

KESAR ENTERPRISES LTD.

77th Annual Report 2010-11



KESAR ENTERPRISES LTD.

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KE KESAR ENTERPRISES LTD.

(Incorporated under the Indian Companies Act VII of 1913)

COMPANY INFORMATION

BOARD OF DIRECTORS	:	H. R. KILACHAND (Chairman & Managing Director) A. S. RUIA K. KANNAN K. D. SHETH SMT. M. H. KILACHAND N. J. VAKIL I. S PHUKELA (Nominee of GIC) AJEET PRASAD
SR. VICE PRESIDENT (LEGAL) & COMPANY SECRETARY	:	D. J. SHAH
BANKERS	:	Allahabad Bank Uttar Pradesh Co-operative Bank Limited
AUDITORS	:	M/s. Haribhakti & Co. Chartered Accountants
SUGAR FACTORY AND SPIRITS	:	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 Indl. Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072
AUDIT COMMITTEE MEMBERS	:	K. D. SHETH (Chairman of the Committee) A. S. RUIA K. KANNAN AJEET PRASAD

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NOTICE

NOTICE is hereby given that the **77th** Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Thursday, 17th November, 2011** at **3:30 p.m.** at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001 to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors thereon.
2. To declare a dividend on 1% Cumulative Redeemable Preference Shares.
3. To declare a dividend on Equity Shares.
4. To appoint a Director in place of Smt. M. H. Kilachand, who retires by rotation but being eligible, offers herself for reappointment.
5. To appoint a Director in place of Shri K. D. Sheth, who retires by rotation but being eligible, offers himself for reappointment.
6. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the provisions of the Foreign Exchange Management Act (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI) and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (GOI), the Reserve Bank of India (RBI), SEBI and any other competent or concerned authority and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges on which the Company's shares are listed and subject to necessary approvals, permissions, consent and sanctions of the concerned statutory and other authority(ies) and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consent and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board"), which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution, the Board be and is hereby authorised on behalf of the Company with powers to delegate such authority to such person or persons as the Board may deem fit, to offer, issue and allot either in India or in the course of international offering(s), in one or more foreign markets, such number of Equity Shares, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), Qualified Institutional Placements (QIPs), Equity Shares (through Depository Receipt Mechanism), any other Financial Instruments convertible into Equity Shares or otherwise, in the registered or bearer form, any security convertible in or linked to Equity Shares and / or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares (hereinafter collectively referred to as "Securities") or any one or combination of such Securities, in one or more tranches, whether rupee denominated or denominated in foreign currency, to foreign / resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Foreign Institutional Investors, Indian / Multilateral Financial Institutions, Mutual Funds, Banks, Insurance Companies, Pension Funds, Qualified Institutional Buyers (QIB's) Non-Resident Indians and / or any other eligible investors, whether they be holders of shares of the Company or not (collectively called the "Investors") through public issue(s), rights issue, preferential issue, private placement(s) or a combination thereof through prospectus, offer document, offer letter, offer circular or otherwise, at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with Lead Managers, upto an amount not exceeding Indian Rupees 125 crore (approximately) or equivalent foreign currency inclusive of such premium as the Board at its absolute discretion may deem fit and appropriate."

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practice and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the GDRs during the duration of the Depository Receipts and the Board be and is hereby authorised at its absolute discretion, in such manner as it may deem fit, to dispose off such of the Securities as are not subscribed.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any Securities or as may be necessary in accordance with the terms of the offering(s), all such shares ranking *pari passu* with the existing Equity Shares of the Company in all respects.”

“RESOLVED FURTHER THAT the pricing of the Securities shall be made subject to compliance with applicable laws and regulations and, further that the pricing of any GDRs/ FCCBs / ADRs that may be issued, shall be made at a price not less than the higher of the following two averages:

- i. The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the six months preceding the relevant date;
- ii. The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

The “relevant date” means the date thirty days prior to the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, 1956, to consider the proposed issue.

“RESOLVED FURTHER THAT the issue to the holders of the Securities of the Equity Shares underlying the Securities shall be, *inter alia*, subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders; and
- (c) in the event of merger, amalgamation, takeover or any other re-organisation or restructuring, the number of shares, the price and the time period as aforesaid shall be suitably adjusted.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Advisors and all such Agencies as may be involved or concerned in such offering(s) of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents etc. with such agencies and to seek the listing of such Securities on one or more National and / or International Stock Exchange(s).”

“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue and allotment of Securities or Equity Shares, as aforesaid, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary, desirable or expedient including the obtaining of permissions / approvals from various authorities as may be required and to settle any questions, difficulties or doubts that may arise in regard to any such offer, issue and allotment.”

“RESOLVED FURTHER THAT the acts, deeds, and things already done by the Board, or any persons designated by the Board, in this regard be and are hereby confirmed, approved and ratified.”

Registered Office:
Oriental House,
7, Jamshedji Tata Road,
Churchgate,
Mumbai – 400 020
12th October, 2011

By Order of the Board of Directors

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

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Notes:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE 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) The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 10.11.2011 to Thursday, 17.11.2011 (both days inclusive) for the purpose of payment of the dividend. The Shareholders are requested to inform of change in address, if any, at the earliest.
- c) The Unclaimed Dividends upto the financial year ended 30th June, 1998 of the Company, have been transferred to the Investor Education and Protection Fund set up by the Central Government pursuant to Section 205C of the Companies Act, 1956.
- d) The Members may lodge their shares for transfer / transmission with the office of M/s. SHAREX DYNAMIC (INDIA) PVT. LTD., the Registrar and Share Transfer Agents at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072 or with the Company.
- e) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
- f) All documents referred to 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.
- g) Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- h) Members / Proxies should fill the Attendance Slip for attending the Meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the Meeting.
- i) 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 Share Transfer Agents email id at sharexindia@vsnl.com or at the Company's email id at djs@kesarindia.com (Please refer Page 60)
- j) As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Smt. M. H. Kilachand and Shri K. D. Sheth, the retiring Directors at the ensuing Annual General Meeting, is given in para 2 of the Corporate Governance Report.

ANNEXURE TO THE NOTICE

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

Item No.7 :

This resolution relates to the proposal of the Company to offer, issue and allot either in India or in the course of an international offering in one or more foreign markets, by way of equity shares / depository receipts / foreign currency convertible bonds (FCCB) / fully convertible debentures / partly convertible debentures / qualified institutional placements (QIP's) or any other financial instruments convertible into or linked to equity shares or otherwise, or any one or combination of such securities, in one or more tranches and on the terms and conditions as may be decided by the Board of Directors or any Committee thereof, at its absolute discretion, for an amount not exceeding Indian Rupees 125 crore (approximately) or equivalent foreign currency inclusive of premium payable on conversion, if any.

The objects of this issue is to enhance financial flexibility of the Company to fund the capital expenditure plans of the Company and/or to part finance expansion / modernisation of the Sugar Factory / cogeneration projects at Baheri and / or any new Project / acquisition / investments in such Projects. The Company is exploring alternatives to mobilise resources from various available sources. Presently, it is proposed to raise a sum upto Indian Rupees 125 crore (approximately) or equivalent foreign currency through public issue(s), rights issue, preferential issue, private placement(s) or a combination thereof through prospectus, offer document, offer letter, offer circular or otherwise.

The detailed terms and conditions for the offer will be determined in consultation with Advisors, Lead Managers, Underwriters and such other authority or authorities and agencies as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors. The pricing of the international offering(s), if any, will be free market pricing and may be at a premium or discount to the market price in accordance with international practice, subject to applicable rules, regulations etc. As the pricing of the offering(s) will be decided at a later stage, the exact number of securities or shares to be issued will depend upon the price so decided. For the aforesaid reasons, an enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. However, it may be noted that according to the Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, (the FCCB Scheme) the pricing of GDR /FCCB issues should be made at a price not less than the higher of the following two averages:

- (i) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;
- (ii) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during two weeks preceding the relevant date.

The relevant date means the date thirty days prior to the date of this Annual General Meeting.

Securities issued pursuant to the international offering(s), if any, will be listed on the Luxembourg Stock Exchange and / or London Stock Exchange and / or Singapore Stock Exchange and / or other Exchange(s) outside India and may be represented by Securities outside India.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies, individuals or otherwise as the Board may at its absolute discretion deem fit. Section 81(1A) of the Companies Act, 1956 provides, *inter alia*, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81(1A) unless the shareholders in a general meeting decide otherwise.

The Listing Agreement entered into by the Company with the Bombay Stock Exchange and National Stock Exchange on which the Company's shares are listed provides, *inter alia*, that the Company in the first instance should offer all the shares to be issued by the Company for subscription on a pro rata basis to the equity shareholders unless the shareholders in a general meeting decide otherwise.

The said Special Resolution, if passed, shall have the effect of allowing the Board on behalf of the Company to offer, issue and allot the Securities otherwise than on pro rata basis to the existing shareholders.

The Board of Directors believes that such issue is in the interest of the Company and therefore recommends the resolution for your approval. No Director of the Company is interested or concerned in the said resolution.

By Order of the Board of Directors

Registered Office:

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

12th October, 2011

D. J. SHAH

Sr. Vice President (Legal)
& Company Secretary

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Directors' Report

To
The Shareholders,
Kesar Enterprises Ltd.

Dear Members,

Your Directors present to you the 77th Annual Report and audited Statement of Accounts for year ended 30th June, 2011.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2010-11	2009-10
Profit / (Loss) before interest, depreciation & taxation	2623.71	2565.67
Less: Interest and Finance Charges	1997.88	1761.29
Profit/ (Loss) before Depreciation & taxation (Cash Profit)	625.83	804.38
Less: Depreciation	583.10	579.79
Profit / (Loss) before tax	42.73	224.59
Add /(Less): Provision for Taxation		
(i) Income Tax - Deferred Tax Assets	320.99	16.30
(ii) Wealth Tax	(1.98)	(1.59)
Profit / (Loss) after tax	361.74	239.30
Add /(Less):		
Prior period adjustments.	—	199.42
Profit available for appropriation	361.74	438.72
Appropriation:		
(Less):		
(i) Transfer to General Reserve	100.00	43.87
(ii) Proposed Dividend on Preference Share	2.00	2.00
(iii) Proposed Dividend on Equity Share	67.90	67.90
(iv) Corporate Tax on Dividends	11.34	11.61
Profit after appropriation	180.50	313.34
Add: Balance brought forward from previous year	552.13	238.79
Balance carried forward to Balance Sheet	732.63	552.13

For the year 2010-11, there is a profit after tax of Rs. 361.74 lacs after considering Deferred Tax Assets as against Rs.239.30 lacs in the previous year.

DIVIDEND

Your Directors recommend a dividend for the year 2010-11 @ 1% on 20,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each issued to IDBI Ltd. amounting to Rs.2.00 lac plus dividend tax as applicable.

Your Directors also recommend a dividend for the year 2010-11 @ Re.1.00 per Equity Share of Rs.10/- each on 67,90,162 Equity Shares of the Company plus dividend tax as applicable (Previous year Re.1.00 per equity share)

WORKING OF THE DIVISIONS

Sugar Division

The crushing for the season 2010-11 started on 2.12.2010 i.e. 3 days later as against 29.11.2009 in the previous season and ended on 30.3.2011 as against 27.3.2010, 3 days later than the previous season. During the season, the plant crushed 73.80 lac quintals of sugarcane. The crushing was higher by 4.42 lac quintals during this season. The sugar recovery overall was higher at 9.68% as against 9.38% in the previous season. The production of sugar was higher at 7.18 lac quintals due to higher crushing and recovery of sugarcane, as against 6.52 lac quintals in the previous season.

The Levy sugar price for the season 2010-11 was announced by the Central Government on 3.2.2011, increasing it from Rs.1,808.47 to Rs.1,900.88 per quintal. However, the Central Government has not revised the levy sugar price for the years 2003-04 to 2008-09. The levy ratio was changed by the Central Government from 20% to 10% w.e.f. 1.10.2010 for this season.

In October 2009, the Central Government had amended the Sugarcane (Control) Order, 1966, by replacing Statutory Minimum Price (SMP) with 'Fair and Remunerative Price' (FRP), to enable the Central Government to fix the cane price from time to time considering reasonable margins for the cane growers on account of risk and profits. Additionally, Clause 3B was inserted mentioning that – If any authority or State Government fixes any price above the fair and remunerative price fixed by the Central Government, than the said authority or State Government, shall pay the differential amount, to the grower of sugarcane. Accordingly on 25.2.2011, the Central Government had hiked FRP of sugarcane from Rs.129.84 per quintal to Rs.139.12 per quintal at a base recovery of 9.5% for the season 2010-11.

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

During the season 2010-11, Molasses produced was higher at 3.56 lac quintals as against 3.14 lac quintals due to higher crushing. Baggasse produced was 22.79 lac quintals as against 22.39 lac quintals in the previous season. Surplus baggasse sold was 7.75 lac quintals as against 7.08 lac quintals in the previous season. The Company has implemented major energy efficiency measures in the boiling house of the sugar factory at Baheri, thereby reducing steam and power consumption significantly, resulting in large savings in bagasse and hence increase in revenue on sale of the saved bagasse. Over and above that, there is lower power and steam consumption, resulting in reduced load on the boilers and turbines.

Spirits Division

During the year under review, the production of Rectified Spirit (RS) was higher at 131.42 lac bulk litres as against 74.80 lac bulk litres in the previous year. The production of Extra Neutral Alcohol (ENA) was at 39.42 lac bulk litres as against 24.36 lac bulk litres in the previous year. The quantity of Country Liquor supplied was 8.82 lacs cases as compared to 5.63 cases in the previous year. The sale of IMFL was at 3.58 lac cases as against 5.17 lac cases in the previous year. The Company has contract bottling arrangements with reputed parties, which ensures a higher capacity utilisation and reduction in operating overheads. The Company also has tie-up arrangements to get its own brands manufactured in other States.

Agrotech Division:

Crops

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

Seed Division

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

SUBSEQUENT FINANCIAL YEAR 2011-12

Sugar Division

For the season 2011-12, the Sugar Factory is expected to start by last week of November, or early December, 2011. The sugar season is expected to be normal. The Levy sugar price for the season 2011-12 is yet to be announced by the Central Government.

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The Central Government has not revised the levy sugar price for the years 2003-04 to 2008-09. In May 2004, in one sugar mill case, the Supreme Court had mentioned that the SAP fixed by the State Government needs to be taken into account in the computation of the levy sugar price. On 31.3.2008, in another sugar mill case, the Supreme Court directed the Central Government to refix the price of levy sugar taking into account the SAP as against SMP.

For the season 2011-12, the U. P. Government has not yet announced the State Advised Price (SAP) of sugarcane as against Rs.205 a quintal in the previous year.

Spirits Division

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

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

Seed Division

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

EXPANSION / MODERNISATION

Co-generation Power Plant

In September 2010, the Company started the process of implementation of the 25mw Co-generation Power Project at an estimated cost of Rs.136.00 crore. In August 2011, the capacity of the said project was increased from 25mw to 44mw at an estimated revised cost of Rs.193.98 crore with minor changes in the boiler and turbine design without affecting the expected Date of Commissioning i.e. April 2012. The increase in the Cogen plant capacity would result into a substantial reduction in the overall per mw cost of the Project coupled with additional exportable power to the grid resulting in an earlier payback period than at the earlier planned old capacity. Additionally, it would facilitate and enable future expansion of the sugar plant, as and when taken up, from 7,500 tcd to 10,000 tcd, without the need to purchase any primary equipment besides saving in capital cost. The Company will substantially export power to the grid and will benefit from the well established government policies related to renewable energy and also get benefit of carbon trading rights. The Sugar Development Fund, Allahabad bank and UCO Bank have approved required funds for the 25mw Project and necessary steps are taken for obtaining additional funds for the increased cost of 44mw Project.

Spirits Division

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

Seed Division

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

JOINT PROJECT IN MADHYA PRADESH

A Consortium of Kesar Terminals & Infrastructure Limited (KTIL), the Lead Member, and the Company had received a Letter of Award [LOA] from The Madhya Pradesh State Agricultural Marketing Board (the Mandi Board) confirming the Consortium as a successful bidder for setting up of a "Composite Logistics Hub" at Pawarkheda, District Hoshangabad, Madhya Pradesh on a Public Private Partnership (PPP) Model. A Special Purpose Vehicle i.e. Kesar Multimodal Logistics Ltd. [KMLL] has been incorporated by KTIL & the Company to enter into a Concession

Agreement with the Mandi Board for executing the Project. KTEL and the Company hold 50% each of the total Share Capital in KMLL.

FIRST 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 are to be redeemed in three annual instalments respectively on 10.8.2011, 10.8.2012 and 10.8.2013. Accordingly, the Company has paid the 1st instalment of Rs.67,00,000/- on 10.8.2011.

DIRECTORS

Smt. M. H. Kilachand and Shri K D Sheth, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves 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 Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) that in preparation of the annual accounts for the financial year ended on 30th June, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for that year;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the financial year ended on 30th June, 2011 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' forming part of this Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

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

INSURANCE

The Company has taken adequate insurance for all its properties.

FIXED DEPOSITS

Fixed Deposits of Rs.1,21,000/- due for repayment on or before 30th June, 2011 were not claimed by 3 depositors as on that date.

AUDITORS

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

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.

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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 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.

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.

EMPLOYEES

Relation with the employees remained cordial throughout the year. There is no employee whose information is required to be given under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENT

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

By Order of the Board of Directors

H. R. KILACHAND
Chairman & Managing Director

12th October, 2011

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

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

CONSERVATION OF ENERGY:

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

A. POWER AND FUEL CONSUMPTION	<u>2010-11</u>	<u>2009-10</u>
1. ELECTRICITY		
a Purchased		
Unit	Kwh	1472074
Total Amount	Rs.	91505914
Rate/Unit	Rs.	6.22
b Own Generation		
i) THROUGH DIESEL GENERATOR		
Unit	Kwh	174547
Units Per Ltr. Of Diesel Oil	Kwh	3.11
Rate / Unit	Rs.	12.65
ii) THROUGH STEAM TURBINE		
Unit	Kwh	20122744
Units Per M. T. of Steam	Kwh	54.38
Rate / Unit *	Rs.	—
2. COAL		
Quantity	M.T.	3511.01
Cost	Rs.	19818143
Average Rate	Rs.	5644.58
3. OTHER FUEL BAGASSE (OWN)		
Quantity	M.T.	149769
Cost #	Rs.	—
Average Rate #	Rs.	—
4. Outer Cover of Paddy		
Quantity	M.T.	7482.62
Cost	Rs.	22102480.73
Average Rate	Rs.	2953.84
5. Cane Trash		
Quantity	M.T.	2783
Cost	Rs.	2595237
Average Rate	Rs.	932
6. H. S. DIESEL		
Quantity	Ltr.	56161
Cost	Rs.	2207932
Average Rate	Rs.	39.31

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

Not applicable as this is a by-product.

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B. Consumption per unit of production		2010-11	2009-10
Product (Sugar)			
Electricity	Kwh/M.T	222.57	232.91
Bagasse/ Outer Cover of Paddy / Cane Trash	M.T/M.T	2.14	2.35
Diesel Oil	Ltr./M.T	0.15	0.50
Product (Industrial Alcohol)			
Electricity	Kwh/000'Ltrs	118.43	144.58
Coal	Qtls./000'Ltrs	1.08	—
Bagasse (Pith)	M.T./000'Ltrs	—	—
Outer cover of Paddy	M.T./000'Ltrs	0.22	0.25
Diesel Oil	Ltr./000'Ltrs	1.40	9.96

FORM B

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

A. RESEARCH AND DEVELOPMENT

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

B. BENEFITS DERIVED

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

Expenditure on R & D

	2010-11 (Rs. In lac)	2009-10 (Rs. In lac)
a) Capital	0.00	0.00
b) Recurring	20.36	18.51
	20.36	18.51

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

(Please refer to Note No.17, Item No. E & F of Schedule 22)

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 no of units. However, with private players going in for major expansions, the gap between the private and co-operative sector is expected to narrow down in the future in terms of installed capacity as well as production. The industry is highly regulated by the Central and State Governments by way of cane growing area, sugarcane pricing, monthly release mechanism, import-export policy, levy / free sugar 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.

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 spirits robust. Though the per capita consumption for alcohol beverages in India is comparatively lower as against developed countries, the sector has a promising growth.

Agrotech

Agriculture in India contributes nearly 20% to the gross domestic product (GDP). Agricultural products not only supply raw materials to agrarian-based industries but also account for about 10% of India's export earnings. Dependence on monsoon has been a driving factor for this sector. Higher investments augmented with correct policies and strategies are necessary conditions to achieve this sustained growth path to make this sector a flourishing one.

Seed

Seed form a critical input for sustainable agriculture. The response of all other inputs depends on quality of seeds to a large extent. Introduction of a new Seed Development Policy was yet another significant mile stone in the Indian Seed Industry, which transformed the very character of the seed industry. The policy gave access for Indian farmers to the best of quality of seed and planting material available anywhere in the world. The policy stimulated appreciable investments by private individuals, Indian Corporate and MNCs in the Indian seed sector with strong Research & Development base for product development with more emphasis on high value hybrids of cereals and vegetables and hi-tech products such as Bt. Cotton. As a result, the farmer has a wide product choice and the seed industry today is set to work with a 'farmer centric' approach.

INDUSTRY 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 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 is in the process of implementation of the 25 mw Co-generation Power Project at Baheri, which has been subsequently revised to 44mw. The Company will mainly export power to the grid and will benefit from the well established government policies related to renewable energy and also get benefit of carbon trading rights.

Spirits

The Company has 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. The Company is planning to further expand its production capacity to 62,500 klp. It has one of the most modern and a sophisticated process of

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continuous fermentation of molasses, which gives higher yields and produces the finest quality of 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 gas (Bio-gas), which is burnt in the boilers generating steam and power.

Agrotech

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

Seed

The Company produces & markets Hybrid Seeds of paddy, maize, sorghum sudan grass & pearl millet. It also produces Open Pollinated varieties of agricultural products such as wheat, paddy, mustard and sunflower. All that is produced under the brand name 'Kesar Seeds'. The Company has obtained Seed Licenses in the States of Chattisgarh, Rajasthan, Uttar Pradesh, Uttarakhand, Bihar, Madhya Pradesh, Punjab and Haryana. The Research and Development (R&D) facility for hybrid crop seeds is situated near Hyderabad.

OPPORTUNITIES & THREATS

Sugar

The Company expects a longer crushing period this season, which would provide an opportunity to the Company in utilizing the excess bagasse for its proposed cogeneration power project and molasses for increasing the volumes of spirits or selling it in the open market. India being a cost efficient producer of sugar, increase in production of sugar would also open doors to export excess sugar as per the directions released by the government from time to time. 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.

Spirits

With the population of India growing at an average of about 2% per annum and the young age force constituting a major chunk, 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 have 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.

Agrotech and Seed

The Company has always been at the forefront in tapping opportunities relating to the research and development of new variety of seeds, adding new products to its portfolio.

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.

Spirits

The consumption of liquor has been at a steady rise, which prompts the Company to increase its capacity.

Agrotech and Seed

The Company has a tissue culture laboratory for rapid multiplication of different varieties of sugarcane. Flowers like rose, gerbera, gladiolus, sunflower and food grains like rice, wheat are also cultivated and the new hybrid varieties of its products have been introduced. The Company plans to add more varieties to its basket in the near future.

RISKS AND CONCERNS

Sugar, Agrotech and Seed Divisions being agro based are 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 supply by farmers to crude sugar manufacturers like jaggery and khandsari. 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, variance in production capacities of peers. Any change may affect the margins of the Company.

Climatic Risk:

The performance of Company's divisions have a major dependence on the timing, intensity and periodicity of rains which gives cane and other agro products good growth and maturity levels.

Regulatory Risk:

The policies of the Central and State Governments in terms of Fair Remunerative Price (FRP) and State Advised Price (SAP) for sugarcane, levy and free sale quota for sugar have an impact on the operations of the Company. This being a systemic risk it can only be mitigated upon decontrolling the industry. Increase in duties on liquor products have 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 of its operations, better financial management and compliance with regulations and applicable laws. The Company has an Internal Audit Cell and has also 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, INCLUDING NUMBER OF PEOPLE EMPLOYED

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

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

Attendance of each Director at 7 Board Meetings held during 1.7.2010 to 30.6.2011, the last Annual General Meeting held on 23.12.2010 and Number of other Directorship and Chairmanship / Membership of Committees of each Director in various companies are as follows:

Name of the Director	Attendance Particulars						No. of other Directorships and Committee Member / Chairmanship in other Companies		
	Out of 7 Board Meetings	Out of 5 Audit Committee Meetings	Out of 2 Remuneration Committee Meeting	Out of 5 Share Transfer Committee Meetings	Sitting Fees paid (Rs.)	Last AGM	Directorships*	Committee Member#	Chairmanships
Shri H.R. Kilachand	7	5	2	5	-	Yes	1	2	-
Shri A. S. Ruia	7	5	2	5	228000	Yes	2	2	2
Shri K. Kannan	6	4	2	-	144000	Yes	4	7	3
Shri K. D. Sheth	7	5	2	5	228000	Yes	-	-	-
Smt.M.H. Kilachand	6	N.A.	N.A.	N.A.	72000	Yes	1	-	-
Shri. N. J. Vakil	4	N.A.	N.A.	N.A.	48000	Yes	-	-	-
Shri I. S. Phukela	1	N.A.	N.A.	N.A.	12000	No	-	-	-
Shri Ajeet Prasad	7	4	N.A.	N.A.	132000	Yes	-	-	-

The Non-Executive Directors were paid Sitting Fees of Rs.8,64,000/-, for attending the Board Meetings and the Committee Meetings held during 1.7.2010 to 30.6.2011, as stated above.

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

As per Explanation (2) to Clause 49(c) (ii) of the Listing Agreement Chairmanship / Membership of the Audit Committee and Shareholders' Grievance Committee of Public Limited Companies is considered.

Information on reappointment of Directors

1. Smt. M. H. Kilachand is a Non Executive Promoter Director of the Company since 23.9.2005. She is 50 years of age. She holds 208372 Equity Shares - 3.07% of the total equity shares of the Company. Smt. Kilachand is a graduate in B. A. in Psychology and Literature from Mumbai University and has about 13 years experience in general administration and running the business of the group companies as Director. Additionally, she has been involved in social activities connected with schools and hospital of the Company at Baheri in U.P. Smt. Kilachand is on the Board of :
 1. Kesar Terminals & Infrastructure Ltd.,
 2. Duracell Investments & Finance Pvt. Ltd.,
 3. India Carat Pvt. Ltd.,
 4. Indian Commercial Co. Pvt. Ltd.,
 5. Kesar Corporation Pvt. Ltd.,
 6. Kilachand Devchand & Co. Pvt. Ltd.,
 7. Kilachand Devchand Commercial Pvt. Ltd. and
 8. Seel Investments Pvt. Ltd.,
2. Shri K. D. Sheth is on the Board as a Non-Executive Independent Director since 29.11.1996. He is 89 years of age. He is B.Com & Fellow Member of Institute of Company Secretaries of India. He had joined the Company in September 1943. He worked for 55 years continuously and gave dedicated service to the Company as the Chief Accountant and the Secretary of the Company. He holds 1350 Equity Shares of the Company. He is the Chairman of the Audit Committee.

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

In all 7 Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are 3.8.2010, 13.8.2010, 4.11.2010, 22.11.2010, 23.12.2010, 3.2.2011 and 6.5.2011. The necessary information was made available to the Board from time to time.

3. Audit Committee:

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

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

The Audit Committee consists of (1) Shri K. D. Sheth, Chairman of the Audit Committee and Non-Executive Independent Director; (2) Shri A. S. Ruia, Non-Executive Independent Director; (3) Shri K. Kannan, Non-Executive Independent Director (4) Shri Ajeet Prasad, Non-Executive Independent Director. The said Directors

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are financially literate and have accounting or related financial management expertise. Shri D. J. Shah, Sr. Vice President (Legal) & Company Secretary is the Secretary to the Audit Committee.

As per the Listing Agreement, the Audit Committee should meet atleast four times in a year. As against that 5 meetings were held i.e. on 3.8.2010, 4.11.2010, 22.11.2010, 3.2.2011 and 6.5.2011 to review the internal audit reports, the Annual Accounts as on 30.6.2011 and the quarterly unaudited financial results of the Company, which were attended by the Committee Members, the Internal Auditor and the Senior Executives of the Company.

The Company has a full-fledged Internal Audit Department headed by Dy. General Manager, who perform periodical internal audit of various functions of the Company. The reports of the Internal Audit Department are placed before the Audit Committee along with the comments of the Management on the action taken to remedy any deficiencies that may be observed on the working of the various departments of the Company.

4. **Remuneration Committee:**

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

During the year two Remuneration Committee Meetings were held on 3.8.2010 & 4.11.2010.

Shri H.R. Kilachand was reappointed as Chairman & Managing Director by the Board on 3.8.2010 for a period of 3 year with effect from 14.8.2010 on remuneration as may be paid as per Schedule XIII – Part II-Section I to III to the Companies Act, which was approved by the Shareholders by a Special Resolution at the 76th Annual General Meeting held on 23.12.2010.

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

Accordingly, Shri H. R. Kilachand was paid remuneration from two companies as under:

1. As the Chairman & Managing Director of the Company, Shri H. R. Kilachand was paid remuneration Rs.15.78 lac as a minimum remuneration for the period 1.7.2010 to 30.6.2011 [including provident fund, superannuation & leave encashment] as approved by the Shareholders.
2. As the Executive Chairman of Kesar Terminals & Infrastructure Ltd., Shri H. R. Kilachand was paid remuneration Rs.33.68 lac as a minimum remuneration for the period 14.9.2010 to 31.3.2011 [including provident fund, superannuation & incentives] as approved by the Shareholders.

The Non-Executive Directors were paid sitting fees of an aggregate amount of Rs. 8,64,000/-, as stated in para 2 above.

5. **Share Transfer Committee:**

The Share Transfer Committee of the Company consists of Shri H. R. Kilachand, Chairman of the Committee, Shri K. D. Sheth and Shri A. S. Ruia to review and approve the transfer of shares, issue of duplicate share certificates and requests regarding transmission of shares received from the heirs of deceased shareholders. The Committee meets regularly from time to time for the above purpose, to ensure a prompt return of securities to the shareholders. Neither any share transfers nor any requests for demat was pending as on 30th June 2011.

6. **Asset Management Committee:**

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

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

The Shareholders / Investors Grievance Committee consists of Shri K. D. Sheth, Chairman of the Committee, Shri H. R. Kilachand and Shri A. S. Ruia. During the Financial Year ended 30.6.2011 and till the date of this report, the Company had received one complaint which was solved to the satisfaction of Shareholder. No sitting fee is paid to the Directors for attending Shareholders / Investors Grievance Committee.

8. Compliance Officer:

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

9. General Body Meetings:

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

AGM / EGM	Financial Year ended	Date	Location	Time
AGM	30-6-2010	23-12-2010	M. C. Ghia Hall	3:30 p.m.
Court Convened Meeting	—	22-12-2009	M. C. Ghia Hall	3:30 p.m.
AGM	30-6-2009	22-12-2009	M. C. Ghia Hal	1:30 p.m.
AGM	30-6-2008	31-10-2008	IMC Hall	3:30 p.m.

10. The following Special Resolutions were passed in the previous AGM:

Date of AGM	Particulars of Special Resolution passed thereat
23.12.2010	(1) Resolution under Section 314 and other applicable provisions of the Companies Act, 1956 for holding an office or place of profit under the Company by Shri Rohan H. Kilachand, a relative (son) of Shri H. R. Kilachand, Chairman & managing Director and Smt. M. H. Kilachand, Director of the Company.
	(2) Resolution under Section 198, 309, 316, Schedule XIII read with Section III and other applicable provisions of the Companies Act, 1956 relating to appointment and fixing remuneration of Shri H. R. Kilachand for a period of 3 years from 14.8.2010 to 13.8.2013.

Resolution passed by Postal Ballot :

Pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) the Company has obtained the approval of the members by majority, through postal ballot on 3rd March 2011 on the Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, relating to Mortgage and/or Charge on the assets of the Company in favour of IDBI Trusteeship Services Ltd on behalf of the Lender / the Lenders to secure their term loans and the postal ballot results were declared on 3.3.2011.

11. Disclosures:

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

12. Means of communication:

The Board takes on record the unaudited quarterly financial results in the prescribed Proforma of the stock exchange within forty-five days from end of the quarter and announces forthwith the results to the Bombay Stock Exchange and National Stock Exchange where the shares of the Company are listed. The quarterly unaudited financial results are also published in Free Press Journal and Nav Shakti within 48 hours of the conclusion of the meeting of the Board in which they are approved.

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

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13. General Shareholders information:

- a. Registered Office : Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai-400020
- b. Plant Locations : Sugar Factory, Spirits & Bottling at Baheri, Dist. Bareilly, U. P
- c. Annual General Meeting
 - Date : 17.11.2011
 - Time : 3:30 p.m.
 - Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kailhushru Dubash Marg, Mumbai 400 001.
- d. Next Financial Year ending : 30th June 2012
- e. Next Annual General Meeting : By 31st December 2012
- f. Financial Reporting for the year 2011-2012
 - For the 1st quarter ending 30th September 2011 : By 14th November 2011
 - For the 2nd quarter ending 31st December 2011 : By 14th February 2012
 - For the 3rd quarter ending 31st March 2012 : By 15th May 2012
 - For the 4th quarter ending 30th June 2012 : By 14th August 2012
- g. Date of Book Closure : 10.11.2011 to 17.11.2011
- h. Listing on Stock Exchange : Mumbai
- i. Stock Exchange Code Number : BSE Scrip Code : 507180
NSE Symbol : KESARENT
- j. Demat ISIN numbers in NSDL & CDSL : INE133B01019

Address for correspondence by the Shareholders of the Company:

Registrar & Share Transfer Agents
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, J. Tata Road,
Churchgate,
Mumbai- 400020
Tel: 22042396 / 22851737
Fax: 22876162
Email: headoffice@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.

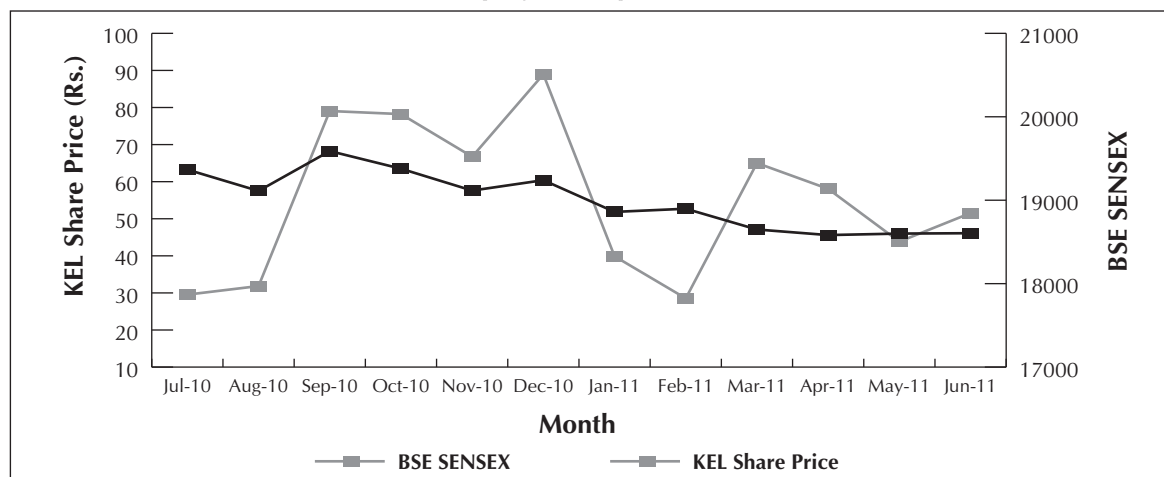
Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulation, 1996, certificates 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 2010	74.50	48.75	74.50	48.00
August 2010	67.75	54.50	70.00	53.55
September 2010	78.95	62.40	79.00	61.95
October 2010	73.65	63.00	73.65	63.00
November 2010	71.80	50.05	71.50	52.00
December 2010	65.00	51.20	64.85	48.00
January 2011	63.75	50.80	64.50	51.15
February 2011	59.90	43.00	61.00	43.10
March 2011	52.50	45.35	56.95	45.00
April 2011	54.00	44.25	56.75	45.55
May 2011	50.00	43.30	49.95	42.50
June 2011	51.00	44.65	51.80	43.00

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



Distribution of shareholding as on 30th June 2011:

Shareholding in Nominal Value of		Share Holders		Share Amount	
Rs.	Rs.		% of Holders	In Rs.	% to Total
Upto -	5,000	5137	89.29	67,45,410	9.93
5,001 -	10,000	328	5.70	25,79,010	3.80
10,001 -	20,000	147	2.56	21,41,330	3.15
20,001 -	30,000	46	0.80	11,80,830	1.74
30,001 -	40,000	26	0.45	9,31,510	1.37
40,001 -	50,000	15	0.26	7,10,980	1.05
50,001 -	1,00,000	23	0.40	17,91,200	2.64
1,00,001 and above		31	0.54	51,821,350	76.32
Total		5753	100.00	67,901,620	100.00

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Categories of Shareholders as on 30th June 2011:

As on 30.06.2011 about 93.67% of the total shareholding in the Company representing 63,59,997 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	2516517	2506365	37.061
- Foreign Promoters	0	0	0
2. Persons acting in concert	1250384	1165455	18.415
Sub Total:	3766901	3671820	55.476
B. NON-PROMOTERS HOLDING			
1. INSTITUTIONAL			
a. Mutual Funds & UTI	1200	0	0.018
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt.Institutions/ Non Govt.Institutions)	763862	763167	11.249
c. FIs	0	0	0
Sub Total:	765062	763167	11.267
C. OTHERS:			
a. Private Corporate Bodies	412478	410788	6.075
b. Indian Public	1743847	1412548	25.682
c. NRI's/ OCB's	99055	98855	1.459
d. Clearing Members	2819	2819	0.042
Sub Total:	2258199	1925010	33.257
GRAND TOTAL:	6790162	6359997	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. The Shareholder, whose signature has undergone any change over a period of time, is requested to lodge their new specimen signature duly attested by a bank manager.
5. Any Shareholder of the Company who has multiple folios in identical names are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
6. **Nomination:** Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the will etc. it would therefore be in the best interests of shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed of the nomination facility, are requested to avail the same by submitting the nomination form. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.
7. As required by SEBI, shareholders may furnish details of their bank account number and name and address of the bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.
8. Shareholders, holding shares in electronic format are requested to deal only with their depository participants in respect of any change of address, nomination facility and furnishing bank account number etc.
9. Shareholders may please note that the Company had not declared any dividend for the financial years 1998-1999 to 2003-2004. Shareholders, who have not encashed their dividend warrants in respect of the dividend declared for the financial years 2004-2005 onwards, are requested to contact the Company and surrender their warrants for revalidation for payment. Shareholders are therefore requested to verify their records and send claims, if any, for the relevant years. The details of declared dividends are as under:

Date of declaration	For the Year	Rate of Dividend	Due date of transfer to IEPF
19.8.2005	2004 -2005	Interim @ 15%	17.10.2012
26.10.2005	2004 -2005	Final @ 5%	24.12.2012
10.2.2006	2005-2006	Interim @ 15%	10.4.2013
26.10.2006	2005-2006	Final @ 10%	24.12.2013
31.10.2008	2007-2008	@ 5%	29.12.2015
22.12.2009	2008-2009	@ 30%	20.02.2017
23.12.2010	2009-2010	@ 10%	21.02.2018

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.

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

To the Members of
Kesar Enterprises Ltd.

1. We have examined the compliance of conditions of Corporate Governance by Kesar Enterprises Ltd. for the year ended June 30, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accounts of India and based on the certificate received from the share transfer agent, we state that no investor grievances were pending for a period exceeding one month against the Company as on June 30, 2011.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

N. N. Jambusaria
Partner
Membership No.38979

Mumbai
12th October, 2011

DECLARATION

To the Members of
Kesar Enterprises Ltd.

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.

For KESAR ENTERPRISES LTD.

H. R. KILACHAND
Chairman & Managing Director

Mumbai
12th October, 2011

CERTIFICATION

The Board of directors
Kesar Enterprises Ltd.

We, have reviewed financial statements and the cash flow statement of Kesar Enterprises Ltd. for the year ended 30th June, 2011 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 year 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 taken to rectify these deficiencies.
- (d) we have indicated to the auditors and the Audit committee
 - (i) there have been no significant changes in internal control over financial reporting during the year;
 - (ii) there have been no significant changes in accounting policies during the year 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.

V J Doshi
President – Finance

H. R. Kilachand
Chairman & Managing Director

Mumbai,
12th October, 2011

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REPORT OF THE AUDITORS TO MEMBERS

To

The Members of Kesar Enterprises Limited

1. We have audited the attached Balance Sheet of Kesar Enterprises Limited ('the Company') as at 30th June, 2011 and the Profit and Loss account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on 30th June, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2011;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

N.N Jambusaria
Partner
Membership No.38979

Place: Mumbai
Date: 12th October, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kesar Enterprises Limited on the financial statements for the year ended June 30, 2011

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (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.
In view of this, clauses (iii) (b), (c) and (d) are not applicable to the Company and hence, not reported upon.
- (b) As informed, during the year the Company has taken loans from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum balance and year end balance in respect of such loans are Rs. 5 lakhs.
- (c) 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.
- (d) In respect of the aforesaid loans, the Company is regular in repaying the principal amount 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 and services. 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. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

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- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of Sugar and Alcohol manufacturing activities at Baheri, where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

There were no dues on account of cess under section 441A of the Companies Act, 1956, since the date, from which the aforesaid section comes into force, has not yet been notified by the Central Government.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, service tax, sales-tax 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 (Rs)	Period to which the amount relates	Forum where dispute is pending
Central Sales tax Act, 1956	Central Sales tax-Distillery	56.98 lacs	1989-90, 1995-96 & 2003-04	High Court Allahabad
Central Sales tax Act, 1956	Central Sales tax-Distillery	48.77 lacs	2002-03	Member Tribunal Bareilly
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	551.54 lacs	2000-01, 2001-02, 2002-03, 2003-04, 2004-05 & 2005-06	High Court Allahabad
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	0.04 lacs	2003-04	J.C.(A) Trade Tax Bareilly
U.P. Sugar Cane Regulation of Supply & Purchase Act 1953	Society Commission on Sugarcane	4.25 lacs	1981-93	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Sugar	51.82 lacs	1989-90, 1993-94, 1994-95, 1995-96, 1996-97 & 1999-00	High Court Allahabad
U.P. VAT Act, 2008	Entry Tax on Sugar Sales to Local Area /EX-UP	1.46 lacs	2010-11	J.C.(A) Trade Tax Bareilly

- (x) The Company has neither accumulated losses as at 30th June, 2011 nor has it 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 not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

Place: Mumbai
Date: 12th October, 2011

N.N Jambusaria
Partner
Membership No. 38979

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BALANCE SHEET as at 30th JUNE, 2011

	Schedule No.	As at 30th June, 2011	(Rs. in Lacs) As at 30th June, 2010
Sources of Funds:			
1. Shareholders' Funds:			
(a) Share Capital	1	879.02	879.02
(b) Reserves and Surplus	2	2,518.53	2,230.11
		<u>3,397.55</u>	<u>3,109.13</u>
2. Loan Funds:			
(a) Secured Loans	3	16,802.51	24,681.15
(b) Unsecured Loans	4	4,021.57	1,454.27
		<u>20,824.08</u>	<u>26,135.42</u>
3. Deferred Tax Liability (Net)		24.84	345.83
		<u>24,246.47</u>	<u>29,590.38</u>
	Total	<u>24,246.47</u>	<u>29,590.38</u>
Application of Funds:			
1. Fixed Assets:	5		
(a) Gross Block		15,183.32	15,280.52
(b) Less: Depreciation/Land Premium written off		9,387.42	9,244.32
(c) Net Block		5,795.90	6,036.20
(d) Capital Work-in-Progress		3,578.17	658.96
		<u>9,374.07</u>	<u>6,695.16</u>
2. Investments	6	52.70	52.44
3. Current Assets, Loans and Advances:			
(a) Inventories	7	14,141.99	22,949.91
(b) Sundry Debtors	8	1,399.96	964.12
(c) Cash and Bank Balances	9	288.23	712.19
(d) Other Current Assets	10	10.07	14.22
(e) Loans and Advances	11	3,490.76	2,592.53
		<u>19,331.01</u>	<u>27,232.97</u>
Less: Current Liabilities and Provisions:	12		
(a) Current Liabilities		3,517.50	3,519.17
(b) Provisions		993.81	871.02
		<u>4,511.31</u>	<u>4,390.19</u>
Net Current Assets		<u>14,819.70</u>	<u>22,842.78</u>
	Total	<u>24,246.47</u>	<u>29,590.38</u>
Notes forming part of the Accounts	22		

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

As per our report attached

For and on behalf of the Board of Directors

For and on behalf of
Haribhakti & Co.
Chartered Accountants
FRN : 103523W

H. R. KILACHAND
Chairman & Managing Director

N.N.Jambusaria
Partner
Membership No. 38979
Mumbai, October 12, 2011

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

K.D.SHETH
Director

Mumbai, October 12, 2011

PROFIT AND LOSS ACCOUNT for the year ended 30th JUNE, 2011

	Schedule No.	Current Year	(Rs. In Lacs) Previous Year
1. Income:			
Sales and Services	13	49,620.98	26,638.70
Less : Excise Duty		12,562.51	6,400.99
		37,058.47	20,237.71
Other Income	14	340.51	433.11
Total		37,398.98	20,670.82
2. Expenditure:			
(Increase) / Decrease in Stocks	15	8,473.13	(8,473.82)
Raw Materials Consumed	16	18,178.67	19,661.51
Cost of Trading Goods		135.78	146.13
Expenses on Sugarcane Plantations	17	328.88	320.50
Manufacturing and Other Expenses	18	5,546.25	4,539.23
Employees' Cost	19	2,112.56	1,911.60
Interest and Finance Charges	20	1,997.88	1,761.29
Depreciation		583.10	579.79
Total		37,356.25	20,446.23
3. Profit / (Loss) Before Tax		42.73	224.59
4. Provision for Taxation			
(i) Income Tax - Current		—	16.87
Less:- MAT Credit		—	(16.87)
		—	—
(ii) Income Tax -Deferred		(320.99)	(16.30)
(iii) Wealth Tax		1.98	1.59
		361.74	239.30
5. Profit / (Loss) After Tax			
Prior period adjustments	21	—	199.42
		361.74	438.72
6. Profit available for appropriation			
7. Appropriations:			
Less:			
(i) Transferred to General Reserve		100.00	43.87
(ii) Proposed Preference Shares Dividend		2.00	2.00
(iii) Proposed Dividend on Equity Shares		67.90	67.90
(iv) Corporate Tax on Dividend		11.34	11.61
		180.50	313.34
8. Profit after appropriation			
Add: Balance brought forward from previous year		552.13	454.33
Less : Profit for the period Jan 09 to June 09 transferred to Kesar Terminals & Infrastructure Limited (KTIL) (Excluding Provision for Tax and Deferred Tax)		—	215.54
		732.63	552.13
9. Balance Carried Forward to Balance Sheet			
Basic and diluted earnings per share (Refer Note No.14 in Schedule 22)		5.29	6.43
Face value of Share		10.00	10.00
Notes forming part of the Accounts	22		

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

As per our report attached

For and on behalf of the Board of Directors

For and on behalf of
Haribhakti & Co.
Chartered Accountants
FRN : 103523W

H. R. KILACHAND
Chairman & Managing Director

N.N.Jambusaria
Partner
Membership No. 38979
Mumbai, October 12, 2011

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

K.D.SHETH
Director

Mumbai, October 12, 2011

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SCHEDULES FORMING PART OF BALANCE SHEET AS AT 30TH JUNE, 2011

SCHEDULE: 1 SHARE CAPITAL

		(Rs. in Lacs)	
		As at	As at
		30th June, 2011	30th June, 2010
Authorised:			
1,20,00,000	Equity Shares of Rs. 10/- each (Previous Year 1,20,00,000)	1,200.00	1,200.00
60,00,000	Redeemable Preference Shares of Rs. 10/- each (Previous Year 60,00,000)	600.00	600.00
Total		<u>1,800.00</u>	<u>1,800.00</u>
Issued, Subscribed and Paid up:			
67,90,162	Equity Shares of Rs. 10/- each fully paid up (Pr. Yr. 67,90,162) [of the above 31,30,280 Equity Shares of Rs.10/- each are allotted as fully paid up Bonus Shares by way of capitalisation of General Reserve]	679.02	679.02
20,00,000	1 % Cumulative Redeemable Preference Shares of Rs. 10/- each (Pr. Yr. 20,00,000) fully paid up redeemable in 3 Annual Installments of Rs.67.00 Lacs, Rs.67.00 Lacs, Rs.66.00 Lacs on 10th August 2011, 10th August 2012 and 10th August 2013 respectively.	200.00	200.00
Total		<u>879.02</u>	<u>879.02</u>

SCHEDULE: 2 RESERVES AND SURPLUS

Securities Premium:

Balance as per last Balance Sheet	—	971.55
Less : Transferred to KTIL on account of Demerger	—	971.55
	<u>—</u>	<u>—</u>

General Reserve:

Balance as per last Balance Sheet	1,494.46	1,930.14
Add : Transferred from Profit & Loss A/c	100.00	43.87
Less : Transferred to KTIL on account of Demerger	—	479.55
	<u>1,594.46</u>	<u>1,494.46</u>

Storage and Effluent Disposal Funds:

(i) Storage Fund for Alcohol:

(Earmarked from Sale of Alcohol)

Balance as per last Balance Sheet	12.68	12.33
Add: Set aside this year	0.56	0.35
	<u>13.24</u>	<u>12.68</u>

(ii) Storage Fund for Molasses:

(Earmarked from Sale of Molasses)

Balance as per last Balance Sheet	91.78	88.89
Add: Set aside this year	6.78	2.89
	<u>98.56</u>	<u>91.78</u>

(iii) Effluent Disposal Fund:

(Earmarked from Sale of Alcohol)

Balance as per last Balance Sheet	11.16	10.78
Add: Set aside this year	0.58	0.38
	<u>11.74</u>	<u>11.16</u>

Balance Carried Forward

1,718.00

1,610.08

(Rs. in Lacs)

As at
30th June, 2011 As at
30th June, 2010

SCHEDULE: 2 (Contd.) RESERVES AND SURPLUS

	As at 30th June, 2011	As at 30th June, 2010
Balance Brought Forward	1,718.00	1,610.08
Capital Reserve:		
Balance as per last Balance Sheet	67.90	49.42
Add: Profit on Forfeiture of Shares warrant Application Money	—	67.90
Less: Transferred to KTEL on account of Demerger	—	49.42
	67.90	67.90
Surplus/(Deficit) as per Profit and Loss Account	732.63	552.13
Total	2,518.53	2,230.11

SCHEDULE: 3 SECURED LOANS

(A) TERM LOANS:

Sugar Development Fund Term Loan (See Note 5)	595.29	500.00
Allahabad Bank (SEFA 2007 Term Loan) (See Note 5)	245.53	576.25
U.P.Co- operative Bank (SEFA 2007 Term Loan) (See Note 5)	332.83	776.65
UCO Bank Ltd. (CO-GEN Term Loan) (See Note 5)	1,010.70	—
Allahabad Bank (Modernisation Term Loan) (See Note 5)	482.11	—
Allahabad Bank (CO -GEN Term Loan) (See Note 5)	1,488.35	—

(B) VEHICLE LOANS:

(Secured by way of hypothecation of the vehicles purchased out of the said loans)	36.69	62.18
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(C) BORROWINGS FROM BANKS:

Cash Credit from Banks (Secured by hypothecation/pledge of stocks of Sugar & Seed, Stores, Spares, and Book Debts of Sugar Division & Current Assets of Spirit Division.) (See Note 5)	12,611.01	22,766.07
Total	16,802.51	24,681.15

SCHEDULE: 4 UNSECURED LOANS

(A) Fixed Deposits (Includes Rs.5.00 Lacs [Previous Year Rs. 5.00 Lacs] due to Chairman & Managing Director) [Repayable within one year Rs. 41.21 lacs (Previous year Rs. 63.09 lacs)]	276.09	223.96
(B) Short Term Loans, Advances & Deposits:		
From Banks	3,745.48	1,061.13
From Others	—	169.18
	3,745.48	1,230.31
Total	4,021.57	1,454.27

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SCHEDULE: 5 FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	At Cost or book value as on 01-Jul-10	Additions during the Year	Sales/ deductions and adjustments during the Year	Assets Transferred to KTIL	At Cost or book value as on 30-Jun-11	Upto 30-Jun-10	For the Year	Written back on assets sold or discarded	Depreciation Transferred to KTIL	Total Depreciation/ Land Premium written off upto 30-Jun-11	As on 30-Jun-10	As on 30-Jun-11
Land												
Freehold	287.42	-	-	-	287.42	-	-	-	-	-	287.42	287.42
Land Premium	-	-	-	-	-	-	-	-	-	-	-	-
Lease hold Land Premium	0.06	-	-	-	0.06	0.03	-	-	0.03	0.03	0.03	0.03
Bhoomidari Land	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Land	12.38	-	-	-	12.38	2.34	0.13	-	2.47	2.47	9.91	10.04
	299.86	-	-	-	299.86	2.37	0.13	-	2.50	2.50	297.36	297.49
Building, Roads etc. (Exclusive of Labour Quarters erected out of Molasses Fund)	2,987.05	-	-	-	2,987.05	1,467.15	81.65	-	1,548.80	1,548.80	1,438.25	1,519.90
Plant and Machinery	9,688.89	335.86	1.17	-	10,023.58	6,119.08	352.40	1.17	6,470.31	6,470.31	3,553.27	3,569.81
Electric Installations	52.16	-	-	-	52.16	42.31	1.37	-	43.68	43.68	8.48	9.85
Laboratory Equipments	15.07	-	-	-	15.07	12.68	0.37	-	13.05	13.05	2.02	2.39
Weigh Bridges	114.71	-	-	-	114.71	81.87	4.56	-	86.43	86.43	28.28	32.84
Railway Siding and Light Railway	4.69	-	-	-	4.69	4.50	0.03	-	4.53	4.53	0.16	0.19
Tube and Artisan Wells and Water Supply	120.39	-	-	-	120.39	52.31	3.47	-	55.78	55.78	64.61	68.08
Tractors, Ploughs, Carts etc.	69.29	4.95	-	-	74.24	52.35	5.24	-	57.59	57.59	16.65	16.94
Motor Cars, Lorries and Cycles	510.51	8.42	11.50	-	507.43	320.76	49.26	10.38	359.64	359.64	147.79	189.75
Furniture, Fixtures and Equipments	881.07	51.44	3.20	-	929.31	659.73	57.87	2.08	715.52	715.52	213.79	221.34
Drainage	54.25	-	-	-	54.25	28.29	1.30	-	29.59	29.59	24.66	25.96
Live Stock	0.58	-	-	-	0.58	-	-	-	-	-	0.58	0.58
Plant and Machinery given on Lease	482.00	-	482.00	-	-	400.92	25.45	426.37	-	-	-	81.08
Total	15,280.52	400.67	497.87	-	15,183.32	9,244.32	583.10	440.00	9,387.42	9,387.42	5,795.90	6,036.20
Previous Year Total	19,546.13	226.39	84.19	4,407.81	15,280.52	10,444.04	579.79	64.83	1,714.68	9,244.32	-	-

SCHEDULE: 6 INVESTMENTS LONG TERM INVESTMENTS (AT COST)

	As at 30th June, 2011	(Rs. in Lacs) As at 30th June, 2010
(A) TRADE INVESTMENTS:		
(Unquoted)		
In fully paid Equity Shares:		
300 Shares of Rs. 100/- each of U.P. Seeds & Tarai Development Corporation Ltd.	0.30	0.30
5 Shares of Rs. 10/- each of Baheri Co-operative Cane Development Union Ltd. [Rs. 50 (Previous Year Rs. 50)]	—	—
17 Shares of Rs. 20/- each of Sahakari Ganna Vikas Samiti Ltd. [Rs. 340 (Previous Year Rs. 340)]	—	—
1 Share of Rs. 100/- of Ganna Beej Nigam, Bareilly [Rs. 100 (Previous Year Rs. 100)]	—	—
1 Share of Rs. 20/- of Bhojeepera Co-operative Cane Development Union Ltd. [Rs. 20 (Previous Year Rs. 20)]	—	—
Total	<u>0.30</u>	<u>0.30</u>
(B) OTHER INVESTMENTS:		
(i) In Government Securities: (Unquoted)		
National Savings Certificates (Deposited as security with Government Departments)	1.62	1.36
(ii) In fully paid Equity Shares of other Joint Stock Companies: (Quoted)		
5,00,000 Equity Shares of Rs. 10/- each (Previous year 5,00,000) of Kesar Terminals and Infrastructure Limited	50.00	50.00
43,200 Equity Shares of Rs. 2/- each (Previous year 43,200) of Walchandnagar Industries Ltd.	0.27	0.27
9,230 Equity Shares of Rs.10/- each (Previous year 9,230) of The Shervan Industrial Syndicate Ltd.	0.23	0.23
3,000 Equity Shares of Rs. 10/- (Previous year 3,000) each of Indian Hume Pipe Co. Ltd.	<u>0.18</u>	<u>0.18</u>
	50.68	50.68
(iii) In fully paid Equity Shares of Antophill Warehousing Company Ltd: (Unquoted) 10 Shares of Rs. 1,000/- each	<u>0.10</u>	<u>0.10</u>
Total	<u>52.70</u>	<u>52.44</u>
Aggregate cost of Investments:		
Quoted	50.68	0.68
Unquoted	2.02	51.76
Total	<u>52.70</u>	<u>52.44</u>
Market Value of Quoted Investments	<u>485.03</u>	<u>118.15</u>

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SCHEDULE: 7 INVENTORIES

(As valued and certified by the management)

	As at 30th June, 2011	(Rs. in Lacs) As at 30th June, 2010
Stores and Spares (At Cost)	664.38	555.93
Scrap Materials (At estimated realisable value)	2.42	1.81
By- Products (At estimated realisable value)	221.80	446.93
Stock in trade:		
Raw Materials (At Cost)	386.45	817.43
Finished Goods (At lower of Cost or Market value)	12,545.67	20,797.51
Trading Goods (At lower of Cost or Market value)	43.17	47.79
Work-in-Process (At Cost)	133.44	130.21
Crop-in-Progress (At Cost) (including preparation of land, irrigation etc.)	144.66	152.30
Total	<u>14,141.99</u>	<u>22,949.91</u>

SCHEDULE: 8 SUNDRY DEBTORS (UNSECURED)

(A) Debts outstanding for a period exceeding six months:		
Considered Good	182.21	71.99
Considered Doubtful	14.08	8.18
(B) Other Debts Considered Good	1,217.75	892.13
	<u>1,414.04</u>	<u>972.30</u>
Less: Provision for Doubtful Debts	14.08	8.18
Total	<u>1,399.96</u>	<u>964.12</u>

SCHEDULE: 9 CASH AND BANK BALANCES

Cash/Cheques/Drafts on Hand	6.51	6.19
Bank Balances with Scheduled Banks:		
In Current Accounts	185.06	607.95
In Deposit Accounts	87.88	90.01
In Post Office Savings Bank Account (Maximum Balance during the year Rs.0.16 Lacs, Previous Year Rs.0.16 Lacs)	0.16	0.16
In Dividend Accounts with Scheduled Banks	8.62	7.88
Total	<u>288.23</u>	<u>712.19</u>

SCHEDULE: 10 OTHER CURRENT ASSETS

	As at 30th June, 2011	(Rs. in Lacs) As at 30th June, 2010
Interest Accrued on Fixed Deposits with Banks	9.46	13.51
Interest Accrued on Investments	0.61	0.71
Total	10.07	14.22

SCHEDULE: 11 LOANS AND ADVANCES

(Unsecured, Considered Good unless otherwise stated)

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

Considered Good	948.92	1,257.59
Considered Doubtful	25.34	25.34
MAT Credite entitlement	246.83	246.83
Capital Advances for Project	1,200.59	—
Loans & Advances to Employees	13.75	20.56
	2,435.43	1,550.32
Less: Provision for Doubtful Advances	25.34	25.34
	2,410.09	1,524.98
Advance Payment of Income-Tax (Including Tax Deducted at Source)	890.36	863.58
Deposit with Government & Others	190.31	203.97
Total	3,490.76	2,592.53

SCHEDULE: 12 CURRENT LIABILITIES AND PROVISIONS

(A) Current Liabilities:

Sundry Creditors for Capital Expenditure	277.76	148.81
Sundry Creditors for goods and expenses	1,308.04	999.49
Sundry Creditors - Statutory Dues	615.15	1,810.56
Sundry Creditors - Others	485.25	401.31
Interest accrued but not due on Loans & Deposits	109.19	9.54
Advances and Deposits from Dealers/Customers	655.57	90.69
Sundry Creditors due to Micro, Small and Medium Enterprises (See Note 8)	57.92	50.89
Investor Education and Protection fund shall be credited by the following to the extent required as and when necessary:		
Unclaimed Dividends	8.62	7.88
	3,517.50	3,519.17

(B) Provisions:

Corporate Tax on Dividend	11.34	11.61
Provision for Income Tax	595.16	595.16
Provision for Wealth Tax	5.20	4.62
Provision for Gratuity & Leave Encashment	312.21	189.73
Proposed Dividend on Preference Shares	2.00	2.00
Proposed Final Dividend on Equity Shares	67.90	67.90
	993.81	871.02
Total	4,511.31	4,390.19

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SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2011

SCHEDULE: 13 SALES AND SERVICES

		<i>(Rs. in Lacs)</i>	
		Current Year	Previous Year
SALES			
Manufacturing Goods (Inclusive of Excise Duty)	50,169.31		26,964.75
Less: Intra Division transfer of ENA	—		26.46
	<u>50,169.31</u>		<u>26,938.29</u>
Less: Transferred to Molasses and Alcohol Storage Funds and Effluent Disposal Fund	7.91		3.62
Less: Value of Molasses supplied to Own Division	849.86		534.46
		<u>49,311.54</u>	<u>26,400.21</u>
Trading Goods		177.88	128.08
Agricultural Products (After adjusting Opening & Closing Stock)	546.95		598.80
Less: Value of Seed supplied to Own Division	75.15		115.40
Less: Value of Cane supplied to Own Factory	340.24		372.99
		<u>131.56</u>	<u>110.41</u>
Total		<u><u>49,620.98</u></u>	<u><u>26,638.70</u></u>

SCHEDULE: 14 OTHER INCOME

Dividends		18.31	0.74
Interest (Gross) [Tax Deducted at Source Rs. 0.96 Lacs, (Previous year Rs. 1.16 Lacs)]			
On Fixed Deposits		9.27	9.54
Others		2.11	4.54
Rent		4.84	3.72
Sundry Receipts		254.96	205.36
Credit Balances written back		3.46	39.71
Profit on Sale of Fixed Assets		43.40	102.34
Insurance Claims		4.16	21.96
Provision for Expenses no longer required		—	45.20
Total		<u><u>340.51</u></u>	<u><u>433.11</u></u>

SCHEDULE: 15

INCREASE / (DECREASE) IN STOCKS

(Rs. in Lacs)

	Current Year	Previous Year
Opening Stock:		
Finished Goods	20,797.51	12,581.38
Work-in-Process	130.21	103.02
By- Products	446.93	212.55
Scrap Materials	1.81	5.69
	21,376.46	12,902.64
Closing Stock:		
Finished Goods	12,545.67	20,797.51
Work-in-Process	133.44	130.21
By- Products	221.80	446.93
Scrap Materials	2.42	1.81
	12,903.33	21,376.46
(INCREASE) / DECREASE	8,473.13	(8,473.82)

SCHEDULE: 16

RAW MATERIALS CONSUMED

Sugar Cane consumed	15,083.81	16,962.83
Add: Cane Commission	302.92	268.86
Add: Cane Transportation	438.10	432.46
Add: Cane other expenses	210.89	360.42
Less: Value of Cane supplied by Own Farm	340.24	372.99
	15,695.48	17,651.58
Sugar Cane Purchase Tax	145.16	138.05
Raw Seeds	1,187.70	870.71
Less: Value of Seeds supplied by Own Farm	75.15	115.40
	1,112.55	755.31
Molasses and Spirits	2,075.34	1,677.49
Less: Intra Division transfer of ENA	—	26.46
	2,075.34	1,651.03
Less: Value of Molasses supplied by Own Division	849.86	534.46
	1,225.48	1,116.57
Total	18,178.67	19,661.51

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SCHEDULE: 17

EXPENSES ON SUGAR CANE PLANTATION

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

(Rs. in Lacs)

	Current Year	Previous Year
Crop-in-Progress at Commencement	152.30	134.95
Sowing, Harvesting, Irrigation, Seeds, Manures and Transport	185.29	196.96
Stores Consumed	13.82	36.58
Power & Fuel	1.68	1.90
Machinery Repairs	7.70	3.98
Building Repairs	1.29	0.42
Sundry Repairs	1.45	2.45
Rates and Taxes	0.09	1.43
Salaries and Wages	61.08	58.23
Contribution to Provident Fund	6.02	4.45
Workmen and Staff Welfare Expenses	3.27	1.14
Miscellaneous Expenses	39.55	30.31
	<u>473.54</u>	<u>472.80</u>
Less: Crop-in-Progress at close	144.66	152.30
Total	<u><u>328.88</u></u>	<u><u>320.50</u></u>

SCHEDULE: 18

MANUFACTURING AND OTHER EXPENSES

Stores and Spares Consumed	2,278.86	1,581.10
Power and Fuel	676.38	494.03
Repairs:		
Plant and Machinery	596.42	582.67
Buildings	59.91	49.75
Others	72.02	57.78
Rent	109.83	125.61
Insurance	34.82	26.95
Rates and Taxes	221.18	151.44
Selling Agents' Commission & Brokerage	159.29	21.55
Legal and Professional Charges	69.55	62.49
Discount given to dealers	119.24	153.89
Miscellaneous Expenses	809.35	771.20
Sales Promotion Expenses	174.28	255.64
Sugar Expenses	135.04	151.82
Charity and Donations	2.26	5.75
Directors' Fees	8.64	4.38
Auditors' Remuneration:		
Audit Fees	3.25	2.33
In Other Capacities:		
For Certification	1.92	1.83
For Other Matters	0.18	0.37
Out of Pocket Expenses	0.49	0.48
Cost Audit Fees	0.62	0.45
Bad Debts/Advances written off	12.72	37.68
Loss on Assets discarded/scrapped	-	0.04
Total	<u><u>5,546.25</u></u>	<u><u>4,539.23</u></u>

KESAR ENTERPRISES LTD.

SCHEDULE: 19 EMPLOYEES' COST

	<i>(Rs. in Lacs)</i>	
	Current Year	Previous Year
Salaries, Wages & Bonus	1,911.01	1,698.44
Company's Contribution to Provident and Other Funds	154.19	159.39
Women and Staff Welfare Expenses	47.36	53.77
Total	<u>2,112.56</u>	<u>1,911.60</u>

SCHEDULE: 20 INTEREST & FINANCE CHARGES

On Fixed Deposits (Includes Rs.0.47 Lacs (Previous Year Rs. 0.45 Lacs) paid to Chairman & Managing Director)	28.93	21.16
On Term Loans	67.22	30.24
On Cash Credit	1,841.39	1,511.39
Others	60.34	198.50
Total	<u>1,997.88</u>	<u>1,761.29</u>

SCHEDULE: 21 PRIOR PERIOD ADJUSTMENTS

CREDITS:

1. Income of Previous Year (MAT Credit)	—	229.95
2. Excess Provision of Bonus	—	(0.05)
3. Excess Provision Income Tax	—	(30.48)
Total	<u>—</u>	<u>199.42</u>

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SCHEDULE: 22

NOTES FORMING PART OF THE ACCOUNTS

Significant Accounting Policies

A. Basis of preparation

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

B. Use of Estimates

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

C. Revenue Recognition

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

D. Fixed Assets

- a) Fixed Assets except Freehold Lands are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses incurred on acquisition /construction of Fixed Assets till it is ready for its intended use. Further it includes interest on borrowings, specific or otherwise, used for funding of fixed assets till the date of commissioning.
- b) Freehold Lands are stated at cost of acquisition.

E. Depreciation

- a) Leasehold Land and Premium on Leasehold Land is amortised over the period of lease.
- b) 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.
- c) 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.
- d) 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.
- e) Depreciation on Assets, whose actual cost does not exceed Rs.5,000/- for each asset is provided at the rate of hundred percent.

F. Capital Work-in-Progress

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

G. Leases

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

H. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

I. Inventories

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

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

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

J. Foreign Currency Transactions

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

K. Research & Development Expenditure

Expenditure during Research phase is charged off to Profit and Loss Account 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.

L. Earning Per Share

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

M. Provisions

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

N. Income-tax

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

O. Segment Reporting

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

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P. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet Date, if there is any indication of impairment basis on internal /external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. Impairment losses recognised in prior accounting periods are reversed if there is any change in the estimate of the recoverable amount.

Q. Retirement Benefits

- i. Retirement benefits in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account 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 profit and loss account and are not deferred.

NOTES TO ACCOUNTS

1. Contingent Liabilities on account of Demands/Claims against the Company not acknowledged as debts and not provided for Rs. 715.51 Lacs (*Previous Year Rs. 711.22 Lacs*)
2. The estimated amount of contracts remaining to be executed on Capital Account (net of advances) Rs. 11,313.99 Lacs (*Previous Year Rs 83.29 Lacs*). This is majorly on account of execution of Cogen power project.
3. Alcohol and Molasses Storage Funds and Effluent Disposal Fund amounting to Rs.123.54 Lacs (*Previous Year Rs 115.62 Lacs*) are not deposited with a Scheduled Bank as required by the said Orders, under legal advice.
4. a) Managerial Remuneration paid/payable to Chairman & Managing Director as per limit under Sections 310 & 198 (4)/309 (3) of the Companies Act, 1956, is as under:

	(Rs. in Lacs)	
	2010-11	2009-10
I Salary	7.78	23.70
II Contribution to Provident Fund & Superannuation Fund	2.10	6.40
III Perquisites	6.31	17.15
Total	16.19*	47.25
IV Commission paid	—	—

*excluding contribution to Gratuity fund, since the same is provided on an actuarial basis for the Company as a whole.

*The Chairman and Managing Director is also being paid remuneration from Kesar Terminals and Infrastructure Limited, as he is it's executive chairman, subject to the maximum higher limit admissible as per schedule XIII to the Companies Act, 1956 from any one of the Companies.

The above remuneration is paid as minimum remuneration as per the Schedule XIII of the Companies Act 1956 in terms of the Special Resolution passed by the Shareholders of the company at their Annual General Meeting held on 23-12-2010.

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

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

Term Loans from Uco Bank and Allahabad Bank for Co generation Power Project at Baheri, are secured by way of charge on the Fixed Assets and Current Assets of the Power Division situated at Baheri on First *pari passu* basis and further secured by way of charge on Current Assets (except pledged Sugar) of Sugar and Spirit Division situated at Baheri on second *pari passu* basis.

Term Loan from Allahabad Bank (Modernisation Term Loan) is secured by way of charge on the Fixed Assets of the Sugar Division situated at Baheri on First *pari passu* basis and further secured by way of charge on Current Assets (except pledged Sugar) of Sugar and Spirit Division situated at Baheri on second *pari passu* basis.

Cash Credit facility from U.P.Co-operative Bank Limited, is secured by way of Pledge of sugar stock and further secured by Second *pari passu* charge on the fixed assets of the Sugar Division.

Cash Credit Pledge facility from Allahabad Bank is secured by way of Pledge of sugar stock and further secured by way of second *pari passu* charge on the fixed assets of the Sugar and Spirits Division

Cash Credit Hypothecation facility from Allahabad Bank for Spirits Division is secured by way of first *pari passu* charge on the current assets of Sugar Division (except pledged sugar), first charge on the current assets of Spirits Division and further secured by way of second *pari passu* charge on the fixed assets of the Sugar and Spirits Division.

Cash Credit Hypothecation facility of Allahabad Bank for Seed Division is secured by way of hypothecation charge over current assets of Seed Division of the Company and further secured by way of second charge on *pari passu* basis over the fixed assets of the Sugar Division and Spirits (Distillery) Division of the Company situated at Baheri, U.P

6. In the absence of confirmations, the balances in respect of Loans and Advances, Sundry Debtors, Sundry Creditors, Acceptances, Deposits and National Savings Certificates deposited with the Government Authorities are taken as shown by the books of account and are subject to adjustments and reconciliations, if any.
7. The Company has made provision for Current Income Tax of Rs. NIL Lacs, Wealth Tax Rs. 1.98 lacs and Deferred Tax Expenses of Rs. (320.99) Lacs.

Details of Deferred Tax are as under:

(Rs. in Lacs)

Particulars	As on 30 th June, 2010	During theYear	As on 30 th June, 2011
Deferred Tax Liability			
Accumulated depreciation	945.43	12.34	957.77
Total Deferred Tax Liability	<u>945.43</u>	<u>12.34</u>	<u>957.77</u>
Deferred Tax Assets			
Expenses deductible on payment	138.54	22.29	160.83
Losses Carried Forward	461.06	311.04	772.10
Total Deferred Tax Assets	<u>599.60</u>	<u>333.33</u>	<u>932.93</u>
Net Deferred Tax Liability	<u><u>345.83</u></u>	<u><u>(320.99)</u></u>	<u><u>24.84</u></u>

The Company has recognised the Deferred Tax Asset, as the Management strongly believes that there is a virtual certainty about the availability of future taxable income and such deferred tax asset would be realized.

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

	(Rs. in Lacs)	
	As on 30 June 2011	As on 30 June 2010
The principal amount and the interest due thereon remaining unpaid to any supplier as on 30-06-2011	6.94	24.01
The amount of Principal and interest paid beyond the appointed day	—	—
The amount of interest due and payable on delayed payments	0.74	0.55
The amount of interest accrued and remaining unpaid as on 30 th June 2011	0.74	0.55
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.-	-	-

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."

9. Advances includes Rs 3.93 Lacs, outstanding since a long time. In the opinion of the management, the same are considered good and recoverable.
10. The Company had given Bank Guarantees to Government of India in respect of Levy Price realization. Subsequently the Government has adjusted the amounts from the Buffer Stock Subsidy receivable by the Company and has also encashed the Bank Guarantees, which has resulted in excess payment of Rs. 16.80 Lacs to the Government of India. The Company has lodged its claim with Government Authorities for refund.
11. 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

- a. Sugar
- b. Spirits
- c. Seed
- d. Power

Geographical Segments:

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

KESAR ENTERPRISES LTD.

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

Figures for the Year ended 30th June, 2011 indicated in bold. Previous year figures indicated in the row there below:

	Sugar	Spirits	Seed	Power	Others	(Rs. in Lacs) Total
Segmental Revenue						
Sales (Including Inter division /segment revenue, Net of intra division/segment revenue & excluding Excise Duty)	29,870.49	6,474.22	1432.07	—	546.94	38,323.72
	15,069.16	4,265.67	1326.93	—	598.80	21,260.56
Other Income	141.15	52.70	1.02	—	82.63	277.50
	132.58	92.44	4.49	—	52.88	282.39
Less : Inter Segment/Division Revenue	849.86	—	—	—	415.39	1,265.25
	534.46	—	—	—	488.39	1,022.85
Add : Unallocable Income				—		63.01
				—		150.72
Total Revenue				—		37,398.98
				—		20,670.82
Segmental Result before Interest & Taxation	1,810.64	521.73	(211.11)	—	288.78	2,410.04
	2,544.37	(360.49)	(75.62)	—	320.60	2,428.86
Less : Segmental Interest	1,851.93	77.19	62.76	—	—	1,991.88
	1,580.96	32.63	33.04	—	—	1,646.63
Segmental Result before Taxation	(41.29)	444.54	(273.87)	—	288.78	418.16
	963.41	(393.12)	(108.66)	—	320.60	782.23
Less : Unallocable Expenses Net of Unallocable Income						375.43
						557.64
Profit /(Loss) Before Taxation						42.73
						224.59
Less :Provision for Tax						1.98
						1.59
Less : Deferred Tax						(320.99)
						(16.30)
Profit /(Loss) after Tax						361.74
						239.30
Prior Period Adjustments						-
						199.42
Profit available for appropriation						361.74
						438.72

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(Rs. in Lacs)

Figures for the Year ended 30th June, 2011 indicated in bold. Previous year figures indicated in the row therebelow:

	Sugar	Spirits	Seed	Power	Others	Total
Segmental Assets	15,488.34	4,140.33	1,823.11	5103.77	328.62	26,884.17
	24,576.17	4,518.30	1,502.81	921.85	291.66	31,810.79
Unallocable Assets/ Investments						1,873.61
						2,169.78
Total Assets						28,757.78
						33,980.57
Segmental Liabilities	18,184.03	904.26	1,112.54	2746.09	77.88	23,024.80
	27,075.00	1,027.05	481.36	3.10	103.17	28,689.68
Share Capital & Reserves						3,397.55
Less Miscellaneous Expenditure						3,109.13
Unallocable Liabilities						2,335.43
						2,181.76
Total Liabilities						28,757.78
						33,980.57
Capital Expenditure including						
Capital Work in Progress	230.36	156.99	28.10	2851.44	15.25	3,282.14
	115.36	119.25	5.08	141.98	17.87	399.54
Unallocable						37.74
						126.56
Total						3,319.88
						526.10
Depreciation	252.80	158.72	9.62	49.27	11.95	482.36
	249.29	153.10	10.18	49.27	10.58	472.42
Unallocable Depreciation						100.74
						107.37
Total Depreciation						583.10
						579.79

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

12. Related party disclosures under Accounting Standard 18

Names of related parties and nature of related party relationships:

a. Associates:

N.A.

b. Key Management Personnel and relatives of such personnel:

Mr. H R Kilachand Chairman & Managing Director

Mrs. M.H. Kilachand Director

Relatives of Key Management Personnel

Mr. Rohan H. Kilachand Son

Ms. Rohita H. Kilachand Daughter

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

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

Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 30th June 2011 indicated in bold. Previous year figures indicated in the row therebelow:

Nature of Transaction	Subsidiary Companies	Associates	Key Managerial Personnel And Relatives	Enterprises over which influence exists
Expenses Reimbursed				22.88 20.89
Expenses Reimbursed Received				128.64 128.96
Rent Paid				18.61 16.84
Interest on Fixed Deposits			0.47 0.45	
Interest on Car loan paid				1.08 2.68
Managerial Remuneration			16.19 47.25	
Fixed Deposits Accepted / Renewed			5.00 5.00	
Sundry Creditors				171.33 162.92
Advance from Customer				89.04 -
Sundry Debtors				- 158.74
Fixed Deposits			5.00 5.00	
Security Deposits				91.24 109.82

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

(Rs. in Lacs)

Sr. No.	Name	Balance as at 30 th June 2011	Maximum amount outstanding during the year	No. of shares of the Company held by the loanee as at 30 th June 2011
(A)	Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:			
		—	—	—

14. Earnings per share has been calculated as under:

	2010-2011	2009-2010
Profit/(Loss) after Tax & Preference Dividend (Rs. in Lacs)	359.40	436.42
No of Equity Shares	67,90,162	67,90,162
Basic and diluted earnings per share – Rupees (Face value of share – Rs. 10 each)	5.29	6.43

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

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

	2010-2011	2009-2010
I. Assumptions :		
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	4.00%	4.00%
II. Table Showing Change in present value of Obligation :		
Present value of Obligations (PBO) at the beginning of the period	682.65	560.59
Interest Cost	63.17	42.82
Service Cost	30.16	35.72
Benefits paid	(114.18)	(50.60)
Actuarial (gain) loss on obligations	(81.15)	94.11
PBO at the end of the period	580.65	682.65
III. Table showing changes in the fair value of plan assets		
Fair Value of Plan Assets at the beginning of the period	581.96	477.51
Expected Return on Plan Assets	48.84	40.67
Contributions	(82.42)*	112.31
Benefits paid	(114.18)	(50.60)
Actuarial Gain / (loss) on Plan Assets	(44.46)	2.06
Fair Value of Plan Assets at the end of the period	389.74	581.96

	2010-2011	2009-2010
IV. Table showing fair value of plan assets		
Fair Value of Plan Assets at the beginning of the period	581.95	477.51
Actual return on Plan Assets	4.38	42.73
Contributions	(82.42)*	112.31
Benefits paid	(114.18)	(50.60)
Fair value of Plan Assets at the end of the period	389.74	581.96
Excess of actual over expected return on Plan Assets	(44.46)	2.06
V. Funded Status	(190.91)	(100.69)
VI. Actuarial gain / loss recognised		
Actuarial gain/(loss) on Obligation	81.15	(94.11)
Actuarial gain (loss) for the period - Plan Assets	(44.46)	2.06
Actuarial gain/(loss) on Obligation	36.69	(92.04)
Actuarial (gain)/loss recognised for the period	(36.69)	92.04
VII. The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis		
Present Value of Obligation at the end of period	580.65	682.65
Fair value of Plan Assets as at the end of period	(389.74)	(581.95)
Funded Status	190.91	(100.69)
Net asset /(Liability) Recognised in Balance Sheet	190.91	(100.69)
VIII. Expenses recognised in statement of profit and loss		
Current Service Cost	30.16	35.72
Interest Cost	63.17	42.82
Expected Return on Plan Assets	(48.84)	(40.67)
Net Actuarial (gain) loss recognised in the period	(36.69)	92.04
Expenses Recognised in the Income Statement	7.80	129.92
IX. Movements in the liability recognised in the Balance Sheet:		
Opening Net Liability	100.69	83.08
Expense as above	7.80	129.92
Contributions/Transfers	82.42*	(112.31)
Closing Net Liability	190.91	100.69

*Represent amount transferred to Kesar Terminals & Infrastructure Limited Pursuant to the Scheme of Demerger.

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

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

As per our report attached

For and on behalf of the Board of Directors

For and on behalf of
Haribhakti & Co.
Chartered Accountants
FRN : 103523W

N.N.Jambusaria
Partner
Membership No. 38979
Mumbai, October 12, 2011

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

H. R. KILACHAND
Chairman & Managing Director
K.D.SHETH
Director

Mumbai, October 12, 2011

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Annexure I

Annexure to Note No. 15 of Schedule — 22

Quantitative Information of Manufacturing and Trading activities :

Figures for the Year ended 30th June, 2011 indicated in **Bold**. Previous year figures indicated in the row therebelow in brackets.

	Licenced Capacity		* Installed Capacity		Actual Production		Opening Stock		Closing Stock		Sales	
	Capacity	Crushing	Capacity	Crushing	Qtls.	Rs. in Lacs	Quantity	Value	Quantity	Value	Quantity	Value#
A) Manufacturing activities of the Company :												
(I) Sugar Division :												
(1) Sugar	Sugar Cane Crushing	Sugar Cane Crushing	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs
	Not Applicable	7200 TCD	718,110	733,747	733,747	20,003.05	429,438	11,915.98	1,016,929	28,074.58		
		(7200 TCD)	(651,700)	(548,275)	(11,542.56)		(733,747)	(20,003.05)	(463,889)	(13,390.24)		
(II) Distillery Division :	K.L.	K.L.	K.L.	K.L.	K.L.	Rs. in Lacs	K.L.	Rs. in Lacs	K.L.	Rs. in Lacs	K.L.	Rs. in Lacs
(1) Rectified Spirit	16,365	16,365	13,141.90	73.25	73.25	15.81	91.49	17.66	6,242.69	1,631.94		
	(16,365)	(16,365)	(7,480.48)	(1,107.61)	(305.48)		(73.25)	(15.81)	(3,297.31)	(909.83)		
(2) Denatured Spirit			131.23	0.34	0.10	0.10	31.35	7.06	99.50	31.38		
			(98.75)	(62.58)	(18.15)		(0.34)	(0.10)	(159.90)	(48.23)		
(3) Special Denatured Spirit			2,726.02	8.26	1.65	1.65	2.88	6.88	2,700.00	685.51		
			(2,541.81)	(12.32)	(2.09)		(8.26)	(1.65)	(2,540.00)	(579.59)		
(4) Country Liquor			8,915.09	354.50	475.81	475.81	51.68	72.45	9,004.97	14,529.58		
			(5,113.00)	(336.10)	(434.94)		(354.50)	(475.81)	(5,071.60)	(6,768.12)		
(5) Extra Neutral Alcohol	6,000	6,000	3,941.54	76.15	20.48	20.48	273.29	63.75	81.15	24.50		
	(6,000)	(6,000)	(2,436.28)	(456.82)	(140.20)		(76.15)	(20.48)	(160.29)	(45.12)		
(6) Indian Made Foreign Liquor (IMFL)	3,070	2,160	3,746.60	224.66	81.23	81.23	80.35	36.73	3,859.60	1,385.00		
	(3,070.00)	(2,160.00)	(4,608.93)	(286.34)	(101.00)		(224.66)	(81.23)	(4,596.70)	(1,710.10)		
(7) CO 2	M.T.	M.T.	Rs. in Lacs	M.T.	Rs. in Lacs	Rs. in Lacs	M.T.	Rs. in Lacs	M.T.	Rs. in Lacs	M.T.	Rs. in Lacs
			795.50	-	-	-	-	-	795.50	6.17		
			(473.50)	-	-	-	-	-	(473.50)	(5.86)		
(8) Miscellaneous						0.95		0.13		3.15		
						(0.10)		(0.95)		(0.92)		
(III) Processed Seeds			68,393.52	7,896.24	195.02	195.02	9,503.28	421.85	66,786.48	1,254.19		
			(73,018.58)	(2,502.63)	(34.09)		(7,896.24)	(195.02)	(67,624.97)	(1,198.84)		
(IV) Agricultural Products										546.95		
										(598.80)		

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

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

Sales value includes Excise Duty

TCD = Tonnes Cane crushed per day

Qtls. = Quintals

K.L. = Kilo Litres

M.T. = Metric Ton

Annexure to Note No. 15 of Schedule — 22 (Contd.)

Figures for the Year ended 30th June, 2011 indicated in **Bold**. Previous year figures indicated in the row therebelow in brackets. (Rs. in Lacs)

(B) Trading activities of the Company	C L		SEEDS	
	Quantity K.L.	Amount Rs.	Quantity QTLS.	Amount Rs.
Opening Stock	-	-	1,591.76	47.79
	-	-	(2,228.22)	(119.74)
Purchase	-	-	4,627.31	131.16
	-	-	(3,392.65)	(74.18)
Sales	-	-	4,920.19	177.88
	-	-	(4,029.11)	(128.08)
Closing Stock	-	-	1,298.88	43.17
	-	-	(1,591.76)	(47.79)

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

(C) Information regarding	Product	Quantity	Amount
Raw Materials Consumed			
(1) Sugar Division	Sugar Cane [Inclusive of 153,688 Qtls. from Own Farm (Previous Year 1,57,750 Qtls.)]	73,80,412 Qtls.	16,180.88
		(69,37,720 Qtls.)	(18,162.62)
(2) Distillery Division	Molasses [Inclusive of 1,50,909 Qtls. from Sugar Division (Previous Year 1,91,733 Qtls.)]	5,68,680 Qtls.	2,049.15
		(3,22,545 Qtls.)	(1,567.43)
	Malt Spirit	0.00 K.L.	-
		(0.00 K.L.)	-
	Spirit [Inclusive of NIL K.L. from Distillery Division (Previous Year 100 K L)]	83.79 K.L.	26.19
		(294.56 K.L.)	(110.06)
(3) Seed Division	Seeds [Inclusive of 64,88.15 Qtls. from Own Farm (Previous Year 13,025.75 Qtls.)]	75,095.93 Qtls.	1,187.70
		(72,452.36 Qtls.)	(870.71)

Value and Percentage of Consumption of Raw Materials, Stores and Spares	Raw Materials		Stores and Spares	
	Rs.in Lacs	Percentage	Rs.in Lacs	Percentage
Imported	—	—	-	-
	(—)	(—)	(—)	(—)
Indigenous (including canalised items & cane supplied from Own Farms)	19,443.92	100.00	2,278.86	100.00
	(20,710.81)	(100.00)	(1,581.10)	(100.00)
(D) Expenditure in Foreign Currency on account of travelling	6.66			
	(9.49)			
(E) Value of Imports on C.I.F basis :				
(i) Spare Parts	Nil			
	(Nil)			
(ii) Capital Items	-			
	(Nil)			
(F) Earnings in foreign exchange :				
(a) Export of goods on F.O.B. basis	Nil			
	(Nil)			

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CASH FLOW STATEMENT

for the year ended 30th June,2011

		(Rs in Lacs) Previous Year
A CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT/(LOSS) BEFORE TAX	42.73	224.59
Adjustments for :		
Depreciation	583.10	579.79
Dividend Income	(18.31)	(0.74)
Interest Income	(11.38)	(14.08)
Interest and Finance Charges	1,997.88	1,761.29
Transferred to Molasses and Alcohol Storage Fund & Effluent Disposal Fund	7.92	3.62
Profit on sale of Fixed Assets/ Investments	(43.40)	(102.34)
Assets Discarded/Scrapped	-	0.04
Credit Balances Written Back	(3.46)	(39.71)
Bad Debts/Advances written off	12.72	37.68
Provision for expenses no longer required	-	(45.20)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,567.80	2,404.94
Adjustments for :		
Inventories	8,807.92	(8,236.32)
Trade and Other Receivables	(448.56)	(156.74)
Loans & Advances	(871.45)	(683.61)
Trade Payables	447.99	(442.82)
Other Current Liabilities	(424.11)	(176.79)
CASH (USED IN) / GENERATED FROM OPERATIONS	10,079.59	(7,291.34)
Taxes (Paid)/ Refunds	(28.18)	(18.46)
Prior Period Adjustments	-	216.29
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	10,051.41	(7,093.51)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets / Capital Work-in-Progress	(3,319.88)	(526.09)
Sale/Scrap of Fixed Assets	101.27	121.66
(Purchase) of Investments	(0.26)	-
Interest Received	15.53	9.40
Dividend Received	18.31	0.74
NET CASH (USED IN) / FROM INVESTING ACTIVITIES	(3,185.03)	(394.29)

CASH FLOW STATEMENT

for the year ended 30th June,2011 (contd.)

(Rs in Lacs)
Previous Year

C. CASH FLOW FROM FINANCING ACTIVITIES :

Addition/ (Repayment) of Term Loans	2,301.91	(107.26)
Increase/ (Decrease) in Bank Borrowings	(10,155.06)	10,250.71
Increase/ (Decrease) in Short Term Borrowings	2,710.99	(219.58)
Dividends Paid	(80.77)	(238.02)
Interest Paid	(2,067.41)	(1,762.63)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(7,290.34)	7,923.22
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(423.96)	435.42
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	712.19	364.78
Less :- Transferred to KTIL on account of Demerger	—	(88.01)
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	288.23	712.19

Note : Figures in brackets are outflows.

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

As per our Report attached

For and on behalf of the Board of Directors

For and on behalf of
Haribhakti & Company
Chartered Accountants

H. R. KILACHAND
Chairman & Managing Director

N.N.Jambusaria
Partner
Membership No. 38979
Mumbai, October 12, 2011

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

K.D.SHETH
Director

Mumbai, October 12, 2011

Annual Report 2010-2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. REGISTRATION DETAILS

REGISTRATION NO. :

1	9	9	6
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 STATE CODE:

1	1
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BALANCE SHEET DATE :

3	0
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0	6
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2	0	1	1
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DATE MONTH YEAR

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

PUBLIC ISSUE	RIGHT ISSUE																						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L
								N	I	L													
								N	I	L													
BONUS ISSUE	PRIVATE PLACEMENT																						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L
								N	I	L													
								N	I	L													

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

SOURCES OF FUNDS

TOTAL LIABILITIES	TOTAL ASSETS																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>4</td><td>2</td><td>4</td><td>6</td><td>.</td><td>4</td><td>7</td></tr></table>		2	4	2	4	6	.	4	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>4</td><td>2</td><td>4</td><td>6</td><td>.</td><td>4</td><td>7</td></tr></table>		2	4	2	4	6	.	4	7	
	2	4	2	4	6	.	4	7												
	2	4	2	4	6	.	4	7												
PAID-UP CAPITAL	RESERVES AND SURPLUS																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>8</td><td>7</td><td>9</td><td>.</td><td>0</td><td>2</td></tr></table>				8	7	9	.	0	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>5</td><td>1</td><td>8</td><td>.</td><td>5</td><td>3</td></tr></table>				2	5	1	8	.	5	3
			8	7	9	.	0	2												
			2	5	1	8	.	5	3											
SECURED LOANS	DEFERRED TAX LIABILITY																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>1</td><td>6</td><td>8</td><td>0</td><td>2</td><td>.</td><td>5</td><td>1</td></tr></table>		1	6	8	0	2	.	5	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>4</td><td>.</td><td>8</td><td>4</td></tr></table>					2	4	.	8	4	
	1	6	8	0	2	.	5	1												
				2	4	.	8	4												
UNSECURED LOANS	INVESTMENTS																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>0</td><td>2</td><td>1</td><td>.</td><td>5</td><td>7</td></tr></table>				4	0	2	1	.	5	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>2</td><td>.</td><td>7</td><td>0</td></tr></table>					5	2	.	7	0
			4	0	2	1	.	5	7											
				5	2	.	7	0												

APPLICATION OF FUNDS

NET FIXED ASSETS	NET CURRENT ASSETS																								
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>9</td><td>3</td><td>7</td><td>4</td><td>.</td><td>0</td><td>7</td></tr></table>				9	3	7	4	.	0	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>4</td><td>8</td><td>1</td><td>9</td><td>.</td><td>7</td><td>0</td></tr></table>				1	4	8	1	9	.	7	0			
			9	3	7	4	.	0	7																
			1	4	8	1	9	.	7	0															
ACCUMULATED LOSSES	MISCELLANEOUS EXPENDITURE																								
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>0</td><td>.</td><td>0</td><td>0</td></tr></table>										0	.	0	0
								N	I	L															
									0	.	0	0													

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

TOTAL INCOME	TOTAL EXPENDITURE																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>7</td><td>3</td><td>9</td><td>8</td><td>.</td><td>9</td><td>8</td></tr></table>		3	7	3	9	8	.	9	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>7</td><td>3</td><td>5</td><td>6</td><td>.</td><td>2</td><td>5</td></tr></table>		3	7	3	5	6	.	2	5	
	3	7	3	9	8	.	9	8												
	3	7	3	5	6	.	2	5												
PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) AFTER TAX																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>2</td><td>.</td><td>7</td><td>3</td></tr></table>					4	2	.	7	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>6</td><td>1</td><td>.</td><td>7</td><td>4</td></tr></table>					3	6	1	.	7	4
				4	2	.	7	3												
				3	6	1	.	7	4											
EARNING PER SHARE (IN RS.)	Dividend Rate %																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>.</td><td>2</td><td>9</td></tr></table>						5	.	2	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td></tr></table>						1	0			
					5	.	2	9												
					1	0														

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

ITEM CODE NO. (ITC CODE)

1	7	0	1	9	9	.	0	2
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PRODUCT DESCRIPTION

S	U	G	A	R
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ITEM CODE NO. (ITC CODE)

2	2	0	7	1	0	.	0	1
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PRODUCT DESCRIPTION

R	E	C	T	I	F	I	E	D	S	P	I	R	I	T
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

KESAR ENTERPRISES LTD.

STATEMENT OF FIGURES FROM SEASON 1986-87 TO 2010-2011 (Sugar Factory)

SEASON	DURATION DAYS	CANE CRUSHED M. TONS	SUGAR PRODUCED M. TONS	RECOVERY % OF CANE CRUSHED
1986-87	226	406,353.76	36,635.80	9.02
1987-88	212	422,531.80	37,389.08	8.85
1988-89	155	306,745.14	30,905.41	10.08
1989-90	222	569,131.22	52,390.95	9.21
1990-91	180	547,654.71	52,247.42	9.54
1991-92	203	746,941.45	72,961.77	9.77
1992-93	162	605,853.44	60,586.41	10.00
1993-94	142	582,473.61	57,287.22	9.84
1994-95	184	801,761.65	80,458.15	10.04
1995-96	194	871,869.00	84,386.84	9.68
1996-97	179	805,563.32	81,913.41	10.17
1997-98	164	747,149.95	74,985.32	10.04
1998-99	144	663,221.08	60,055.05	9.06
1999-2000	159	716,949.60	68,395.00	9.41
2000-2001	143	644,521.60	64,298.00	9.89
2001-2002	184	834,412.60	81,970.40	9.82
2002-2003	189	938,038.60	93,863.00	10.00
2003-2004	150	808,601.17	79,866.50	9.88
2004-2005	158	852,942.80	84,010.00	9.90
2005-2006	155	838,468.80	79,114.00	9.43
2006-2007	194	1,148,799.60	114,843.00	10.00
2007-2008	163	977,982.72	104,201.00	10.67
2008-2009	111	561,509.25	52,364.00	9.35
2009-2010	119	693,771.98	65,170.00	9.38
2010-2011	116	738,041.20	71,811.00	9.68

STATEMENT SHOWING PRODUCTION AND YIELD IN DISTILLERY

Year	Production (Litres)	Yield per Quintal of Molasses (Litres)
1986-87	5,118,458	25.60
1987-89 (17 months)	6,216,600	24.90
1989-90	7,424,689	23.80
1990-91	6,477,165	24.80
1991-92	7,248,330	24.80
1992-93	10,868,023	23.20
1993-94	8,850,660	21.30
1994-95	8,142,169	21.70
1995-96 (15 months)	13,355,146	21.70
1996-97	11,798,172	22.00
1997-98	11,419,540	20.90
1998-99	8,545,420	19.70
1999-2000	11,701,670	20.40
2000-2001	12,835,127	21.40
2001-2002	12,280,300	21.00
2002-2003	12,954,000	21.16
2003-2004	11,552,050	24.12
2004-2005	11,274,630	22.58
2005-2006	14,765,450	22.98
2006-2007	16,412,783	23.22
2007-2008	16,274,637	22.70
2008-2009	11,414,558	22.99
2009-2010	7,458,803	23.12
2010-2011	13,141,901	23.00

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FINANCIAL STATISTICS

Year end position	(Rs. in lacs)										
	2010-2011 \$	2009-2010 \$	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Share Capital	679.02	679.02	746.92	746.99	746.99	794.95	633.93	633.93	633.93	633.93	633.93
Reserves and Surplus	2,518.53	2,230.11	3,517.44	2,848.42	2,504.27	3,864.07	3,271.71	3,409.50	3,327.16	4,664.49	5,039.56
Deferred Tax Liability	24.84	345.83	650.79	634.95	897.26	752.27	417.15	277.28	262.86	383.29	—
Borrowings	20,824.08	26,135.42	16,420.60	17,097.70	11,881.89	9,581.43	7,507.10	6,958.04	7,547.44	8,196.31	9,551.34
Working Capital	14,819.70	22,842.78	11,935.84	13,084.11	8,483.45	8,242.78	5,536.90	4,836.65	5,551.90	6,268.15	8,705.80
Capital Employed	24,246.47	29,590.38	21,535.75	21,528.06	16,230.41	15,192.72	12,029.89	11,478.75	11,771.39	13,878.02	15,224.83
Gross Block	15,183.32	15,280.52	19,546.13	16,714.42	15,557.89	14,552.40	13,660.10	13,292.96	11,918.23	11,208.64	10,645.42
Net Block	5,795.90	6,036.20	9,102.09	6,997.99	6,496.57	6,078.81	5,697.98	5,765.89	4,774.26	4,470.78	4,371.92
Investments	52.70	52.44	52.49	7.00	2.00	455.60	455.10	455.10	455.39	2,039.49	896.44
Equity Shares											
Book Value (Rs.)	47.09	42.84	62.80	52.94	46.69	73.16	59.89	28.15	25.78	46.71	52.38
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
For the Year											
Sales including Excise Duty	49,620.98	26,638.70	29,505.78	29,161.56	27,951.98	27,955.41	25,044.67	24,555.65	28,080.17	30,930.40	15,223.63
Depreciation	583.10	579.79	738.79	661.19	607.76	537.97	512.96	500.43	444.53	478.61	431.41
Profit before Tax	42.73	224.59	1,089.84	156.53	(1,656.06)	1,824.69	1,863.44	157.23	(1,487.62)	20.59	61.56
Profit After Tax	361.74	239.30	904.39	381.36	(1,847.71)	1,111.00	1,661.73	128.49	(1,367.80)	100.97	40.49
Equity Dividend %	10.00	10.00	30.00	5.00	-	25.00	20.00	-	-	-	-
Equity Dividend Amount	67.90	67.90	203.70	33.95	-	158.48	126.79	-	-	-	-

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

Dear Shareholder,

Sub: "GO GREEN" initiative of the Ministry of Corporate Affairs ("MCA"), Government of India

The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies vide circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011, in terms of which a Company would have ensured compliance with the provisions of Section 53 of the Act, if services of documents have been made through electronic mode. The Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of Shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. The Company thus proposes to send all documents to the Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. henceforth to the Shareholders in electronic form in lieu of the physical form.

Shareholders holding shares of the Company in physical form are requested to furnish their email id for the purpose of serving of documents by the Company in the electronic mode in the form attached on the next page at the address of our Registrar and Share Transfer Agent, M/s SHAREX DYNAMIC (INDIA) PVT LTD. Unit-1, Luthra Ind Premises, Safed Pool, Andheri Kurla Road, Andheri East, Mumbai 400072.

Shareholders holding shares of the Company in electronic form and do not have any email id registered in their Demat Account with the Depository, are requested to furnish their email id in **their Demat Account with the Depository Participant (DP) for the purpose of serving of documents by the Company in the electronic mode.**

Shareholders holding shares of the Company in electronic form who have registered their email-id, in the records of the Depositories viz NSDL / CDSL, which will be made available to us as per the records maintained at the depository. **Please inform any changes in the email-id to your Depository Participant (DP) only**, for the purpose of serving of documents by the Company in the electronic mode.

As a member of the Company, In case you do not desire to receive documents stated above in physical form, please write to us, quoting your Registered Folio Number at Registered Office of the Company or email to djs@kesarindia.com or to our Registrar & Share Transfer Agent, M/s. Sharex Dynamic (India) Pvt. Ltd.

The Annual Report of the Company would also be made available on the Company's website at www.kesarindia.com.

We are sure that you will welcome the "Green Initiative" taken by the MCA and your Company's desire to participate in the same.

We look forward to your support in this initiative.

Thanking you,

Yours faithfully
For Kesar Enterprises Limited

D. J. Shah
Sr. Vice President (Legal)
& Company Secretary

Annual Report 2010-2011

To,

Sharex Dynamic (India) Pvt. Ltd.,
Unit No. 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East),
Mumbai – 400072

Unit : Kesar Enterprises Limited

Dear Sir,

Sub: "GO GREEN" initiative of the Ministry of Corporate Affairs ("MCA"), Government of India

We are happy to note that our Company has taken up this initiative. We give below our email-id, for the purpose of serving of documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. by the Company in electronic mode.

Name of the Shareholder(S) :

Folio-No. :

Email id(s): :

Thanking you,

Yours faithfully.

Signature of Shareholder

Dated :



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

ATTENDANCE SLIP

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

I hereby record my presence at the 77th Annual General Meeting of the Company, to be held on Thursday, 17th November, 2011 at 3:30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001

Client ID *	DP ID No. *
-------------	-------------

Folio No.	No. of Shares
-----------	---------------

Name and Address of the Member:

Signature of Member or Proxy or Representative

* Applicable for investors holding shares in electronic form.



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

PROXY FORM

I / We in the district of
of in the district of
being a Member/ Members of Kesar Enterprises Ltd.
hereby appoint
of in the district of
or failing him / her
of or failing him / her
of as my / our proxy to vote for me / us and on my / our behalf at the 77th Annual General Meeting of the Company, to be held on Thursday, 17th November, 2011 at 3:30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001 or at any adjournment thereof.

Client ID *	DP ID No. *
-------------	-------------

Folio No.	No. of Shares
-----------	---------------

Signed this day of, 2011



* Applicable for investors holding shares in electronic form.

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

BOOK - POST



If undelivered please return to:

KESAR ENTERPRISES LTD.

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