,483.45	8,242.78	5,536.90	
Capital Employed	58,283.08	80,206.81	72,539.62	24,246.47	28,590.38	21,535.75	21,528.06	16,230.41	15,192.72	12,029.89	
Gross Block	* 58,652.13	*59,336.79	* 37,767.26	15,183.32	15,280.52	19,546.13	16,714.42	15,557.89	14,552.40	13,660.10	
Net Block	* 44,997.85	48,551.27	* 28,857.03	5,795.90	6,036.20	9,102.09	6,997.99	6,496.57	6,078.81	5,697.98	
Investments	54.95	54.95	54.95	52.70	52.44	52.49	7.00	2.00	455.60	455.10	
Equity Shares											
Book Value (₹)	* 104.10	* 267.26	* 359.53	47.09	42.84	62.80	52.94	46.69	73.16	59.89	
Face Value (₹)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	
For the Year											
Sales including Excise Duty	74,954.17	47,254.60	46,303.48	49,620.98	26,638.70	29,505.78	29,161.56	27,951.98	27,955.41	25,044.67	
Depreciation	2,354.74	1,461.63	558.29	583.10	579.79	738.79	661.19	607.76	537.97	512.96	
Profit before Tax	(12,001.95)	(1,668.20)	(937.97)	42.73	224.59	1,089.84	156.53	(1,656.06)	1,824.69	1,863.44	
Profit After Tax	(12,001.95)	(1,668.20)	(1,998.50)	361.74	239.30	904.39	381.36	(1,847.71)	1,111.00	1,661.73	
Equity Dividend %	0	0	0	10.00	10.00	30.00	5.00	0	25.00	20.00	
Equity Dividend total amount	0	0	0	67.90	67.90	203.70	33.95	0	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.

* Including Revaluation Reserve.

KE KESAR ENTERPRISES LIMITED

CIN: L24116MH1933PLC001996

Registered Office : Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai – 400 020
E-mail: headoffice@kesarindia.com, Tel: 022-22851737, Fax: 022-22876162

PROXY FORM

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

80th ANNUAL GENERAL MEETING on 19th March, 2015

Name of Member(s)		E-mail Id:	
Registered Address		Folio No. / *Client Id *DP Id	

I / We, being the Member(s) of _____ shares of the above named Company, hereby appoint:

- (1) Name: _____
Address _____
E-mail Id: _____ or failing him
- (2) Name: _____
Address _____
E-mail Id: _____ or failing him
- (3) Name: _____
Address _____
E-mail Id: _____ or failing him

as my /our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 80th Annual General Meeting of the Company, to be held on Thursday, March 19, 2015 at 3:30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions:

1.	Adoption of the audited Balance Sheet for the 18 months period as at 31st December, 2014 and Statement of Profit & Loss for the period ended on that date together with the Reports of Board of Directors and Auditors thereon:
2.	Reappointment of Shri P Nayak who retires by rotation
3.	Appointment of Statutory Auditors and to fix their remuneration
4.	Appointment of Shri D J Shah as a Whole Time Director
5.	Appointment of Shri A S Ruia as an Independent Director
6.	Appointment of Shri Ajeet Prasad as an Independent Director
7.	Appointment of Shri Prakash Dubey as an Independent Director
8.	Ratification of appointment / remuneration of M/s. R M Bansal & Co., Cost Auditor

Signed this _____ day of _____, 2015
* Applicable for investors holding shares in electronic form.

Signature of Shareholder

Signature of Proxy holder(s)

Affix 15
paise
Revenue
Stamp

NOTE:

- (1) 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 commencement of the Meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (5) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

KESAR ENTERPRISES LIMITED

CIN: L24116MH1933PLC001996

Registered Office : Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai – 400 020

E-mail: headoffice@kesarindia.com, Tel: 022-22851737, Fax: 022-22876162

ATTENDANCE SLIP

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

I hereby record my presence at the 80th Annual General Meeting of the Company, to be held on Thursday, 19th March, 2015 at 3:30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001

Client ID *		DP ID No. *	
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Folio No.		No. of Shares	
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ELECTRONIC VOTING PARTICULARS

Electronic Voting Sequence Number (EVSN)	150216014
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Note:

- (1) Please read the instructions printed in Note No. (m) to the Notice of 80th Annual General Meeting dated March, 19, 2015.
- (2) The Voting period starts from 00:01 hrs. on Monday, March 9, 2015 and ends at 23.55 hrs on Wednesday, March 11, 2015.
- (3) The voting module shall be disabled by CDSL for voting thereafter.

Name and Address of the Member:

Signature of Member or Proxy or Representative

* Applicable for investors holding shares in electronic form.



If undelivered please return to:

KESAR ENTERPRISES LIMITED

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