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**KESAR ENTERPRISES LTD.**

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# **KESAR ENTERPRISES LTD.**

(Incorporated under the Indian Companies Act VII of 1913)

## COMPANY INFORMATION

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

# Annual Report 2008-2009

## NOTICE

**NOTICE** is hereby given that the 75th Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Tuesday, 22nd December, 2009 at 1:30 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 2009 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on 1% Cumulative Redeemable Preference Shares.
3. To declare dividend on Ordinary (Equity) Shares.
4. To appoint a Director in place of Shri K. Kannan, who retires by rotation but being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri N. J. Vakil, 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), 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."

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

**"RESOLVED THAT** pursuant to provisions of Section 78 read with Section 100, and all other applicable provisions, if any, of the Companies Act, 1956 and Article 78 of the Articles of Association of the Company and subject to confirmation of the High Court, the Securities Premium Account, Capital Reserve Account and / or General Reserve Account be reduced consequent to the Scheme of Arrangement of the Company for transfer of its Storage Undertaking / Division by way of Demerger to its Wholly-owned Subsidiary viz. Kesar Terminals & Infrastructure Ltd., if sanctioned by the High Court and in accordance with the terms of the said Scheme of Arrangement."

**"RESOLVED FURTHER THAT** consequential alteration, if and so far as is necessary, be made in the Memorandum of Association and / or the Articles of Association of the Company."

**"RESOLVED FURTHER THAT** the form of minutes as approved by the High Court be filed with the Registrar of Companies.

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**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution including appointment of Advocates, filing and verification of Petition, affirming affidavits, appearing in the High Court and to do all acts, deeds, matters and things connected with or incidental thereto.”

## **Registered Office:**

Oriental House,  
7, Jamshedji Tata Road,  
Churchgate,  
Mumbai – 400 020  
30th October, 2009

By Order of the Board of Directors

**D. J. SHAH**

Vice President (Legal)  
& Company Secretary

## **Notes:**

- a) **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- b) The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, 15.12.2009 to Tuesday, 22.12.2009**, both days inclusive. 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 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai 400001 or at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400 072 or with the Company.
- e) 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.
- f) 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.
- g) 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.
- h) 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.
- i) As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Shri K. Kannan and Shri N. J. Vakil, 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(2) of the Companies Act, 1956**

#### **Item No. 7:**

The proposed resolution is an enabling resolution, which was approved earlier by the Shareholders at the last Annual General Meeting held on 31.10.2008 but could not be implemented due to changed projections of the Modernisation / Expansion plans. As the said resolution was valid for one year the same is proposed once again for your approval.

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 acquisition / investments in similar facilities and also further expansion of the Storage Terminals at Kandla. 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.

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.

#### **Item No. 8:**

The Board of Directors has approved the Scheme of Arrangement, which envisages transfer of Storage Undertaking / Division of the Company by way of Demerger to its Wholly-owned Subsidiary viz. Kesar Terminals & Infrastructure Ltd. The said Scheme contemplates consequent reduction / appropriation against the Securities Premium Account of Rs.971.59 lacs, Capital Reserve Account of Rs.49.31 lacs and the balance from General Reserve Account of the Company in terms of Section 78 read with Section 100 and other applicable provisions of the Companies Act, 1956.

In the circumstances, subject to the approval of the Shareholders, other Authorities including High Court, Bombay, the Company proposes pursuant to the Scheme of Arrangement, reduction of its the Securities Premium Account, Capital Reserve Account and / or General Reserve Account. The Board of Directors also recommends passing the proposed Special Resolution.

A copy of the Scheme of Arrangement is simultaneously being circulated to all the Shareholders alongwith Notice calling Court Convened Meeting of the Shareholders of the Company, which will be held at 3:00 p.m. on the same day i.e. 22nd December 2009.

The Directors of the Company may be deemed to be concerned and / or interested in the said Resolution to the extent of their shareholding.

#### **Registered Office:**

Oriental House,  
7, Jamshedji Tata Road,  
Churchgate,  
Mumbai – 400 020  
30th October, 2009

By Order of the Board of Directors

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



# Annual Report 2008-2009

## Directors' Report

To  
The Shareholders,  
Kesar Enterprises Ltd.

Dear Members,

Your Directors present to you the 75th Annual Report and the audited Statement of Accounts for the year ended 30th June 2009.

### FINANCIAL RESULTS:

	(Rs. in Lac)	
	2008-09	2007-08
<b>Profit / (Loss) before interest, depreciation &amp; taxation</b>	<b>3,346.26</b>	2,084.86
<b>Less:</b> Interest and Finance Charges	<b>1,517.63</b>	1,267.14
Profit/ (Loss) before Depreciation & taxation (Cash Profit)	<b>1,828.63</b>	817.72
<b>Less:</b> Depreciation	<b>738.79</b>	661.19
<b>Profit / (Loss ) before tax</b>	<b>1,089.84</b>	156.53
<b>Add /(Less): Provision for Taxation</b>		
(i) Income Tax - Current	<b>(167.98)</b>	(36.08)
(ii) Income Tax - Deferred	<b>(15.84)</b>	262.31
(iii) Wealth Tax	<b>(1.63)</b>	(1.40)
<b>Profit / (Loss) after tax</b>	<b>904.39</b>	381.36
<b>Add /(Less):</b>		
Prior period adjustments.	<b>0.03</b>	(1.85)
<b>Profit available for appropriation</b>	<b>904.42</b>	379.51
<b>Appropriation:</b>		
<b>Add :</b> Transfer from General Reserve	-	300.00
<b>(Less):</b>		
(i) Transfer to General Reserve	<b>(90.44)</b>	-
(ii) Proposed Dividend on Preference Share	<b>(2.00)</b>	(4.00)
(iii) Proposed Dividend on Equity Share	<b>(203.70)</b>	(33.95)
(iv) Corporate Tax on Dividends	<b>(34.96)</b>	(6.45)
<b>Profit after appropriation</b>	<b>573.32</b>	635.11
<b>(Less) :</b> Balance brought forward from previous year	<b>(118.99)</b>	(754.10)
<b>Balance carried forward to Balance Sheet</b>	<b>454.33</b>	(118.99)

There is profit after tax of Rs.904.39 lac as against profit of Rs.381.36 lac in the previous year.

This year was very unusual for sugar. The U. P. Government increased the State Advised Price (SAP) and the sugarcane prices went up substantially over and above the SAP due to shortage of cane towards the latter part of the season. The area under cane plantation was less than previous year. The sugar recovery was also less due to excessive rains and so was the yield of sugarcane. Sugar prices went up substantially towards the end of the year due to substantially lower production of sugar.

### DIVIDEND

The Directors recommend a dividend for the year 2008-09 @ 1% on 20,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each issued to IDBI Ltd. under the One Time Settlement Scheme, amounting to Rs.2.00 lac plus dividend tax as applicable.

The Directors are glad to inform that the Company has completed its Platinum Jubilee Year i.e. Seventy Fifth Year. The Directors have recommended a Dividend of 30% i.e. Rs.3/- per Equity Share of Rs.10/- each on 67,90,162 Equity Shares of the Company, which consists of 25% for the year 2008-09 and an additional 5% for the Platinum Jubilee Commemoration plus dividend tax as applicable (Previous year Re.0.50 per Equity Share).



## WORKING OF THE DIVISIONS

### Sugar Division

The crushing for the season 2008-09 started on 24.11.2008 i.e. two days early, as against 26.11.2007 in the previous season. The season ended on 15.3.2009 as against 6.5.2008, 52 days earlier than the previous season. During the season, the plant crushed 56.15 lac quintals of sugarcane, in 111 days as against 97.80 lac quintals crushed in 163 days in the previous year. The crushing was less due to a very short cane season. There was a reduction in the acreage of cane plantation on account of a lingering cane price issue by the U. P. Government and the Hon'ble Supreme Court. The sugar recovery overall was lower at 9.35% as against 10.67% in the previous season due to excessive rains. The yield was also substantially lower. The production of sugar was therefore much less at 5.24 lac quintals as against 10.43 lac quintals in the previous season.

During the season 2008-09, Molasses produced was much less at 2.48 lac quintals as against 4.27 lac quintals. Surplus baggasse sold was 5.26 lac quintals as against 6.59 lac quintals in the previous season. The Levy sugar price for the season 2008-09 was Rs.1,330.77 per quintal, which was the same as in the previous season.

For the season 2008-09, the U. P. Government had increased the SAP for sugarcane for normal variety from Rs.125/- per quintal to Rs.140/- per quintal. Accordingly, the Company has accounted for Sugarcane purchase @ Rs.140/- per quintal.

The Central Government had fixed the Statutory Minimum Price (SMP) for sugarcane for the season 2008-09 at Rs.81.18 per quintal linked to a basic recovery of 9% with Re.0.90 increase in price for every 0.10% increase in recovery resulting into a price of Rs.96.21 per quintal for our factory.

### Agrotech Division

#### Crops

The Company has been producing sugarcane, rice, wheat, mustard and sunflower and carries on cane development activities. The Company has a tissue culture laboratory for rapid multiplication of different sugarcane varieties.

#### Seeds

Open Pollinated Seeds produced by the Company for wheat, paddy, mustard, toria, urd and peas have been very well received by the farmers. The Company has also undertaken production & marketing of Hybrid Seeds of paddy, maize, Sorghum Sudan Grass & pearl millet. The Company has also introduced vegetable seeds in February 2009. These seeds are registered and sold under the brand name of Kesar Seeds. The Company has obtained a Seed License from the concerned authority in the states of Rajasthan besides Uttar Pradesh, Uttarakhand, Bihar, Madhya Pradesh, Haryana. The Research and Development (R&D) facility for hybrid field crops seeds is fully functional near Hyderabad. Simultaneously, R&D facility for development of vegetable seeds at Kichha, Uttarakhand has been operationalised. Processing capacity has been enhanced by installation of a new plant of 4MT/Hr capacity.

### Spirits Division

During the year under review, the production of Rectified Spirit (RS) was lower at 125.20 lac bulk litres as against 162.75 lac bulk litres in the previous year. Due to high cost of molasses and low realisation of alcohol prices, the Company decided to slow down the production of RS. The production of Extra Neutral Alcohol (ENA) was higher at 24.44 lac bulk litres as against 10.30 lac bulk litres in the previous year. The quantity of Country Liquor supplied was higher at 60.72 lac bulk litres as compared to 50.36 lac bulk litres in the previous year. The sale of IMFL was 4.75 lac cases as against 5.41 lac cases in the previous year. The Company has contract bottling arrangements with various reputed parties, which ensures a higher capacity utilisation and reduction in operating overheads. The Company also has tie-up arrangements to get manufactured its own brands in other States. New semi-premium brands were introduced in various markets.

### Storage Division

The Storage Division at Kandla has done well during the year. The revenue generated was much higher at Rs.1,362.17 lac as against Rs.1,241.05 lac in the previous year in view of commissioning of additional storage capacity of about 11,000 KL. The expansion was completed in March 2009 on commissioning of 8 additional tanks resulting into higher revenue.

## SUBSEQUENT FINANCIAL YEAR 2009-2010

### Sugar Division

For the season 2009-10, the Sugar Factory is expected to start by 20.11.2009. There is a reduction in the total cane plantation area due to diversion by farmers to other crops. However, the yield and recovery is expected to be better due to favourable rains. The Levy sugar price for the season 2009-10 is yet to be announced by the Central Government. In fact, the Central Government has not revised the levy sugar price after 2003-04. In May 2004, in one of the sugar mill case, the Supreme Court had mentioned that the SAP fixed by the State Government needs to

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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.

The Central Government hiked the SMP of sugarcane to Rs.107.76 per quintal at a base recovery of 9.5% with Rs.1.13 increase in price for every 0.10% increase in recovery for the season 2009-10. The U. P. Government has increased the SAP for normal variety from Rs.140/- per quintal to Rs.165/- per quintal. The levy ratio has been changed to 20% from 10% by the Central Government w.e.f. 1.10.2009 and the Government has accepted to give a higher levy price of around Rs.20/ per quintal but has not yet announced the same.

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

## **Agrotech Division:**

### **Crops**

The Company has undertaken cultivation of high valued crops like strawberry, potatoes etc. and is developing Bio-pesticides and Bio-fungicides for sugarcane cultivation such as Trichoderma Verdi and Trichocards. Initial trials of these new products have been successful and are now being replicated on a larger scale. The Company has also undertaken the development of greenhouse for cultivation of flowers like rose, gladiolus and gerbera.

### **Seeds**

The Company has obtained license for starting Seed operation in the State of Chattisgarh. The Company is also geared up to launch Kesar Seeds in Punjab, Himachal Pradesh, Jammu & Kashmir, Orissa and Bengal. The Company is getting seeds produced and processed in M.P. and U.P. now, besides Uttarakhand. The R&D centre has undertaken field trials of paddy at various locations and results have been excellent.

## **Spirits Division**

The sugar cane crushing is expected to be marginally higher than the previous season. However, the total molasses availability will be lower due to low carry forward stock. The prices of molasses may not go up substantially. Due to this the production of Rectified Spirit / Special Denatured Spirit and ENA will also be lower during this year as compared to the installed licence capacity of the Distillery. The sale of Country Liquor and IMFL is expected to be the same as 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.

## **Storage Division**

With the upturn in economic activities, the tank capacity utilization is on the rise and hence the revenue of the Storage Division will go up further in the current financial year. The Company has also plans for putting up additional tanks in Terminal No.I subject to receipt of the statutory clearances for which applications have already been submitted to the concerned authorities.

## **EXPANSION / MODERNISATION**

### **Sugar Division**

The Company will be implementing major energy efficient 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 an increase in revenue on sale of the saved bagasse. Over and above that, there will be lower power and steam consumption, resulting in reduced load on boilers and turbines.

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

The Company has revised its plan to install the Co-generation Power Plant of 25 MW at a cost of Rs.136 crore. The Company will partially export power to the grid and will benefit from the well established government policies related to renewable energy and also get benefit of carbon trading rights. The Sugar Development Fund loan has been approved for this project and the Company is pushing for a financial closure soon.

## **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.

## **Storage Division**

The Company has taken possession of 10 acres of land at Kakinada port in Andhra Pradesh in September 2009 and initial site development work has commenced. The Company plans to put up both dry cargo and bulk liquid cargo handling facilities at this location.

As informed earlier the Company has been exploring opportunities for putting up bulk liquid Storage Terminals at other ports and also examining putting up other port based facilities such as Container Freight Station, Inland Container Depots at different locations. The Company has recently finalised purchase of land at Pipavav port, in Gujarat and is planning to put up a bulk liquid terminal and a container freight station at this location.

## **FORFEITURE OF EQUITY SHARES**

In April 2009, the Directors forfeited 753 equity shares of Rs.10/- each for non-payment of allotment money of Rs.15/- per Fully Convertible Debenture of Rs.30/- each with interest, which was issued in the year 1992. Consequently, the Issued, Subscribed and Paid-up Equity Share Capital of the Company is reduced from 67,90,915 equity shares to 67,90,162 equity shares of Rs.10/- each.

## **SCHEME OF ARRANGEMENT FOR DEMERGER OF STORAGE UNDERTAKING**

Pursuant to Sections 391 to 394 of the Companies Act, 1956 and subject to obtaining of all requisite approvals and sanction from the Hon'ble High Court of Bombay, the Board has approved for transfer by way of Demerger of the undertaking, business, activities and operations pertaining to the Storage Division / Undertaking of the Company to its Wholly-owned Subsidiary viz. Kesar Terminals & Infrastructure Ltd. with effect from the Appointed Date i.e. 1st January, 2009 or such other date as may be approved by the Hon'ble High Court of Bombay under the Scheme of Arrangement. The effect of the above Arrangement will be given in the Annual Accounts of the Company, in the financial year in which all the sanctions / approvals or orders as specified in the Scheme of Arrangement for Demerger are obtained and / or filed.

## **DIRECTORS**

Shri K. Kannan and Shri N. J. Vakil retire by rotation and being eligible, offer themselves for reappointment.

## **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 2009, 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 2009 on a going concern basis.

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT**

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

## **INSURANCE**

The Company has taken adequate insurance for all its properties.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

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

## **FIXED DEPOSITS**

Fixed Deposits of Rs.4,51,000/- due for repayment on or before 30th June 2009 were not claimed by 12 depositors as on that date.

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## SUBSIDIARY COMPANY

The information including audited Annual Accounts, Directors' Report and Auditor's Report in respect of the subsidiary viz. Kesar Terminals & Infrastructure Ltd. (KTIL) for the period 21st January, 2008 (i.e. the date of Incorporation) to 31st March, 2009 is annexed as required under Section 212 of the Companies Act, 1956. As KTIL has not started any operations, consolidation of accounts with KTIL is not made as per Accounting Standard 21.

## AUDITORS

M/s. N. N. Jambusaria & Co., Chartered Accountants, the existing Auditors of the Company, who hold office until the conclusion of the ensuing Annual General Meeting, has merged with M/s. Haribhakti & Co., Chartered Accountants, Mumbai. Accordingly, M/s. Haribhakti & Co., being eligible, offers themselves for appointment.

## EMPLOYEES

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

Name of Employee	Designation	Age (Yrs.)	Qualification	Experience (Yrs.)	Commencement Date	Remuneration (Rs.)	Last Employment
Shri H. R. Kilachand	Chairman & Managing Director	48	B. Com.; C.B.M. & P.D.B.M. (U.S.A.)	24	8.8.1985	35,39,000/-	—

## 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.

By Order of the Board of Directors

30th October, 2009

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

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

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

**CONSERVATION OF ENERGY:**

1. We have installed variable frequency drive (VFD) for elevator drive instead of Dynodrive 75 kw resulting in direct power saving.
2. After reviewing the benefits of Mono Magnatic System installed in the previous year, we have added few more such systems in our process during the season 2008-09.
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.

		<b>2008-09</b>	<b>2007-08</b>
<b>A. Power and Fuel Consumption</b>			
<b>1. Electricity</b>			
<b>a Purchased</b>			
Unit	Kwh	1403652	646598
Total Amount	Rs.	7321494	3685062
Rate/Unit	Rs.	5.22	5.70
<b>b Own Generation</b>			
<b>i) Through Diesel Generator</b>			
Unit	Kwh	61442	68814
Units Per Ltr. of Diesel Oil	Kwh	3.08	3.17
Rate / Unit	Rs.	11.36	11.29
<b>ii) Through Steam Turbine</b>			
Unit	Kwh	18918901	27462931
Units Per M. T. of Steam	Kwh	57.97	48.55
Rate / Unit	Rs.	6.03	4.53
<b>2. Coal</b>			
Quantity	M.T.	—	—
Cost	Rs.	—	—
Average Rate	Rs.	—	—
<b>3. Other Fuel Bagasse (Own)</b>			
Quantity	M.T.	137389	263315
Cost	Rs.	**	**
Average Rate	Rs.	**	**
**Not applicable as this is a By-product			
<b>4. Rice Husk</b>			
Quantity	M.T.	14677	14383
Cost	Rs.	37162804	30349986
Average Rate	Rs.	2531.98	2110.13
<b>5. Bagasse (Pith) (Purchased)</b>			
Quantity	M.T.	6491	8562
Cost	Rs.	5097858	5950686
Average Rate	Rs.	785.34	695.01
<b>6. H. S. Diesel</b>			
Quantity	Ltr.	19957	21682
Cost	Rs.	698082	777517
Average Rate	Rs.	34.98	35.86

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B. Consumption per unit of production		2008-09	2007-08
<b>Product (Sugar)</b>			
Electricity	Kwh/M.T	272.86	195.32
Bagasse	M.T/M.T	2.62	2.53
Diesel Oil	Ltr./M.T	Nil	0.02
<b>Product (Industrial Alcohol)</b>			
Electricity	Kwh/000'Ltrs	161.04	134.42
Coal	Qtls./000'Ltrs	—	—
Bagasse (Pith)	M.T./000'Ltrs	0.57	0.53
Rice Husk	M.T./000'Ltrs	1.29	0.88
Diesel Oil	Ltr./000'Ltrs	1.75	1.20

## 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 N<sub>2</sub> fixation & Phosphorus solubilising bacteria & Trichoderma as Bio fertilizer on trial basis.
5. Conducting varietals trials of new promising varieties at Company's Farm as well as at Baheri Cane growers fields
6. Conducting trials of High Value Crops i.e. Strawberry, Gladioli, Rose, Gerbera, & Carnation etc. at R & D Centre fields on trial basis to see the economics of above crops
7. Distillery waste water concentration by using reverse Osmosis Technology.
8. Cane trash which is having higher calorific value (3200 k. cal/kg. approx) which is going waste was purchased and after preparation of fine pieces it was used as a fuel in boilers thereby saving of bagasse has increased. The machine has been developed inside the factory which is giving good output.
9. Hot and cold water re-circulation management system is being implemented.
10. Lotus roller installation at last mill gave the moisture and pol control over the out going bagasse.

#### B. BENEFITS DERIVED

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

#### Expenditure on R & D

	2008-09 (Rs. In lac)	2007-08 (Rs. In lac)
a) Capital	0.00	1.19
b) Recurring	19.56	28.64
	<u>19.56</u>	<u>29.83</u>

The information on Foreign Exchange Earning and Outgo is furnished in the Notes to the Account.  
(Please refer to Note No.21, Annexure 1, Item, D, E & F)



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### SCENARIO IN INDIA

#### Sugar & Spirits

India is the second largest producer of sugar and is one of the largest consumers of sugar in the world. The sugar industry in India is dominated by the co-operative sector in terms of no of units. However, with private players going in for major expansions the gap between the private and co-operative sector is expected to narrow down in the future in terms of installed capacity. The industry is highly regulated by the Central and State Governments by way of cane growing area, formula based pricing, monthly release mechanism, import-export policy, levy / free sugar policy etc. The Indian sugar production during the season 2008-09 was much lower than the domestic consumption. Even for the subsequent season 2009-10 the sugar production is expected to be far lower than its consumption, which has prompted the Government to allow the import of white sugar / raw sugar duty free.

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

#### Storage

India has a large exportable surplus of petrol and naphtha but has shortage of diesel and kerosene. The private refineries have to use storage tanks for distribution to the domestic market as well as for export to avoid investments in tank terminals at various locations. There is an increase in the domestic manufacture of petrochemicals and chemicals and export / import thereof, resulting in to an additional demand for tankage from this sector. Additionally, the re-export of imported chemicals by domestic traders has come up as a new development in the last two years.

### INDUSTRY STRUCUTRE & DEVELOPMENT

#### Sugar & Spirits

The sugar factory is located at Baheri, Dist. Bareilly, Uttar Pradesh, a State which is one of the largest producers of sugarcane in the country. It started with an initial crushing capacity of 800 tones of cane per day (TCD), which has been increased to 6,900 TCD from time to time. The Company has one of the most modern and efficient sugar factories in the country. Through constant investment in Cane Research & Development, the Company has successfully developed high yielding and early maturing varieties of sugarcane.

In 1949, the Company had set up a Distillation Plant in order to effectively harness molasses, a by-product generated by its sugar factory. It had an initial capacity of 11,000 Litres per day (LPD), which is increased to 50,000 LPD over a period of time. The Company is planning to further expand its production capacity to 62,500 LPD. It has one of the most modern and highly sophisticated processes of continuous fermentation of molasses, which gives higher yields and produces the finest quality of spirit. The Company is manufacturing Rectified Spirit, Extra Neutral Alcohol, Country Liquor, IMFL like whisky, rum, gin, vodka etc.

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

#### Storage

The Company has 2 bulk Liquid Chemical Terminals with a combined capacity of 127,000 KL at Kandla, Gujarat, which include specialised tanks, such as stainless steel tanks and tanks equipped with heating and insulation facilities and coated tanks.

### OPPORTUNITES & THREATS

#### Sugar & Spirits

The Indian Government proposes to make it mandatory to mix 10% ethanol with petrol. Hence, the demand for ethanol is expected to increase. Similarly, with increased focus on renewable source of energy and availability of carbon credit, the use of co-generation of power from bagasse and other bio-mass has increased substantially. The trading in carbon credit will create a new revenue generating stream for the sugar industry. Due to shortfall in domestic sugar production, Sugar prices are likely to increase further as with the prices of sugarcane.

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

#### Storage

Whilst the demand for storage tanks is on the rise, the biggest impediment in creating new tankage is restricted availability of land at port locations. All the ports are going for SEZ complexes which need large tracts of land and



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infrastructural facilities in terms of rail and road connectivity, warehouses for dry cargo and container terminals. However, the Company has been able to get an allotment of 10 acres of land at Kakinada in Andhra Pradesh. The Company plans to develop berth dry and liquid cargo storage at this location.

## OUTLOOK

### Sugar & Spirits

The sugar industry will be a major player in seeking fuel and energy sources as its by-products i.e bagasse & molasses can easily be processed in to energy production as a substitute motor fuel and for the co-generation of power. Ethanol produced from molasses / sugarcane juice will be used for blending in motor fuel. Therefore, many companies have announced major investments in the areas of ethanol production through molasses and co-generation of power using bagasse as fuel. The sugar production in the country is likely to decrease in the coming year due to significant reduction in cane availability in view of the diversion by farmers to other crops.

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

### Storage

The existing Companies in this business, expecting the demand to boom in the near future are trying to increase capacities. Similarly, the Company has already increased its capacity to 127,000 KL. Additionally, the Company plans to develop bulk liquid terminal at Pipava, Gujarat. As the container volume at Pipavav is on the rise, the Company is also planning a container freight station at Pipavav.

## RISKS & CONCERNS

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

- 1. Raw Material Risk:** Sugarcane is the principal raw material used for the production of sugar. The performance of the Company depends on the availability of sugarcane. Any shortage / excess of sugarcane adversely affects the results of operations. The shortage of sugarcane could be due to the reasons like adverse weather conditions, crop disease, competition, switch over to other profitable crops, manufacture of jaggery and khandsari etc. The State Government increases the sugarcane procurement price every year which is known as the State Advisory Price (SAP). This is the minimum price the Company is forced to pay to the sugarcane growers for sugarcane as against the Statutory Minimum Price (SMP) announced every year by the Central Government which is linked to the recovery of unit. Recently, the Central Government has issued a Notification on 22.10.2009 amending the Sugarcane (Control) Order, 1966, by replacing SMP with 'Fair and Remunerative Price' (FRP), which means the cane price is fixed by the Central Government for sugarcane from time to time considering reasonable margins for the cane growers on account of risk and profits. Additionally, Clause 3B is inserted mentioning that – If any authority or State Government fixes any price above the fair and remunerative price fixed by the Central Government, than the said authority or State Government, shall pay the differential amount, to the grower of sugarcane.
- 2. Sugar Price Risk:** The market price of sugar fluctuates due to the reasons like increase/ decrease in demand and supply of sugar, variations in the release of monthly quota for sale of sugar by the Company, general weather / economic conditions etc.
- 3. Regulatory Risk:** It includes environmental regulations, central / state government policies and regulations affecting the agricultural sector related industries, which could adversely affect the operations and profitability of the Company.

## FINANCIAL PERFORMANCE

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

## INTERNAL CONTROL SYSTEM

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

## CAUTIONARY STATEMENT

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

## CORPORATE GOVERNANCE REPORT

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

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

Attendance of each Director at 6 Board Meetings held during 1.7.2008 to 30.6.2009, the last Annual General Meeting held on 31.10.2008 and Number of other Directorship and Chairmanship / Membership of Committees of each Director in various companies are as follows:

Name of the Director	Attendance Particulars						No. of other Directorships and Committee Member / Chairmanship		
	Out of 6 Board Meetings	Out of 6 Audit Committee Meetings	Remuneration Committee Meeting	Out of 5 Share Transfer Committee Meetings	Sitting Fees paid (Rs.)	Last AGM	Other Directorships*	Committee Member#	Chairmanships
Shri H.R. Kilachand	6	6	-	5	-	Yes	1	-	1
Shri A. S. Ruia	6	6	-	5	85,000	Yes	2	-	-
Shri K. Kannan	6	6	-	-	60,000	Yes	3	4	1
Shri K. D. Sheth	6	6	-	5	85,000	Yes	-	-	-
Smt.M.H. Kilachand	6	-	-	-	30,000	Yes	1	-	-
Shri. N. J. Vakil	4	-	-	-	20,000	Yes	1	-	-
Shri I. S. Phukela	5	-	-	-	25,000	Yes	2	-	-

The Non-Executive Directors were paid Sitting Fees of Rs.3,05,000/-, for attending the Board Meetings and the Committee Meetings held during 1.7.2008 to 30.6.2009, as stated above.

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

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

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## Information on reappointment of Directors

1. Shri K. Kannan will be retiring by rotation at the ensuing Annual General Meeting and is eligible for reappointment. He is 70 years of age. He is a Fellow Member of Institute of Chartered Accountants of India, a Member of the Institute of Cost & Works Accountants of India and also Hon. Fellow of Indian Institute of Banking and Finance. He is the former Chairman & Managing Director of Bank of Baroda. He has 41 years of vast experience in the field of banking & finance. He holds 250 equity shares of the Company. He holds other Directorships / Chairmanship / Membership in the following Companies:
  - (a) Advani Hotels and Resorts (India) Ltd. [Chairman of Audit Committee & Remuneration Committee and Member of Shareholders' Grievance Committee]
  - (b) Patel Engineering Ltd. [Chairman of Audit Committee and Shareholders' Grievance Committee]
  - (c) Consolidated Construction Consortium Ltd. [Member of Audit Committee]
  - (d) Prithvi Asset Reconstruction & Securitisation Co. Ltd. Hyderabad.
  - (e) Subhalakshmi Polysters Ltd., Mumbai
  - (f) Heritage Foods India Ltd., Hyderabad.
2. Shri N. J. Vakil will be retiring by rotation at the ensuing Annual General Meeting and is eligible for reappointment. He is 45 years of age. Shri Vakil is an Advocate and Solicitor and is a partner of M/s. Tyabji Dayabhai, Advocate, Solicitors and Notary, Mumbai, one of the oldest and well reputed firm established in the year 1872. After having qualified as Solicitor in Mumbai in the year 1991 and thereafter in London in the year 1992, he has been actively associated with aircraft transactions in India. He deals in matters relating to banking, finance, real estate, litigation and arbitration. He has represented various domestic and international banks, aircraft leasing Companies, aircraft manufacturers and airlines. He holds 250 equity shares of the Company. Mr. N. J. Vakil does not hold Directorships / Chairmanship / Membership in any other Company.

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

In all 6 Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are 31st July 2008, 19th September 2008, 31st October 2008, 12th December 2008, 21st January 2009, and 20th April 2009. The necessary information was made available to the Board from time to time.

## 3. Audit Committee:

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

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

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

As per the Listing Agreement, the Audit Committee should meet atleast thrice in a year. As against that 6 meetings were held i.e. on 31st July 2008, 19th September 2008, 31st October 2008, 12th December 2008, 21st January 2009, and 20th April 2009 to review the internal audit reports, the Annual Accounts as on 30-6-2008 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, which performs periodical internal audit of various functions of the Company. The reports of the Internal Audit Department are placed before the Audit Committee along with the comments of the Management on the action taken to remedy any deficiencies that may be observed on the working of the various departments of the Company.

**4. Remuneration Committee:**

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

Shri H. R. Kilachand, Chairman & Managing Director of the Company was paid remuneration of Rs.40 lacs for the year as approved by the Shareholders.

The Non-Executive Directors were paid sitting fees of an aggregate amount of Rs.3,05,000/- 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 2009.

**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 consist of Shri K. D. Sheth, Chairman of the Committee, Shri H. R. Kilachand and Shri A. S. Ruia. During the Financial Year ended 30th June 2009 and till the date of this report, the Company has not received any complaint from any Shareholders. No sitting fee is paid to the Directors for attending Shareholders / Investors Grievance Committee.

**8. Compliance Officer:**

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

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

AGM / EGM	Financial Year ended	Date	Location	Time
AGM	30-6-2008	31-10-2008	IMC Hall	3:30 p.m.
AGM	30-6-2007	20-12-2007	M. C. Ghia Hall	3:30 p.m.
AGM	30-6-2006	27-10-2006	M. C. Ghia Hall	3:00 p.m.

**10. 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.

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- 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.

## 11. Means of communication:

The Board takes on record the unaudited quarterly financial results in the prescribed Proforma of the stock exchange within one month of the close 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.

## 12. 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. Storage Terminals I & II at Kandla, Gujarat.
- c. Annual General Meeting  
Date : 22nd December 2009  
Time : 1:30 p.m.  
Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.
- d. Next Financial Year ending : 30th June 2010
- e. Next Annual General Meeting : By 31st December 2010
- f. Financial Reporting for the year 2009-2010  
For the 1<sup>st</sup> quarter ending 30th September 2009 : By 31st October 2009  
For the 2<sup>nd</sup> quarter ending 31st December 2009 : By 31st January 2010  
For the 3<sup>rd</sup> quarter ending 31st March 2010 : By 30th April 2010  
For the 4<sup>th</sup> quarter ending 30th June 2010 : By 31st July 2010
- g. Date of Book Closure : 15.12.2009 to 22.12.2009
- h. Listing on Stock Exchange : Mumbai
- i. Stock Exchange Code Number : BSE Scrip Code : 507180  
NSE Symbol : KESARENT
- j. Demat ISIN numbers in NSDL & CDSL : INE133B01019

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

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

- |   |   |  |
|---|---|--|
| (1) Registrar & Share Transfer Agents,<br>17/B, Dena Bank Building,<br>2 <sup>nd</sup> Floor, Horniman Circle,<br>Fort, Mumbai – 400 001<br>Tel : 2264 1376 / 22702485<br>Fax: 2264 13 49 | (2) Registrar & Share Transfer Agents<br>Luthra Indl. Premises,<br>Andheri Kurla Road, Safed Pool,<br>Andheri (E), Mumbai – 400 072<br>Tel.: 2851 5606/ 28515644<br>Fax: 2851 28 85 | Kesar Enterprises Ltd.<br>Oriental House,<br>7, J. Tata Road,<br>Churchgate, Mumbai-400020<br>Tel: 22042396 / 22851737<br>Fax: 22876162<br>Email: <a href="mailto:Kesar@bom3.vsnl.net.in">Kesar@bom3.vsnl.net.in</a> |
|---|---|--|

### Share Transfer System:

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

### Demat Information:

As on 30.06.2009 about 93.19% of the total shareholding in the Company representing 63,27,661 shares have been converted into demat.

### Stock Market Data:

The monthly high / low quotation of shares traded on Mumbai Stock Exchange is as follows:

#### Mumbai Stock Exchange

Month	High	Low
July 2008	69.80	51.65
August 2008	87.65	67.25
September 2008	78.00	59.00
October 2008	64.70	39.55
November 2008	45.50	31.85
December 2008	39.95	31.40
January 2009	43.80	34.35
February 2009	46.70	37.10
March 2009	41.15	33.65
April 2009	52.05	35.45
May 2009	78.05	45.10
June 2009	80.90	62.50

#### Distribution of shareholding as on 30th June 2009:

Shareholding in Nominal Value of		Share Holders		Share Amount	
Rs	Rs		% of Holders	In Rs.	% to Total
Upto - 5,000		4837	89.47	6444380	9.49
5,001 -10,000		293	5.42	2291670	3.37
10,001 - 20,000		137	2.53	1957340	2.88
20,001 - 30,000		49	0.91	1218230	1.79
30,001 - 40,000		16	0.30	567230	0.84
40,001 - 50,000		13	0.24	607730	0.90
50,001 - 1,00,000		24	0.44	1809440	2.66
1,00,001- and above		37	0.68	53005600	78.06
<b>Total</b>		<b>5406</b>	<b>100.00</b>	<b>67901620</b>	<b>100.00</b>

#### Categories of Shareholders as on 30<sup>th</sup> June 2009:

Sr.No.	Category	No. of Shares Held	No. of Shares in Demat Form	% of Shareholding
<b>A.</b>	<b>PROMOTERS HOLDING</b>			
1	Promoters: - Indian Promoters -	2470747	2460595	36.387
	- Foreign Promoters	0	0	0
2.	Persons acting in concert	1255529	1165455	18.490
	<b>Sub Total:</b>	<b>3726276</b>	<b>3626050</b>	<b>54.878</b>
<b>B.</b>	<b>NON-PROMOTERS HOLDING INSTITUTIONAL</b>			
a.	Mutual Funds & UTI1200	0	0.018	
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt.Institutions/ Non-Govt.Institutions)	762962	762267	11.236
c.	Flls	0		0
	<b>Sub Total:</b>	<b>764162</b>	<b>762267</b>	<b>11.254</b>
<b>C.</b>	<b>OTHERS:</b>			
a.	Private Corporate Bodies	419927	418237	6.184
b.	Indian Public	1688122	1329992	24.861
c.	NRI's/ OCB's	189919	189359	2.797
d.	Clearing Members	1756	1756	0.026
	<b>Sub Total:</b>	<b>2299724</b>	<b>1939344</b>	<b>33.868</b>
	<b>GRAND TOTAL:</b>	<b>6790162</b>	<b>6327661</b>	<b>100.00</b>



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## Forfeiture of 753 Equity Shares

At the Board Meeting held on 20/04/2009, the Directors forfeited 753 equity shares of Rs.10/- each in respect of the Shareholders who failed to pay the allotment money of Rs.15/- per Fully Convertible Debenture (FCD) of Rs.30/- each with interest. The Directors also decided for not re-issuing the said 753 forfeited equity shares. Consequently, the Subscribed and Paid-up Equity Share Capital of the Company has been reduced from 67,90,915 equity shares of Rs.10/- each to 67,90,162 Equity Shares of Rs.10/-each.

## Warrants and its conversion

Under Guidelines for Preferential Issue of SEBI (Disclosure & Investor Protection) Guidelines, on 6.9.2005, the Company had allotted 16,60,000 warrants of Rs.97/- each with an option to apply for one equity share of the face value of Rs.10/- at a price of Rs.97/- (including a premium of Rs.87/-) per equity share to the Promoters / Persons acting in concert and to a Private Corporate Body (an Independent Party) as Non-Promoter on a Preferential Basis, to augment the long term resources, to strengthen the financial position and for general corporate purposes. As per the terms of the warrants, the Company had received from all the allottees 10% of the warrant price of Rs.97/- i.e. Rs.9.70 per warrant aggregating to Rs.1,61,02,000/-. The balance 90% was to be received within a period of 18 months from the date of allotment i.e. on or before 5th March 2007. Thereafter, the Private Corporate Body did not pay the balance 90% amount on the warrants allotted to it. Whereas, the Promoters / Persons acting in concert were ready to pay the balance 90% amount in respect of the entire 11,51,600 warrants and wanted to opt for conversion of the said warrants into equity shares. In view of the same, the Company recalculated the post-issue shareholding, considering that the Promoters / Persons acting in concert would opt for conversion of the entire 11,51,600 warrants in to equity shares and found that the % of post-issue shareholding of the Promoters / Persons acting in concert would increase to 59.14%, thus exceeding the limit of 55% as prescribed under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. In the circumstances, a further calculation was made, whereby the Promoters / Persons acting in concert could get converted approximately 4,51,600 warrants only so as to keep the % of post-issue shareholding below 55% as per the SEBI Regulations. Accordingly, the Promoters / Persons acting in concert paid the balance 90% amount only for 4,51,600 warrants and opted for conversion thereof in to equity shares.

Thereafter, on 5.3.2007 the Board passed a resolution approving the following:

- i. Conversion of 4,51,600 warrants into 4,51,600 shares of Rs.10/- each at a premium of Rs.87/- per share.
- ii. Forfeiture of Rs.49,31,480/- paid by the Private Corporate Body on 5,08,400 warrants, and transfer the said amount to the Share Application Money Forfeited A/c; and
- iii. To keep in a Suspense A/c Rs.67,90,000/-, being the 10% amount paid by the Persons acting in concert on 7,00,000 warrants, which could not be subscribed by them under the compulsion of Law i.e. to meet with the requirements of keeping their post-issue shareholding % below the prescribed limit of 55% under the SEBI Takeover Regulations, till such time the Company obtains the necessary directions / exemption / permission / approval of SEBI either –
  - (i) to refund the amount of Rs.67,90,000/- paid on allotment of 7,00,000 warrants for the reason mentioned above; or in the alternative
  - (ii) to adjust the said Rs.67,90,000/- against issue and allotment of additional 70,000 equity shares of Rs.10/- each fully paid with premium of Rs.87/- per equity share to the respective allottees, which will result into the post-issue shareholding of 56.03% with a marginal increase by approximately 1.03%.

Accordingly, the Company requested SEBI. In January 2008, SEBI conveyed non-consideration of the above request. However, the concerned persons made an application to SEBI under Regulation 4(2) of SEBI (SAST) Regulations 1997 in the matter. In reply thereto, in May 2008, SEBI granted exemption to the concerned persons to acquire 7,00,000 equity shares of the Company on conversion of the said 7,00,000 warrants at a price of Rs.97/- per share. The said approval of SEBI was considered by the Board of Directors of the Company on 31.7.2008 permitting the concerned persons to exercise their option at the earliest. The response from the said concerned persons is awaited.

## Scheme of Arrangement for Demerger of Storage Undertaking

At the Board Meeting held on 21/1/2009, pursuant to Sections 391 to 394 of the Companies Act, 1956 and subject to obtaining of all requisite approvals and sanction from the Hon'ble High Court of Bombay, approval was granted by the Directors for transfer by way of Demerger the Company's undertaking, business, activities and operations pertaining to Storage Undertaking / Division [known as Distillers' Trading Corporation (DTC) Division] to the Wholly-owned Subsidiary Company viz. Kesar Terminals & Infrastructure Ltd. [KTIL] with effect from the Appointed Date i.e. 1st January, 2009 or



such other date as may be approved by the Hon'ble High Court of Bombay under the Scheme of Arrangement. Pending approvals & sanction of the Scheme, the Company's accounts have been prepared independently without giving effect of the Demerger of the Storage Undertaking. The effect of the above Arrangement will be given in the Annual Accounts of the Company, in the financial year in which all the sanctions / approvals or orders as specified in the Scheme of Arrangement for Demerger are obtained and / or filed.

## 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 12 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.
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

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.

# Annual Report 2008-2009

## 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, 2009 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, 2009.
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  
For N. N. JAMBUSARIA & CO.  
Chartered Accounts

**N. N. Jambusaria**  
Partner  
Membership No.35520

Mumbai  
30th October 2009

## DECLARATION BY THE MANAGING DIRECTOR

To the Members of  
Kesar Enterprises Ltd.

In compliance with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges relating to Corporate Governance and on the basis of confirmations/declarations received, all the Directors and Senior Management personnel of the Company have complied with the Code of Conduct and Ethics for the financial year ended 30.6.2009.

For KESAR ENTERPRISES LTD.

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

Mumbai  
30th October 2009

## REPORT OF THE AUDITORS TO MEMBERS

We have audited the attached Balance Sheet of Kesar Enterprises Limited as at 30th June, 2009, the Profit and Loss Account for the year ended on that date and also the Cash Flow Statement of the Company 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.

We conducted our audit in accordance with the 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. We further report that:

1. 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.
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books.
3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account.
4. On the basis of written representation received from the directors as on 30th June, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 30th June, 2009 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion, the Balance Sheet, Profit and Loss Account and 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.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required 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 the Company's affairs as at 30th June, 2009;
  - (b) In the case of Profit & Loss Account of the Profit for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
7. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further state that:-
  - i.
    - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
    - b. We are informed that the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed in respect of assets so verified during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
  - ii. In our opinion, based on the information and explanations given and records maintained:
    - a. The inventories have been physically verified by the management at reasonable intervals. In respect of sugar stock pledged with the banks, confirmations have been received as on June 30, 2009.
    - b. The procedures of physical verification of stocks 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 has maintained proper records of inventory. No material discrepancies were noticed on physical verification.

## Annual Report 2008-2009

- iii. a. The Company has given loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The details are as follows:-
- Loans given
- Unsecured Loans to subsidiary company
- Kesar Terminals & Infrastructure Limited Rs. 85,000
- b. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under section 301 have been so entered. These transactions have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, with regard to the deposits accepted from the public.
- vii. The Company has an internal audit system commensurate with the size and nature of its business.
- viii. In case of Sugar and Alcohol manufacturing activities at Baheri, we have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. a. According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, wealth tax and other statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed dues payable in respect of income tax, sales tax, wealth tax, customs duty and cess were outstanding as at 30th June, 2009 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, details of dues of Sales Tax, Income Tax, Excise duty and other statutory dues which have not been deposited on account of dispute are as under:-

**(Rs. in Lacs)**

Nature of the Dues	Amount	Forum where dispute is pending
Central Sales Tax	56.92	High Court Allahabad
Central Sales Tax	0.06	High Court Allahabad
Central Sales Tax	48.77	Member Tribunal Bly
Entry Tax	344.99	High Court Allahabad
Entry Tax	0.04	J.C. (A) Trade Tax Bly
Entry Tax	60.98	Tribunal & High Court
Entry Tax	22.09	J.C. (A) Trade Tax Bly & High Court Allahabad
Lease Rent	0.64	High Court Allahabad
Society Commission Sugarcane	4.25	High Court Allahabad
U.P. Trade Tax	51.06	High Court Allahabad

- x. The financial statements of the Company as on 30th June, 2009 do not show accumulated losses. The Company has not incurred any cash losses during the financial year covered by our report.
- xi. According to the information and explanations given to us and based on the records examined by us, there is no default in respect of repayment to Banks / Financial Institutions.
- xii. According to the information and explanations given to us and the records of the Company examined by us, the Company has not granted any loans or 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 clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- xiv. The Company does not deal or trade in shares and securities. Therefore, clause 4(xiv) of the Companies (Auditor's Report) order 2003 is not applicable to the Company.
- xv. 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.
- xvi. According to the information and explanations given to us the Company has taken Bank loans during the year which have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized the funds raised on short term basis for long term investment and vice versa.
- xviii. The company has not made any preferential allotment of shares during the year.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of

N.N. JAMBUSARIA & CO.  
Chartered Accountants

N.N. JAMBUSARIA  
Partner  
M. N. 38979

Mumbai: October 30, 2009

# Annual Report 2008-2009

## BALANCE SHEET as at 30th JUNE, 2009

	Schedule No.		(Rs. in Lacs) As at 30th June, 2008
<b>Sources of Funds:</b>			
1. Shareholders' Funds:			
(a) Share Capital	1	946.92	946.99
(b) Reserves and Surplus	2	3,517.44	2,848.42
		<u>4,464.36</u>	<u>3,795.41</u>
2. Deferred Tax Liability (Net)		650.79	634.95
3. Loan Funds:			
(a) Secured Loans	3	15,739.86	16,366.84
(b) Unsecured Loans	4	680.74	730.86
		<u>16,420.60</u>	<u>17,097.70</u>
Total		<u><u>21,535.75</u></u>	<u><u>21,528.06</u></u>
<b>Application of Funds:</b>			
1. Fixed Assets:	5		
(a) Gross Block		19,546.13	16,714.42
(b) Less: Depreciation/Land Premium written off		10,444.04	9,716.43
		<u>9,102.09</u>	<u>6,997.99</u>
(c) Net Block		445.33	1,438.96
(d) Capital Work-in-Progress		9,547.42	8,436.95
		<u>52.49</u>	<u>7.00</u>
2. Investments	6		
3. Current Assets, Loans and Advances:			
(a) Inventories	7	14,726.36	14,822.27
(b) Sundry Debtors	8	1,074.24	917.65
(c) Cash and Bank Balances	9	364.78	317.34
(d) Other Current Assets	10	9.54	6.60
(e) Loans and Advances	11	2,230.95	2,326.70
		<u>18,405.87</u>	<u>18,390.56</u>
Less: Current Liabilities and Provisions:	12		
(a) Current Liabilities		5,339.87	4,601.23
(b) Provisions		1,130.16	705.22
		<u>6,470.03</u>	<u>5,306.45</u>
Net Current Assets		<u>11,935.84</u>	<u>13,084.11</u>
Total		<u><u>21,535.75</u></u>	<u><u>21,528.06</u></u>
Notes forming part of the Accounts	21		

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

As per our report attached

For and on behalf of  
N. N. Jambusaria & Company  
Chartered Accountants

N. N. Jambusaria  
Partner  
Mumbai, October 30, 2009

For and on behalf of the Board of Directors

H.R. KILACHAND  
Chairman & Managing Director

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

K.D. SHETH  
Director  
Mumbai, October 30, 2009

## PROFIT AND LOSS ACCOUNT for the year ended 30th JUNE, 2009

	Schedule No.		(Rs. In Lacs) Previous Year
<b>1. Income:</b>			
Sales and Services	13	29,796.99	29,161.56
Other Income	14	233.60	477.00
Increase / (Decrease) in Stocks	15	(126.25)	983.54
Total		29,904.34	30,622.10
<b>2. Expenditure:</b>			
Raw Materials Consumed	16	11,056.53	13,812.33
Trading Goods Purchased		128.32	422.89
Expenses on Sugarcane Plantations	17	263.38	260.74
Manufacturing and Other Expenses	18	15,109.85	14,041.28
Interest and Finance Charges	19	1,517.63	1,267.14
Depreciation (including Land Lease Premium written off Rs.0.19 Lac (Previous Year Rs. 0.19 Lac))		738.79	661.19
Total		28,814.50	30,465.57
<b>3. Profit / (Loss) Before Tax</b>		1,089.84	156.53
<b>4. Provision for Taxation</b>			
(i) Income Tax - Current		167.98	36.08
(ii) Income Tax - Deferred		15.84	(262.31)
(iii) Wealth Tax		1.63	1.40
<b>5. Profit / (Loss) After Tax</b>		904.39	381.36
Prior period adjustments	20	0.03	(1.85)
<b>6. Profit available for appropriation</b>		904.42	379.51
<b>7. Appropriations:</b>			
Add:			
(i) Transferred from General Reserve		—	300.00
Less:			
(i) Transferred to General Reserve		90.44	—
(ii) Proposed Preference Shares Dividend		2.00	4.00
(iii) Proposed Final Dividend on Equity Shares		203.70	33.95
(iv) Corporate Tax on Dividend		34.96	6.45
<b>8. Profit after appropriation</b>		573.32	635.11
Add/(Less): Balance brought forward from previous year		(118.99)	(754.10)
<b>9. Balance Carried Forward to Balance Sheet</b>		454.33	(118.99)
Basic and diluted earnings per share		13.29	5.55
Notes forming part of the Accounts	21		

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

As per our report attached

For and on behalf of  
N. N. Jambusaria & Company  
Chartered Accountants

N. N. Jambusaria  
Partner  
Mumbai, October 30, 2009

For and on behalf of the Board of Directors

H.R. KILACHAND  
Chairman & Managing Director

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

K.D. SHETH  
Director  
Mumbai, October 30, 2009



# Annual Report 2008-2009

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 30TH JUNE, 2009

### SCHEDULE: 1 SHARE CAPITAL

(Rs. in Lacs)  
As at  
30th June, 2008

#### Authorised:

1,20,00,000	Equity Shares of Rs. 10/- each	1,200.00	1,200.00
60,00,000	Redeemable Preference Shares of Rs. 10/- each	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. 67,90,915) [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] (See Note 14)	679.02	679.09
20,00,000	1 % Cumulative Redeemable Preference Shares of Rs. 10/- each 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
	Share Warrant Application Money Suspense Account (See Note 13)	67.90	67.90
	Total	<u>946.92</u>	<u>946.99</u>

## SCHEDULE: 2 RESERVES AND SURPLUS

(Rs. in Lacs)  
As at  
30th June, 2008

### Securities Premium:

On Shares allotted on Conversion of Fully Convertible Debentures & Conversion of share warrants	971.70	971.70
Less: Amount in arrears	—	0.11
Less: Amount on forfeiture of Equity Shares (See note 14)	0.15	—
	971.55	971.59

### General Reserve:

Balance as per last Balance Sheet	1,839.70	2,139.70
Additions:		
Transferred from Profit & Loss A/c	90.44	—
Deductions:		
Transferred to Profit & Loss Account	—	300.00
	1,930.14	1,839.70

### Storage and Effluent Disposal Funds:

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

(Earmarked from Sale of Alcohol)

Balance as per last Balance Sheet	11.91	11.08
Add: Set aside this year	0.42	0.83
	12.33	11.91

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

(Earmarked from Sale of Molasses)

Balance as per last Balance Sheet	84.57	77.24
Add: Set aside this year	4.32	7.33
	88.89	84.57

#### (iii) Effluent Disposal Fund:

(Earmarked from Sale of Alcohol)

Balance as per last Balance Sheet	10.33	9.45
Add: Set aside this year	0.45	0.88
	10.78	10.33

### Capital Reserve:

Add: Profit on Forfeiture of Equity Shares (See note 14)	0.11	—
	49.31	49.31

### Surplus/(Deficit) as per Profit and Loss Account

	49.42	49.31
	454.33	(118.99)
Total	3,517.44	2,848.42

# Annual Report 2008-2009

## SCHEDULE: 3 SECURED LOANS

(Rs. in Lacs)  
As at  
30th June, 2008

### (A) Term Loans:

Allahabad Bank (SEFA 2007 Term Loan) (See Note 7)	563.00	563.00
U.P.Co- operative Bank (SEFA 2007 Term Loan) (See Note 7)	887.60	887.60
Allahabad Bank (Term Loan Takeover of Yes Bank) (See Note 7)	514.12	1,292.51
Allahabad Bank (Term Loan - Storage Expansion) (See Note 7)	1,204.49	1,172.67

### (B) Vehicle Loans:

(Secured by way of hypothecation of the vehicles purchased out of the said loans)	55.29	79.32
--	-------	-------

### (C) Borrowings from Banks:

Cash Credit from Banks (Secured by hypothecation/pledge of stocks of Sugar, Stores, Spares, Spirit and Book Debts of Sugar Division, Current Assets of Distillery Division.) (See Note 7)	12,515.36	12,371.74
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Total	<u>15,739.86</u>	<u>16,366.84</u>
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## SCHEDULE: 4 UNSECURED LOANS

### (A) Fixed Deposits

(Includes Rs.5.00 Lacs [Previous Year Rs. 5.00 Lacs] due to Chairman & Managing Director)	148.58	133.17
--	--------	--------

### (B) Short Term Loans, Advances & Deposits:

From Others	<u>532.16</u>	<u>597.69</u>
Total	<u>680.74</u>	<u>730.86</u>

## SCHEDULE: 5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At Cost or book value as on 01-Jul-08	Additions during the Year	Sales/ deductions and adjustments during the Year	At Cost or book value as on 30-Jun-09	Upto 30-Jun-08	For the Year	Written back on assets sold or discarded upto 30-Jun-09	Total Depreciation/ Land Premium written off upto 30-Jun-09	As on 30-Jun-09	As on 30-Jun-08
Land										
Freehold	259.43	27.99	—	287.42	—	—	—	—	287.42	259.43
Land Premium	—	—	—	—	—	—	—	—	—	—
Lease hold Land Premium	5.73	—	—	5.73	4.12	0.19	—	4.31	1.42	1.61
Bhoomidari Land	—	—	—	—	—	—	—	—	—	—
Leasehold Land	30.70	—	—	30.70	2.08	0.13	—	2.21	28.49	28.62
	295.86	27.99	—	323.85	6.20	0.32	—	6.52	317.33	289.66
3,044.01	218.71	—	—	3,262.72	1,383.87	99.57	—	1,483.44	1,779.28	1,660.14
Building, Roads etc. (Exclusive of Labour Quarters erected out of Molasses Fund)	11,553.57	2,423.90	22.30	13,955.17	7,115.56	508.21	1.25	7,622.52	6,332.65	4,438.01
Plant and Machinery	148.35	10.62	—	158.97	95.61	7.17	—	102.78	56.19	52.74
Electric Installations	16.28	—	—	16.28	12.85	0.53	—	13.38	2.90	3.43
Laboratory Equipments	143.61	13.31	—	156.92	87.73	7.76	—	95.49	61.43	55.88
Weigh Bridges	4.69	—	—	4.69	4.43	0.04	—	4.47	0.22	0.26
Railway Siding and Light Railway	121.25	—	—	121.25	45.75	3.86	—	49.61	71.64	75.50
Tube and Artisan Wells and Water Supply	59.44	—	—	59.44	44.77	4.11	—	48.88	10.56	14.67
Tractors, Ploughs, Carts etc.	512.23	27.43	9.86	529.80	275.41	64.19	8.46	331.14	198.66	236.82
Motor Cars, Lorries and Cycles	751.83	143.57	2.98	892.42	614.37	41.34	1.47	654.24	238.18	137.46
Furniture, Fixtures and Equipments	62.72	1.32	—	64.04	29.88	1.69	—	31.57	32.47	32.84
Drainage	0.58	—	—	0.58	—	—	—	—	0.58	0.58
Live Stock	—	—	—	—	—	—	—	—	—	—
Total	16,714.42	2,866.85	35.14	19,546.13	9,716.43	738.79	11.18	10,444.04	9,102.09	6,997.99
Previous Year Total	15,557.89	1,164.67	8.14	16,714.42	9,061.32	661.19	6.08	9,716.43	6,997.99	—

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## SCHEDULE: 6

### INVESTMENTS

#### LONG TERM INVESTMENTS (AT COST)

(Rs. in Lacs)  
As at  
30th June, 2008

#### (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 Bhojpur 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)

1.36 0.87

(ii) In fully paid Equity Shares of Subsidiary Companies:

(Unquoted) 5,00,000 Equity Shares of

Rs. 10/- each of Kesar Terminals & Infrastructure Limited.

(Previous Year 50,000 Equity Shares of Rs. 10/- each)

(See note 16)

50.00 5.00

(iii) In fully paid Equity Shares of other Joint Stock Companies:

(Quoted)

43,200 Equity Shares of Rs. 2/- each of Walchandnagar Industries Ltd.

0.27

0.27

9,230 Equity Shares of Rs.10/- each of

0.23

0.23

The Shervan Industrial Syndicate Ltd.

3,000 Equity Shares of Rs. 10/- each of

0.18

0.18

Indian Hume Pipe Co. Ltd.

0.68

0.68

(iv) In fully paid Equity Shares of Co-operative Bank:

(Unquoted)

200 Shares of Rs. 25/- each of Jain Sahakari Bank Ltd.

0.05

0.05

(v) In fully paid Equity Shares of Antophill Warehousing Company Ltd: (Unquoted) 10 Shares of Rs. 1,000/- each

0.10

0.10

Total

52.49

7.00

Aggregate cost of Investments:

Quoted

0.68

0.68

Unquoted

51.81

6.32

Total

52.49

7.00

Market Value of Quoted Investments

105.73

121.99

## SCHEDULE: 7 INVENTORIES

	<i>(Rs. in Lacs)</i> As at 30th June, 2008	
Stores and Spares (At Cost)	796.23	800.59
Scrap Materials (At estimated realisable value)	5.69	7.73
By- Products (At estimated realisable value)	212.55	336.09
Stock in trade:		
Raw Materials (At Cost)	772.80	782.49
Finished Goods (At lower of Cost or Market value)	12,581.38	12,716.80
Trading Goods (At lower of Cost or Market value)	119.74	25.67
Work-in-Process (At Cost)	103.02	62.34
Crop-in-Progress (At Cost) (including preparation of land, irrigation etc.)	134.95	90.56
Total	14,726.36	14,822.27

## SCHEDULE: 8 SUNDRY DEBTORS (UNSECURED)

(A) Debts outstanding for a period exceeding six months:		
Considered Good	167.05	122.47
Considered Doubtful	53.18	12.19
(B) Other Debts Considered Good	907.19	795.18
	1,127.42	929.84
Less: Provision for Doubtful Debts	53.18	12.19
Total	1,074.24	917.65

## SCHEDULE: 9 CASH AND BANK BALANCES

Cash/Cheques/Drafts on Hand	28.11	15.39
Bank Balances with Scheduled Banks:		
In Current Accounts	174.05	216.47
In Fixed Deposit Accounts	157.21	80.49
In Post Office Savings Bank Account (Maximum Balance during the year Rs.0.16 Lacs, Previous Year Rs.0.17 Lacs)	0.16	0.16
In Dividend Accounts with Scheduled Banks	5.25	4.83
Total	364.78	317.34

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## SCHEDULE: 10 OTHER CURRENT ASSETS

		<i>(Rs. in Lacs)</i>
		<i>As at</i>
		<i>30th June, 2008</i>
Interest Accrued on Fixed Deposits with Banks	8.85	5.97
Interest Accrued on Investments	0.69	0.63
Total	<u>9.54</u>	<u>6.60</u>

## 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	957.51	1,206.31
Considered Doubtful	8.09	8.09
Loans & Advances to Employees [Inclusive of Rs.5.54 Lacs (Previous Year Rs.7.49 Lacs) secured by charge on assets against which loans are granted.]	33.51	31.17
	<u>999.11</u>	<u>1,245.57</u>
Less: Provision for Doubtful Advances	8.09	8.09
	<u>991.02</u>	<u>1,237.48</u>
Advance Payment of Income-Tax (Including Tax Deducted at Source)	1,032.58	887.10
Deposit with Government & Others	207.35	202.12
Total	<u>2,230.95</u>	<u>2,326.70</u>

## SCHEDULE: 12 CURRENT LIABILITIES AND PROVISIONS

(A) Current Liabilities:

Sundry Creditors for Capital Expenditure	829.43	259.39
Sundry Creditors	4,239.10	4,128.88
Interest accrued but not due on Loans & Deposits	10.88	24.75
Advances and Deposits from Dealers/Customers	255.22	183.39
Unclaimed Dividends	5.24	4.82
	<u>5,339.87</u>	<u>4,601.23</u>

(B) Provisions:

Corporate Tax on Dividend	34.96	6.45
Provision for Income Tax	668.42	500.44
Provision for Wealth Tax	5.31	9.45
Provision for Gratuity & Leave Encashment	215.77	150.93
Proposed Dividend on Preference Shares	2.00	4.00
Proposed Final Dividend on Equity Shares	203.70	33.95
	<u>1,130.16</u>	<u>705.22</u>
Total	<u>6,470.03</u>	<u>5,306.45</u>



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

### SCHEDULE: 13

#### SALES AND SERVICES

(Rs. in Lacs)

Previous Year

#### SALES

Manufacturing Goods (Inclusive of Excise Duty)	29,363.55	27,983.06
Less: Intra Division transfer of ENA	62.88	-
	29,300.67	27,983.06
Less: Transferred to Molasses and Alcohol Storage Funds and Effluent Disposal Fund	5.18	9.04
Less: Value of Molasses supplied to Own Division	1,003.72	529.91
Less: Value of Bagasse supplied to Own Division	12.49	100.88
		100.88
	28,279.28	27,343.23
Trading Goods	71.91	516.56
Agricultural Products (After adjusting Opening & Closing Stock)	382.27	320.47
Less: Value of Seed supplied to Own Division	117.48	104.88
Less: Value of Cane supplied to Own Factory	181.16	154.87
		154.87
	83.63	60.72

#### SERVICES

Storage and Handling	1,362.17	1,241.05
Total	29,796.99	29,161.56

### SCHEDULE: 14

#### OTHER INCOME

Dividends	0.74	0.71
Interest (Gross) [Tax Deducted at Source Rs. 1.15 Lacs, (Previous year Rs. 1.53 Lacs)]		
On Fixed Deposits	8.32	15.01
Others	0.53	0.74
Rent	3.99	3.34
Buffer Stock Subsidy	12.94	254.95
Sundry Receipts	155.03	164.92
Credit Balances written back	8.53	7.29
Profit on Sale of Fixed Assets	2.74	2.64
Insurance Claims	40.78	22.71
Provision for Expenses no longer required	-	4.69
Total	233.60	477.00

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## SCHEDULE: 15

### INCREASE / (DECREASE) IN STOCKS

		<i>(Rs. in Lacs)</i>	
		<i>Previous Year</i>	
Closing Stock:			
Finished Goods	12,581.38		12,716.80
Trading Goods	119.74		25.67
Work-in-Process	103.02		62.34
By- Products	212.55		336.09
Scrap Materials	<u>5.69</u>		<u>7.73</u>
		13,022.38	13,148.63
Opening Stock:			
Finished Goods	12,716.80		11,864.77
Trading Goods	25.67		19.31
Work-in-Process	62.34		50.53
By-Products	336.09		225.67
Scrap Materials	<u>7.73</u>		<u>4.81</u>
		<u>13,148.63</u>	<u>12,165.09</u>
Increase / (Decrease)	Total	<u>(126.25)</u>	<u>983.54</u>

## SCHEDULE: 16

### RAW MATERIALS CONSUMED

Sugar Cane (inclusive of Transport, Commission and Other Expenses)	8,853.22		12,051.37
Less: Value of Cane supplied by Own Farm	<u>181.16</u>		<u>154.87</u>
		8,672.06	11,896.50
Sugar Cane Purchase Tax		111.44	197.05
Raw Seeds	752.78		491.54
Less: Value of Seeds supplied by Own Farm	<u>117.48</u>		<u>104.88</u>
		635.30	386.66
Molasses and Spirits	2,704.33		1,862.03
Less: Intra Division transfer of ENA	<u>62.88</u>		<u>-</u>
	2,641.45		1,862.03
Less: Value of Molasses supplied by Own Division	<u>1,003.72</u>		<u>529.91</u>
		<u>1,637.73</u>	<u>1,332.12</u>
	Total	<u>11,056.53</u>	<u>13,812.33</u>

## SCHEDULE: 17 EXPENSES ON SUGAR CANE PLANTATION

(Rs. in Lacs)

Previous Year

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

Crop-in-Progress at Commencement	90.56	74.00
Sowing, Harvesting, Irrigation, Seeds, Manures and Transport	161.37	130.83
Stores Consumed	54.83	65.79
Power & Fuel	2.03	1.33
Machinery Repairs	3.69	2.33
Building Repairs	0.43	1.42
Sundry Repairs	2.80	2.92
Rates and Taxes	1.15	1.26
Salaries and Wages	51.93	44.28
Contribution to Provident Fund	3.77	3.89
Workmen and Staff Welfare Expenses	1.66	0.91
Miscellaneous Expenses	24.11	22.34
	398.33	351.30
Less: Crop-in-Progress at close	134.95	90.56
Total	263.38	260.74

## SCHEDULE: 18 MANUFACTURING AND OTHER EXPENSES

Storage and Handling Charges	50.03	48.05
Stores and Spares Consumed	1,807.27	2,197.02
Power and Fuel	625.45	677.80
Less: Value of Bagasse supplied by Own Division	12.49	100.88
	612.96	576.92
Repairs:		
Plant and Machinery	857.38	568.87
Buildings	69.57	59.54
Others	59.33	68.16
Rent	121.19	121.45
Salaries, Wages & Bonus	1,864.67	1,610.90
Company's Contribution to Provident and Other Funds	192.59	177.07
Workmen and Staff Welfare Expenses	40.35	32.48
Insurance	45.32	61.82
Rates and Taxes	321.36	330.65
Excise Duty	7,401.51	6,602.23
Selling Agents' Commission & Brokerage	43.24	47.48
Legal and Professional Charges	93.23	69.16
Discount given to dealers	377.05	348.38
Miscellaneous Expenses	1,099.93	1,096.81
Charity and Donations	1.76	1.06
Directors' Fees	3.05	3.25
	15,061.79	14,021.30
Carried forward	15,061.79	14,021.30

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## SCHEDULE: 18 MANUFACTURING AND OTHER EXPENSES

		<i>(Rs. in Lacs)</i>	
			<i>Previous Year</i>
	Bought forward	15,061.79	14,021.30
Auditors' Remuneration:			
Audit Fees		3.00	3.00
In Other Capacities:			
For Certification		1.75	0.60
For Tax Matters		-	0.90
For Other Matters		0.56	0.60
Out of Pocket Expenses		0.59	1.06
Cost Audit Fees		0.33	0.32
Bad Debts/Advances written off		41.58	0.68
Loss on Assets discarded/scrapped		0.25	0.04
Deferred Revenue Expenditure written off [See Note No. 1. H. b]		-	12.78
	Total	<u>15,109.85</u>	<u>14,041.28</u>

## SCHEDULE: 19 INTEREST & FINANCE CHARGES

On Fixed Deposits (Includes Rs.0.45 Lacs (Previous Year Rs. 0.49 Lacs) paid to Chairman & Managing Director)		14.92	15.51
On Fixed Loans		146.87	159.04
On Cash Credit		1,180.10	919.56
Others		175.74	173.03
	Total	<u>1,517.63</u>	<u>1,267.14</u>

## SCHEDULE: 20 PRIOR PERIOD ADJUSTMENTS

### CREDITS:

1. Excess Provision of Bonus		-	0.01
2. Excess Provision Income Tax		0.03	-
	Total	<u>0.03</u>	<u>0.01</u>

### DEBITS:

1. Expenses of Previous Year		-	1.64
2. Short Provision of Bonus		-	0.22
	Total	<u>-</u>	<u>1.86</u>
Net		<u>0.03</u>	<u>(1.85)</u>

## SCHEDULE: 21

### NOTES FORMING PART OF THE ACCOUNTS

#### 1. Significant Accounting Policies

##### A. Accounting Concepts

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on an accrual basis.

The Accounts are prepared on a historical cost basis and as a going concern. Accounting policies not referred to otherwise are consistent with the generally accepted accounting principles.

##### B. 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.

##### C. Fixed Assets

a) Fixed Assets except Freehold Land are stated at cost of acquisition less accumulated depreciation. Cost includes interest on borrowings, specific or otherwise, used for funding of Fixed Assets till the date of commissioning.

b) Leasehold Land and Premium on Leasehold Land is amortised over the period of lease.

##### D. Depreciation

a) Depreciation on the Bio-Gas Plant, Plant & Machinery installed for Expansion and Modernisation and Assets given on lease has been provided on a Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.

b) For all other assets, depreciation is provided on a Written Down Value Method at the rates specified in Schedule XIV of the Companies Act, 1956.

c) For assets added / disposed off during the year, depreciation has been provided on a pro-rata basis with reference to the period, at the applicable rates.

d) Depreciation on Assets, whose actual cost does not exceed Rs.5,000/- is provided at the rate of hundred percent.

##### E. Capital Work-in-Progress

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

##### F. Investments

Long term Investments are stated at cost.

##### G. Inventories

Raw Materials, Work-in-Process, Crop-in-Progress and Stores and Spares are valued at 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.

##### H. Miscellaneous Expenditure

a) Expenses on new projects on hand are carried forward for capitalisation upon completion of the projects.

b) Deferred Revenue Expenditure is written off in the year in which the same is incurred.

##### I. Foreign Currency Transactions

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

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## J. Research & Development Expenditure

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

## K. Retirement Benefits

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

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 Leave encashment.

(Rs. in Lacs)

I. Assumptions :	
Discount Rate	12.00%
Rate of increase in Compensation levels	5.50%
II. Table Showing Change in Benefit Obligation :	
Projected Benefit Obligations (PBO) at the beginning of the period.	78.21
Interest Cost	8.03
Service Cost	34.02
Benefits paid	(22.54)
Actuarial (gain) loss on obligations	(3.70)
PBO at the end of the period	94.02
III. Tables of Fair value of Plan Assets	
Fair Value of Plan Assets at the beginning of the period	—
Expected Return on Plan Assets	—
Contributions/Transfers	22.54
Benefits paid	(22.54)
Gain / (loss) on Plan Assets	—
Fair Value of Plan Assets at the end of the period	—
IV. Tables of change in Plan Assets	
Fair Value of Plan Assets at the beginning of the period	—
Actual return on Plan Assets	—
Contributions/Transfers	22.54
Benefits paid	(22.54)
Fair value of Plan Assets at the end of the period	—
Excess of actual over expected return on Plan Assets	—
V. Funded Status	(94.02)
VI. Limits of Corridor not considered since total actuarial gain/loss is being recognised	
Actuarial gain/(loss) for the period - Obligation	3.70
Actuarial gain (loss) for the period - Plan Assets	—
Sub-Total	3.70

	(Rs. in Lacs)
Actuarial (gain)/loss recognised	(3.70)
Unrecognised actuarial gains (losses) at the end of the period	—
<b>VII. The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis</b>	
Present Value of Obligation	94.02
Fair value of Plan Assets	—
Diff	94.02
Unrecognised Actuarial gains (losses)	—
Unrecognised Transitional Liability	—
Liability Recognised in Balance Sheet	94.02
<b>VIII. Net Periodic Cost</b>	
Current Service Cost	34.01
Interest Cost	8.03
Expected Return on Plan Assets	—
Net Actuarial (gain) loss recognised in the period	(3.70)
Expenses Recognised in the Income Statement	38.35
<b>IX. Movements in the liability recognised in the Balance Sheet:</b>	
Opening Net Liability	78.21
Expense as above	38.35
Contributions/Transfers	(22.54)
Closing Net Liability	94.02

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.

	(Rs. in Lacs)
<b>I. Assumptions :</b>	
Discount Rate	8.00%
Rate of increase in Compensation levels	4.00%
<b>II. Table Showing Change in present value of Obligation :</b>	
Present value of Obligations (PBO) at the beginning of the period	502.50
Interest Cost	40.20
Service Cost	25.28
Benefits paid	(34.35)
Actuarial (gain) loss on obligations	26.97
PBO at the end of the period	560.59
<b>III. Table showing changes in the fair value of plan assets</b>	
Fair Value of Plan Assets at the beginning of the period	448.24
Expected Return on Plan Assets	41.67
Contributions	21.96
Benefits paid	(34.35)
Actuarial Gain / (loss) on Plan Assets	NIL
Fair Value of Plan Assets at the end of the period	477.51



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(Rs. in Lacs)

IV. Table showing fair value of plan assets	
Fair Value of Plan Assets at the beginning of the period	448.24
Actual return on Plan Assets	41.67
Contributions	21.96
Benefits paid	(34.35)
Fair value of Plan Assets at the end of the period	477.51
Excess of actual over expected return on Plan Assets	NIL
V. Funded Status	(83.08)
VI. Actuarial gain / loss recognised	
Actuarial gain/(loss) on Obligation	(26.97)
Actuarial gain (loss) for the period - Plan Assets	NIL
Actuarial gain/(loss) on Obligation	26.97
Actuarial (gain)/loss recognised for the period	26.97
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	560.59
Fair value of Plan Assets as at the end of period	477.51
Funded Status	(83.08)
Net asset /(Liability) Recognised in Balance Sheet	83.08
VIII. Expenses recognised in statement of profit and loss	
Current Service Cost	25.28
Interest Cost	40.20
Expected Return on Plan Assets	(41.67)
Net Actuarial (gain) loss recognised in the period	26.97
Expenses Recognised in the Income Statement	50.78

## L. Income-tax

Income tax expenses comprise of current tax including Fringe Benefit Tax (FBT) 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.

2. Contingent Liabilities on account of Demands/Claims against the Company not acknowledged as debts and not provided for Rs. 719.64 Lacs (*Previous Year Rs. 713.40 Lacs*).
3. The U.P. State Government had declared the State Advised Price (SAP) for sugar cane for season 2007-2008 at Rs.125/- per quintal, against which the Company along with others through U.P. Sugar Mills Association had challenged the same in Allahabad High Court. The matter is pending before the Supreme Court. However Hon'ble Supreme Court vide its Interim Order dated 08.09.08 directed all mills of Uttar Pradesh to pay cane price at the rate of Rs 110 per quintal for the crushing season of 2007-08. The Company has accounted for Sugar cane liability for the season 2007-2008 @ Rs.110/- per quintal as per the order of the Hon'ble Supreme Court as stated above. Necessary adjustments, if any, will be made as and when and in accordance with the final orders of the Hon'ble Supreme Court in the matter.  
For Sugar season 2008-2009, the company has accounted for Sugarcane purchase @ Rs. 140/- per quintal as per the State Advised Price declared by the U.P. Government.
4. The estimated amount of contracts remaining to be executed on Capital Account (net of advances) Rs.83.29 Lacs (*Previous Year Rs.130.26 Lacs*).

5. Alcohol and Molasses Storage Funds and Effluent Disposal Fund amounting to Rs.112.00 Lacs are not deposited with a Scheduled Bank as required by the said Orders, under legal advice.
6. a) Managerial Remuneration paid/payable to Chairman & Managing Director as per approval under Sections 310 & 198 (4)/309 (3) of the Companies Act, 1956, is as under:

	(Rs. in Lacs)	
	2008-09	2007-08
I Salary	18.00	18.00
II Contribution to Provident Fund & Superannuation Fund	4.86	4.86
III Perquisites	17.14	12.66
<b>Total</b>	<b>40.00</b>	<b>35.52</b>
IV Commission paid	—	—

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

The above remuneration is as per Central Government approval dated 30<sup>th</sup> January 2006 upto 13-8-2007 and thereafter the said remuneration is based on the Schedule XIII of the Companies Act 1956 in terms of the Special Resolution passed by the Shareholders of the company at their Annual General Meeting held on 20-12-2007.

- b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.

	(Rs. in Lacs)	
	2008-2009	2007-2008
Profit before Tax as per Profit & Loss Account	<b>1,089.84</b>	<b>156.53</b>
<b>Add:</b>		
Depreciation (as per Accounts)	738.79	661.19
Net Profit on Fixed assets sold / discarded other than immovable property as per Section 349 of the Companies Act, 1956)	2.74	2.64
Net Loss on Fixed assets sold / discarded (as per Accounts)	0.25	0.04
Remuneration paid/payable to Chairman & Managing Director	40.00	35.52
Directors' Fees	3.05	3.25
	<b>784.83</b>	<b>702.64</b>
<b>Less :</b>		
Excess of expenses over income of earlier years	-	1.85
Depreciation (under Section 350 of the Companies Act, 1956)	738.79	661.19
Net profit on Fixed assets sold / discarded including immovable property (as per Accounts)	2.74	2.64
	<b>741.53</b>	<b>665.68</b>
<b>Less :</b>		
Loss brought forward from the previous year	<b>1,429.48</b>	<b>1,622.97</b>
<b>Net Profit / (Loss) under Section 349 of the Companies Act, 1956</b>	<b>(296.34)</b>	<b>(1,429.48)</b>
<b>Commission @ 1% on the Net Profits</b>	<b>N.A.</b>	<b>N.A.</b>

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7. Term Loans from Allahabad Bank are secured by way of First hypothecation charge on all plant & machinery and Current Assets both present & future of Storage & Handling Division at Kandla for Storage Expansion Term Loan and First *pari passu* charge on all Fixed Assets of the Sugar Division and Spirits (Distillery) Division at Baheri and is further secured by second hypothecation charge on current assets, both present & future of the Sugar Division & Spirits (Distillery) Division at Baheri for Yes Bank Loan taken over. 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.

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

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

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

10. The Company's Accounting Year for the purpose of compliance with the provisions of the Companies Act, 1956 ended on 30<sup>th</sup> June 2009 and the previous year for tax purpose ended on 31<sup>st</sup> March 2009. The income if any for the period from 1/4/2009 to 30/6/2009 forming part of the annexed accounts will be assessed as a part of the composite income relevant to previous year ending 31<sup>st</sup> March, 2010 i.e. Assessment Year 2010-2011.

The Company has made provision for Current Income Tax of Rs. 167.98 Lacs and Deferred Tax Expenses of Rs. 15.84 Lacs for the financial year 2008-2009 pertaining to Assessment Year 2009-2010. Current Income Tax of Rs. 167.98 Lacs includes Rs. 19.15 Lacs for provision of Fringe Benefit Tax for the period July 2008 to March 2009.

### Details of Deferred Tax are as under:

(Rs. in Lacs)

Particulars	As on 30 <sup>th</sup> June, 2009	As on 30 <sup>th</sup> June, 2008
<b>Deferred Tax Liability</b>		
Accumulated depreciation	1,214.99	988.42
Total Deferred Tax Liability	<u>1,214.99</u>	<u>988.42</u>
<b>Deferred Tax Assets</b>		
Expenses deductible on payment	118.19	73.61
Losses Carried Forward	446.01	279.86
Total Deferred Tax Assets	<u>564.20</u>	<u>353.47</u>
<b>Net Deferred Tax Liability</b>	<u>650.79</u>	<u>634.95</u>

- 11.** Sundry Creditors include Rs.37.11 Lacs (*Previous year Rs. 26.80 Lacs*) due to The Micro, Small and Medium Enterprises.

The Micro, Small and Medium Enterprises to whom an amount of Rs.1.00 lac or more was payable and outstanding for more than 30 days (as per the terms & conditions of the orders) are as under:-

1	M/s. Rajukesh Industries	Rs. 6.07 Lacs
2	M/s. Mangla Rubber Industries	Rs. 3.24 Lacs
3	M/s. Anil Kumar Singhal	Rs. 19.12 Lacs
4	M/s. Deepak Chemical Lime Works	Rs. 3.17 Lacs
5	M/s. Dehra mineral Corporation	Rs. 5.51 Lacs

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

- 12.** Sundry Debtors of Rs 48.68 Lacs and advances of Rs 13.39 Lacs are outstanding since a long time. The Company has initiated legal proceedings against some of the Parties. In the opinion of the management, the same are considered good and recoverable.

- 13.** On 6<sup>th</sup> September 2005, the Company had allotted 16,60,000 warrants of Rs.97/- each with a right to apply for 1 (one) Equity Share of Rs. 10/- each at a premium of Rs.87/- per share to be exercised on or before 5<sup>th</sup> March 2007, allotted on preferential basis to the promoters, the persons acting in concert with the promoters and a private corporate body. Out of these warrants 508,400 warrants allotted to a private corporate body on which an amount of Rs.49,31,480/- was paid as Warrants application money, was forfeited due to the failure of the allottee to pay the balance amount on the said warrants. The forfeited amount was transferred to the capital reserve account. The promoters and the persons acting in concert were ready to pay the balance 90% of 11,51,600 warrants held by them. However, only 4,51,600 warrants could be converted into shares in order to comply with the provisions of the SEBI [(Substantial Acquisition of Shares and Takeovers) (SAST)] Regulations, 1997, which prescribed the post conversion percentage holding by the promoters and the persons acting in concert below 55%. The Company had requested SEBI for their approval either to refund the application money received on 7,00,000 warrants held by the promoters and the persons acting in concert or to adjust the warrant application money amounting to Rs.67,90,000/- against the allotment of additional 70,000 equity shares of Rs.10/- each at a premium of Rs.87/- per equity share to the respective applicants. In January 2008, SEBI’s reply for non-consideration of the above request was received by the Company. However, the concerned persons made an application to SEBI under Regulation 4(2) of SEBI (SAST) Regulations 1997 in the matter. In reply thereto, in May 2008, SEBI granted exemption to the concerned persons to acquire 7,00,000 equity shares of the Company on conversion of the said 7,00,000 warrants at a price of Rs.97/- per share. The said approval of SEBI was considered by the Board of Directors on 31.7.2008 permitting the concerned persons to exercise their option at the earliest. The response from the said concerned persons is awaited. Hence, the said amount of Rs.67,90,000/- is kept in “Share warrant Application money Suspense Account”.

- 14.** During the year, the company has forfeited 753 shares on which calls were in arrears.

- 15.** 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 is following up with Government Authorities for refund.

- 16.** Investments include Rs. 50.00 lacs invested by the company in Equity Shares of Wholly Owned Subsidiary Kesar Terminals & Infrastructure Limited which was formed on 21<sup>st</sup> January 2008. As of 30<sup>th</sup> June 2009, Kesar Terminals & Infrastructure Limited has not started any operations since demerger approval is in process (Refer Note 19). Hence no consolidation of accounts has been made as of 30<sup>th</sup> June 2009.

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## 17. 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. Storage and Handling

### Geographical Segments:

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

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

Figures for the Year ended 30<sup>th</sup> June, 2009 indicated in **bold**. Previous year figures indicated in the row there below:

Segmental Revenue	(Rs. in Lacs)				
	Sugar	Spirits	Storage & Handling	Others	Total
Sales (Including Inter division /segment revenue & Net of intra division/segment revenue)	<b>16,418.73</b> 16,449.26	<b>11,727.93</b> 11,262.86	<b>1,362.18</b> 1,241.05	<b>1,603.00</b> 1,098.93	<b>31,111.84</b> 30,052.10
Other Income	<b>74.41</b> 305.38	<b>52.76</b> 105.27	<b>46.66</b> 11.25	<b>53.96</b> 37.30	<b>227.79</b> 459.20
Less : Inter Segment/Division Revenue	<b>1,016.21</b> 630.79	— —	— —	<b>298.64</b> 259.75	<b>1,314.85</b> 890.54
Add : Unallocable Income					<b>5.81</b> 17.80
Total Revenue					<b>30,030.59</b> 29,638.56
Segmental Result before Interest & Taxation	<b>2,964.70</b> 988.39	<b>(428.99)</b> 302.53	<b>776.99</b> 735.51	<b>103.77</b> 34.90	<b>3,416.47</b> 2,061.33
Less : Segmental Interest	<b>1,241.05</b> 995.43	<b>12.84</b> 6.33	<b>37.94</b> 0.27	<b>3.26</b> 0.54	<b>1,295.09</b> 1,002.57
Segmental Result before Taxation	<b>1,723.65</b> (7.04)	<b>(441.83)</b> 296.20	<b>739.05</b> 735.24	<b>100.51</b> 34.36	<b>2,121.38</b> 1,058.76
Less : Unallocable Expenses Net of Unallocable Income					<b>1,031.54</b> 902.23
Profit /(Loss) Before Taxation					<b>1,089.84</b> 156.53
Less :Provision for Tax					<b>169.61</b> 37.48
Less : Deferred Tax					<b>15.84</b> (262.31)
Profit /(Loss) after Tax					<b>904.39</b> 381.36

# KESAR ENTERPRISES LTD.

Figures for the Year ended 30<sup>th</sup> June, 2009 indicated in **bold**. Previous year figures indicated in the row therebelow:

	(Rs. in Lacs)				
	Sugar	Spirits	Storage & Handling	Others	Total
Segmental Assets	<b>16,221.72</b>	<b>4,960.51</b>	<b>3,336.12</b>	<b>1,645.04</b>	<b>26,163.39</b>
	16,177.60	4,496.13	3,070.62	1,265.38	25,009.73
Unallocable Assets/ Investments					<b>1,842.39</b>
					1,824.78
Total Assets					<b>28,005.78</b>
					26,834.51
Segmental Liabilities	<b>17,003.54</b>	<b>1,667.91</b>	<b>1,352.57</b>	<b>674.21</b>	<b>20,698.23</b>
	17,899.08	906.87	1,396.42	119.93	20,322.30
Share Capital & Reserves Less Miscellaneous Expenditure					<b>4,464.36</b>
					3,795.41
Unallocable Liabilities					<b>2,843.19</b>
					2,716.80
Total Liabilities					<b>28,005.78</b>
					26,834.51
Capital Expenditure including Capital Work in Progress	<b>1,720.29</b>	<b>218.38</b>	<b>353.27</b>	<b>23.32</b>	<b>1,865.26</b>
	210.49	187.89	888.36	45.85	1,332.59
Unallocable					<b>7.96</b>
					35.43
Total					<b>1,873.22</b>
					1,368.02
Depreciation	<b>299.56</b>	<b>149.01</b>	<b>170.65</b>	<b>21.22</b>	<b>640.44</b>
	248.83	142.37	144.78	17.37	553.35
Unallocable Depreciation					<b>98.35</b>
					107.84
Total Depreciation					<b>738.79</b>
					661.19
Non Cash Expenditure other than depreciation	—	—	—	—	—
	12.04	0.74	—	—	12.78

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

## 18. Related party disclosures under Accounting Standard 18

Names of related parties and nature of related party relationships:

a. Subsidiary Companies:

Kesar Terminals & Infrastructure Limited (wef 21<sup>st</sup> January 2008)

b. Associates:

N.A.

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c. Key Management Personnel and relatives of such personnel:

Mr. H R Kilachand	Chairman & Managing Director
Mrs. M.H. Kilachand	Director
Relatives of Key Management Personnel	
Mr. Rohan H. Kilachand	Son
Ms. Rohita H. Kilachand	Daughter

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

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

Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 30<sup>th</sup> June 2009 indicated in **bold**. Previous year figures indicated in the row therebelow:

Nature of Transaction	Subsidiary Companies	Associates	Key Managerial Personnel And Relatives	(Rs. in Lacs)
				Enterprises over which influence exists
Expenses Reimbursed				<b>23.27</b> 20.75
Rent Paid				<b>17.49</b> 18.09
Interest on Fixed Deposits			<b>0.45</b> 0.49	
Interest on Car loan paid				<b>4.55</b> 5.06
Managerial Remuneration			<b>40.00</b> 35.52	
Fixed Deposits Accepted / Renewed			<b>5.00</b> 5.00	
Investments in Subsidiary Company	<b>50.00</b> 5.00			
Sundry Creditors				<b>155.31</b> 71.48
Fixed Deposits			<b>5.00</b> 5.00	
Security Deposits				<b>108.39</b> 95.00



19. The Scheme of Arrangement for Demerger of Storage Undertaking known as Distillers' Trading Corporation (DTC) Division Between Kesar Enterprises Limited - Transferor Company and Kesar Terminals and Infrastructure Limited- Resulting Company with effect from the "Appointed Date" of 1st January, 2009 is awaiting the Company's member's approval under section 391 to 394 of the Companies Act, 1956 and subsequently the approval of the Hon'ble High Court of Bombay & thus the Arrangement though effective from the "Appointed Date" i.e. 1st January, 2009 shall be operative from "Effective Date", i.e. last of the dates on which the sanctions / approvals or order as specified in the Scheme of Arrangement for Demerger are obtained and / or filed. Once the approval of the High Court is received & other legal formalities are completed, the Arrangement will be effective & all the assets, liabilities and reserves of the Storage Undertaking of Kesar Enterprises Limited (KEL) will be transferred as a going concern to Kesar Terminals & Infrastructure Limited (KTIL). Pending approvals & sanction of the Scheme from the Hon'ble High Court of Bombay, the Company's accounts have been prepared independently without giving effect of the Demerger of the Storage Undertaking. The effect of the above Arrangement will be given in the Annual Accounts of the Company, in the financial year in which all the sanctions / approvals or orders as specified in the Scheme of Arrangement for Demerger are obtained and / or filed.

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

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

	(Rs. in Lacs)		
Name	Balance as at 30 <sup>th</sup> June 2009	Maximum amount outstanding during the year	No. of shares of the Company held by the loanee as at 30 <sup>th</sup> June 2009
Kesar Terminals & Infrastructure Limited	0.85	0.85	5,00,000

21. Earnings per share has been calculated as under:

	2008-2009	2007-2008
Profit/(Loss) after Tax & Preference Dividend (Rs. in Lacs)	902.08	377.17
No of Equity Shares	67,90,162	67,90,915
Basic and diluted earnings per share – Rupees (Face value of share – Rs. 10 each)	13.29	5.55

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

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

As per our report attached

For and on behalf of  
N. N. Jambusaria & Company  
*Chartered Accountants*

N. N. Jambusaria  
*Partner*  
Mumbai, October 30, 2009

For and on behalf of the Board of Directors

H.R. KILACHAND  
*Chairman & Managing Director*

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

K.D. SHETH  
*Director*  
Mumbai, October 30, 2009

## Annexure I

### Annexure to Note No. 22

Quantitative Information of Manufacturing and Trading activities :

Figures for the Year ended 30th June, 2009 indicated in **Bold**. Previous year figures indicated in the row therebelow in brackets.

	Licenced Capacity	* Installed Capacity	Actual Production	Opening Stock		Closing Stock		Sales	
				Quantity	Value	Quantity	Value	Quantity	Value
A) Manufacturing activities of the Company :									
(I) Sugar Division :									
(1) Sugar		Sugar Cane Crushing		Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs
	<b>Not Applicable</b>	<b>6900 TCD</b>	<b>523,640</b>	<b>809,606</b>	<b>12,266.46</b>	<b>548,275</b>	<b>11,542.56</b>	<b>784,571</b>	<b>14,542.90</b>
		(6900 TCD)	(1,042,010)	(799,033)	(11,327.44)	(809,606)	(12,266.46)	(1,031,437)	(14,817.58)
(II) Distillery Division :		Sugar Cane Crushing		Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs	Qtls.	Rs. in Lacs
(1) Rectified Spirit	<b>16,365</b>	<b>16,365</b>	<b>12,520.46</b>	<b>188.95</b>	<b>30.59</b>	<b>1,107.61</b>	<b>305.48</b>	<b>3,810.16</b>	<b>1,077.13</b>
	(16,365)	(16,365)	(16,274.64)	(850.62)	(140.35)	(188.95)	(30.59)	(677.79)	(117.80)
(2) Denatured Spirit			<b>200.18</b>	<b>32.62</b>	<b>6.06</b>	<b>62.58</b>	<b>18.15</b>	<b>169.35</b>	<b>51.46</b>
			(65.50)	(36.31)	(7.44)	(32.62)	(6.06)	(68.64)	(16.39)
(3) Special Denatured Spirit			<b>3,125.58</b>	<b>3.80</b>	<b>0.62</b>	<b>12.32</b>	<b>2.09</b>	<b>3,110.00</b>	<b>696.88</b>
			(12,589.72)	(22.46)	(4.23)	(3.80)	(0.62)	(12,579.00)	(2,330.81)
(4) Country Liquor			<b>6,072.42</b>	<b>145.87</b>	<b>165.86</b>	<b>336.10</b>	<b>434.94</b>	<b>5,853.92</b>	<b>8,083.73</b>
			(5,013.40)	(188.05)	(208.15)	(145.87)	(165.86)	(5,036.43)	(6,313.79)
(5) Extra Neutral Alcohol	<b>6,000</b>	<b>6,000</b>	<b>2,444.12</b>	<b>147.19</b>	<b>28.86</b>	<b>456.82</b>	<b>140.20</b>	<b>735.88</b>	<b>217.45</b>
	(6,000)	(6,000)	(1,030.22)	(143.47)	(34.43)	(147.19)	(28.86)	(441.49)	(106.55)
(6) Indian Made Foreign Liquor (IMFL)	<b>3,070</b>	<b>2,160</b>	<b>4,261.48</b>	<b>270.93</b>	<b>141.92</b>	<b>286.34</b>	<b>101.00</b>	<b>4,209.14</b>	<b>1,624.67</b>
	(3,070)	(2,160)	(4,786.05)	(267.45)	(132.19)	(270.93)	(141.92)	(4,761.93)	(1,965.17)
(7) CO 2			<b>1,315.00</b>	—	—	—	—	<b>1,315.00</b>	<b>28.14</b>
			(2,520.00)	—	—	—	—	(2,520.00)	(49.58)
(8) Miscellaneous					<b>0.47</b>		<b>0.10</b>		<b>2.82</b>
					(0.54)		(0.47)		(0.52)
(III) Processed Seeds			<b>69,791.66</b>	<b>2,377.37</b>	<b>70.04</b>	<b>2,502.63</b>	<b>34.09</b>	<b>69,666.40</b>	<b>1,148.82</b>
			(42,536.57)	(438.21)	(10.00)	(2,377.37)	(70.04)	(40,597.41)	(606.54)
(IV) Agricultural Products									<b>382.27</b>
									(320.47)

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.

TCD = Tonnes Cane crushed per day

Qtls. = Quintals

K.L. = Kilo Litres

M.T. = Metric Ton

## Annexure to Note No 22 (Contd.)

Figures for the Year ended 30th June, 2009 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	Quantity QTLs.	Amount
Opening Stock	—	—	<b>330.38</b>	<b>25.67</b>
	—	—	(166.72)	(19.31)
Purchase	—	—	<b>3,239.27</b>	<b>102.87</b>
	(289.91)	(355.27)	(1,357.31)	(67.62)
Sales	—	—	<b>1,341.43</b>	<b>71.91</b>
	(289.91)	(355.91)	(1,193.66)	(160.66)
Closing Stock	—	—	<b>2,228.22</b>	<b>119.74</b>
	—	—	(330.38)	(25.67)

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

(C) Information regarding		Quantity	Amount
Raw Materials Consumed	Product		
(1) Sugar Division	Sugar Cane	<b>56,15,092 Qtls.</b>	<b>8,964.66</b>
	[Inclusive of 128,808 Qtls. from Own Farm (Previous Year 1,40,790 Qtls.)]	(97,79,827 Qtls.)	(12,248.42)
(2) Distillery Division	Molasses	<b>4,91,805 Qtls.</b>	<b>2,525.77</b>
	[Inclusive of 2,87,520 Qtls. from Sugar Division (Previous Year 3,73,315 Qtls.)]	(7,16,970 Qtls.)	(1,590.55)
	Malt Spirit	<b>0.03 K.L.</b>	<b>0.02</b>
		(1.025.10 K.L.)	(0.71)
	Spirit	<b>529.02 K.L.</b>	<b>178.54</b>
	[Inclusive of 240 K.L. from Distillery Division (Previous Year NIL)]	(953.51 K.L.)	(270.77)
(3) Seed Division	Seeds	<b>69,791.66 Qtls.</b>	<b>752.78</b>
	[Inclusive of 10,777.14 Qtls. from Own Farm (Previous Year 9,829.31 Qtls.)]	(42,058.50 Qtls.)	(491.54)

Value and Percentage of

Consumption of Raw Materials, Stores and Spares	Raw Materials		Stores and Spares	
	Rs. in Lacs	Percentage	Rs. in Lacs	Percentage
Imported	—	—	—	—
	(—)	(—)	(—)	(—)
Indigenous (including canalised items & cane supplied from Own Farms)	<b>12,421.77</b>	<b>100.00</b>	<b>1,807.27</b>	<b>100.00</b>
	(14,601.99)	(100.00)	(2,197.02)	(100.00)
(D) Expenditure in Foreign Currency on account of travelling	<b>11.46</b>			
	(14.20)			
(E) Value of Imports on C.I.F basis :				
(i) Spare Parts	—			
	(—)			
(ii) Capital Items	—			
	(—)			
(F) Earnings in foreign exchange :				
(a) Export of goods on F.O.B. basis	—			
	(—)			

# Annual Report 2008-2009

## CASH FLOW STATEMENT

for the year ended 30th June,2009

Previous Year  
(Rs in Lacs)

### A CASH FLOW FROM OPERATING ACTIVITIES:

<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>1,089.84</b>	<b>156.53</b>
-------------------------------------	-----------------	---------------

**Adjustments for :**

Depreciation	738.79	661.19
Dividend Income	(0.74)	(0.71)
Interest Income	(8.85)	(15.75)
Interest and Finance Charges	1,517.63	1,267.14
Transferred to Molasses and Alcohol Storage Fund & Effluent Disposal Fund	5.19	9.04
Profit on sale of Fixed Assets/ Investments	(2.74)	(2.64)
Assets Discarded/Scrapped	0.25	0.04
Miscellaneous Expenditure written off	-	12.78
Credit Balances Written Back	(8.53)	(7.29)
Bad Debts/Advances written off	41.58	0.68
Provision for expenses no longer required	-	(4.69)

<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,372.42</b>	<b>2,076.32</b>
--	-----------------	-----------------

**Adjustments for :**

Inventories	95.91	(1,312.44)
Trade and Other Receivables	(198.17)	195.29
Loans & Advances	241.23	(158.26)
Trade Payables	688.79	(3,660.22)
Other Current Liabilities	136.67	(208.59)

<b>CASH (USED IN) / GENERATED FROM OPERATIONS</b>	<b>4,336.85</b>	<b>(3,067.90)</b>
---	-----------------	-------------------

Taxes (Paid)/ Refunds	(151.25)	(200.33)
-----------------------	----------	----------

Prior Period Adjustments	0.03	(1.85)
--------------------------	------	--------

<b>NET CASH (USED IN) / FROM OPERATING ACTIVITIES</b>	<b>4,185.63</b>	<b>(3,270.08)</b>
---	-----------------	-------------------

### B. CASH FLOW FROM INVESTING ACTIVITIES :

Purchase of Fixed Assets / Capital Work-in-Progress	(1,873.22)	(1,368.02)
---	------------	------------

Sale/Scrap of Fixed Assets	26.45	4.66
----------------------------	-------	------

(Purchase) of Investments	(45.49)	(5.00)
---------------------------	---------	--------

Interest Received	5.91	14.49
-------------------	------	-------

Dividend Received	0.74	0.71
-------------------	------	------

<b>NET CASH (USED IN) / FROM INVESTING ACTIVITIES</b>	<b>(1,885.61)</b>	<b>(1,353.16)</b>
---	-------------------	-------------------

## CASH FLOW STATEMENT

for the year ended 30th June,2009 (contd.)

		<i>Previous Year (Rs in Lacs)</i>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Addition/ (Repayment) of Term Loans	(746.57)	1,649.29
Increase/ (Decrease) in Bank Borrowings	143.62	2,997.19
Increase/ (Decrease) in Short Term Borrowings	(74.15)	576.66
Dividends Paid	(43.98)	(0.08)
Interest Paid	(1,531.50)	(1,260.65)
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	<b>(2,252.58)</b>	<b>3,962.41</b>
<b>NET INCREASE /( DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>47.44</b>	<b>(660.83)</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>317.34</b>	<b>978.17</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>364.78</b>	<b>317.34</b>

**Note : Figures in brackets are outflows.**

As per our report attached

For and on behalf of  
N. N. Jambusaria & Company  
*Chartered Accountants*

N. N. Jambusaria  
*Partner*  
Mumbai, October 30, 2009

For and on behalf of the Board of Directors

H.R. KILACHAND  
*Chairman & Managing Director*

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

K.D. SHETH  
*Director*  
Mumbai, October 30, 2009

# Annual Report 2008-2009

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

#### APPLICATION OF FUNDS

NET FIXED ASSETS	INVESTMENTS																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>5</td><td>4</td><td>7</td><td>.</td><td>4</td><td>2</td></tr></table>			9	5	4	7	.	4	2	<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>4</td><td>9</td></tr></table>					5	2	.	4	9		
		9	5	4	7	.	4	2													
				5	2	.	4	9													
ACCUMULATED LOSSES	NET CURRENT ASSETS																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><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>1</td><td>1</td><td>9</td><td>3</td><td>5</td><td>.</td><td>8</td><td>4</td></tr></table>		1	1	9	3	5	.	8	4		
						N	I	L													
	1	1	9	3	5	.	8	4													
MISCELLANEOUS EXPENDITURE	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>0</td><td>.</td><td>0</td><td>0</td></tr></table>							0	.	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><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
						0	.	0	0												
						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>2</td><td>9</td><td>9</td><td>0</td><td>4</td><td>.</td><td>3</td><td>4</td></tr></table>		2	9	9	0	4	.	3	4	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>8</td><td>8</td><td>1</td><td>4</td><td>.</td><td>5</td><td>0</td></tr></table>		2	8	8	1	4	.	5	0
	2	9	9	0	4	.	3	4											
	2	8	8	1	4	.	5	0											
PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) AFTER TAX																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>8</td><td>9</td><td>.</td><td>8</td><td>4</td></tr></table>			1	0	8	9	.	8	4	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>0</td><td>4</td><td>.</td><td>3</td><td>9</td></tr></table>			9	0	4	.	3	9	
		1	0	8	9	.	8	4											
		9	0	4	.	3	9												
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>1</td><td>3</td><td>.</td><td>2</td><td>9</td></tr></table>				1	3	.	2	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>3</td><td>0</td></tr></table>		3	0							
			1	3	.	2	9												
	3	0																	

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

ITEM CODE NO. (ITC CODE) 

1	7	0	1	9	9	.	0	2
---	---	---	---	---	---	---	---	---

  
 PRODUCT DESCRIPTION 

S	U	G	A	R
---	---	---	---	---

  
 ITEM CODE NO. (ITC CODE) 

N	O	T		A	V	A	I	L	A	B	L	E
---	---	---	--	---	---	---	---	---	---	---	---	---

  
 PRODUCT DESCRIPTION 

S	T	O	R	A	G	E		&		H	A	N	D	L	I	N	G		S	E	R	V	I	C	E	S	
O	F		L	I	Q	U	I	D		C	H	E	M	I	C	A	L	S									

  
 ITEM CODE NO. (ITC CODE) 

2	2	0	7	1	0	.	0	1
---	---	---	---	---	---	---	---	---

  
 PRODUCT DESCRIPTION 

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

## STATEMENT OF FIGURES FROM SEASON 1986-87 TO 2008-2009 (Sugar Factory)

SEASON	DURATION DAYS	CANE CRUSHED M. TONS	SUGAR PRODUCED M. TONS	RECOVERY % OF CANE CRUSHED
1986-1987	226	406,353.76	36,635.80	9.02
1987-1988	212	422,531.80	37,389.08	8.85
1988-1989	155	306,745.14	30,905.41	10.08
1989-1990	222	569,131.22	52,390.95	9.21
1990-1991	180	547,654.71	52,247.42	9.54
1991-1992	203	746,941.45	72,961.77	9.77
1992-1993	162	605,853.44	60,586.41	10.00
1993-1994	142	582,473.61	57,287.22	9.84
1994-1995	184	801,761.65	80,458.15	10.04
1995-1996	194	871,869.00	84,386.84	9.68
1996-1997	179	805,563.32	81,913.41	10.17
1997-1998	164	747,149.95	74,985.32	10.04
1998-1999	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

## STATEMENT SHOWING PRODUCTION AND YIELD IN DISTILLERY

Year	Production (Litres)	Yield per Quintal of Molasses (Litres)
1986-1987	5,118,458	25.60
1987-1989 (17 months)	6,216,600	24.90
1989-1990	7,424,689	23.80
1990-1991	6,477,165	24.80
1991-1992	7,248,330	24.80
1992-1993	10,868,023	23.20
1993-1994	8,850,660	21.30
1994-1995	8,142,169	21.70
1995-1996 (15 months)	13,355,146	21.70
1996-1997	11,798,172	22.00
1997-1998	11,419,540	20.90
1998-1999	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



# Annual Report 2008-2009

## FINANCIAL STATISTICS

Year end position	(Rs. in lacs)									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Share Capital	746.92	746.99	746.99	794.95	633.93	633.93	633.93	633.93	633.93	633.93
Reserves and Surplus	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	4,997.50
Deferred Tax Liability	650.79	634.95	897.26	752.27	417.15	277.28	262.86	383.29	—	—
Borrowings	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	9,634.38
Working Capital	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	8,582.54
Capital Employed	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	15,265.81
Gross Block	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	10,452.35
Net Block	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	4,587.55
Investments	52.49	7.00	2.00	455.60	455.10	455.10	455.39	2,039.49	896.44	896.43
<b>Equity Shares</b>										
Book Value (Rs.) ©	62.80	52.94	46.69	73.16	59.89	28.15	25.78	46.71	52.38	51.82
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
<b>For the Year</b>										
Sales including Excise Duty	29,796.99	29,161.56	27,951.98	27,955.41	25,044.67	24,555.65	28,080.17	30,930.40	15,223.63	12,194.88
Depreciation	738.79	661.19	607.76	537.97	512.96	500.43	444.53	478.61	431.41	473.82
Profit before Tax	1,089.84	156.53	(1,656.06)	1,824.69	1,863.44	157.23	(1,487.62)	20.59	61.56	92.13
Profit After Tax	904.39	381.36	(1,847.71)	1,111.00	1,661.73	128.49	(1,367.80)	100.97	40.49	90.68
Equity Dividend %	30.00	5.00	—	25.00	20.00	—	—	—	—	—
Equity Dividend Amount	203.70	33.95	—	158.48	126.79	—	—	—	—	—

© Excluding Capital Reserve other than profit on forfeiture of Share Warrants

# KESAR ENTERPRISES LTD.

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO THE SUBSIDIARY COMPANY

1. Name of the Subsidiary Company.	Kesar Terminals & Infrastructure Ltd.
2. The Financial Year of the Subsidiary Company ended on	31 <sup>st</sup> March 2009
3. Extent of interest of Kesar Enterprises. Ltd. in the Equity Share Capital of the Subsidiary at the end of the Financial Year of the Subsidiary.	100% (Entire Equity Share Capital viz. 5,00,000 Equity Shares of Rs.10/- each fully paid up).
4. The net aggregate Profit / (Loss) of the Subsidiary Company so far as it concerns the members of Kesar Enterprises. Ltd.	
(a) Not dealt with in the Company's Account for the year ended 30th June,2009	
(i) For the Subsidiary's Financial Year ended as in (2) above.	Nil
(ii) For the Previous Financial Years of the Subsidiary since it became the Holding Company's subsidiary.	Nil
(b) Dealt with in the Company's Account for the year ended 30th June,2009 amounted to:	
(i) For the Subsidiary's Financial Year ended as in (2) above.	Nil
(ii) For the Previous Financial Years of the Subsidiary since it became the Holding Company's subsidiary.	Nil
5. a Changes in the interest of Kesar Enterprises Ltd. between the end of the Subsidiary's financial year and 31 <sup>st</sup> March, 2009.	None
b. Material changes between the end of the financial year of Subsidiary and that of Kesar Enterprises. Ltd., in respect of its Subsidiary's:	
(i) Fixed Assets	Nil
(ii) Investments	Nil
(iii) Money Lent	Nil
(iv) Money Borrowed	Nil

For and on behalf of the Board of Directors

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

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

**K. D. Sheth**  
Director

Mumbai 30.10.2009

# KESAR TERMINALS & INFRASTRUCTURE LIMITED

## Directors' Report

To,

The Members

Gentlemen,

Your Directors present the 1st audited Statement of Accounts for the period 21st January, 2008 to 31st March, 2009.

The Company was incorporated on 21st January 2008. The Company has not yet started any business. The Company had obtained a Certificate of Commencement of Business on 18th March 2008. The main object of the Company is to carry on the business of Storage and Infrastructure development.

The Company is promoted by M/s. Kesar Enterprises Ltd. as its 100% Wholly-owned Subsidiary Company.

Shri H. R. Kilachand, Shri A. S. Ruia and Smt. M. H. Kilachand are the first Directors of the Company as Nominated by the Holding Company M/s. Kesar Enterprises Ltd.

During the year under report, the Authorised Share Capital of the Company was increased from Rs.5,00,000/- to Rs.6,00,00,000/- at the Extraordinary General Meeting (EGM) held on 30th July 2008 and the Paid-up Share Capital was increased from 50,000 equity shares to 5,00,000 equity shares of Rs.10/- each by way of allotment of 4,50,000 equity shares to the Holding Company. At the said EGM, authority was granted to the Board of Directors of the Company to borrow money in excess of the aggregate of the Paid-up Share Capital and Free Reserves of the Company not exceeding Rs.200 crore at any time.

Pursuant to Sections 391 to 394 of the Companies Act, 1956, and subject to the approval of the Hon'ble High Court of Bombay, the Directors have approved a Scheme of Arrangement between the Holding Company viz. Kesar Enterprises Ltd. and the Company for Demerger of the Storage Undertaking / Division of the Holding Company and transfer the same into the Company with effect from 1st January 2009.

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 31st March 2009, 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 31st March 2009;
- 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 31st March 2009 on a going concern basis.

As the Company has not started any business, the particulars with respect to the conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956 are not given.

The Company has not appointed any employee.

The Company has not accepted any deposits from the Public.

M/s. N. N. Jambusaria & Co., Chartered Accountants, the first Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. M/s. N. N. Jambusaria & Co. has merged with M/s. Haribhakti & Co., Chartered Accountants, Mumbai. Hence, M/s. Haribhakti & Co., being eligible, offer themselves for appointment.

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

**H. R. Kilachand**

Chairman

31st August 2009

## Auditor's Report

The Share Holders,

**M/S. KESAR TERMINALS & INFRASTRUCTURE LIMITED**  
Mumbai.

We have audited the attached Balance Sheet of **M/S. KESAR TERMINALS & INFRASTRUCTURE LIMITED** as on 31st March 2009, the Profit & Loss Account of the company for the year ended on that date and also the Cash Flow Statement of the Company 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 opinion on the financial statements based on our audit.

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. We further report that:

1. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government of

# KESAR TERMINALS & INFRASTRUCTURE LIMITED

India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure our comments on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comment in the Annexure referred to in paragraph (1) above.
  - 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, the Company has kept proper books of account as required by law, so far as it appears from our examination of those books.
  - iii. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the said Balance Sheet and Profit & Loss Account have been prepared in Compliance with the Accounting Standards as prescribed under the Provisions of Section 211(3C) of the Act to the extent applicable;
  - v. On the Basis of written representations received from the directors, as on 31.03.2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.03.2009 from being appointed as a director of the Company in terms of Section 274(1)(g) of the Act;
  - vi. In our opinion and to the best of our information and according to the explanation given to us, the said accounts give true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the Balance sheet, of the state of affairs of the company as on 31st March, 2009.
    - b) In the case of Profit & Loss Account of the profit for the year ended 31st March, 2009 and
    - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For N.N. JAMBUSARIA & CO.,  
*Chartered Accountants,*

PLACE: MUMBAI

**(NIMESH N. JAMBUSARIA)**

Partner

DATED: 31<sup>st</sup> August, 2009

M. NO. 38979

## **Annexure referred to in paragraph (1) of our report of even date, to the members Kesar Terminals & Infrastructure Limited on the accounts for the year ended 31st March, 2009**

### **1. In respect of Fixed Assets:**

According to the information and explanations given to us, during the period covered by audit report the Company does not have any Fixed Asset. Accordingly this clause is not applicable.

### **2. In respect of Inventory:**

According to the information and explanations given to us, during the period covered by audit report the Company does not have any inventory. Accordingly this clause is not applicable.

### **3. In respect of Loans:**

a) The Company has taken unsecured loans from companies, firms or other parties covered in the register, maintained under section 301 of the Companies Act, 1956. The details are as follows:

#### **Loans Taken**

#### **Unsecured Loans from holding company**

**Kesar Enterprises Limited** Rs. 85000

b) There is no interest payable in respect of loans taken. At the same time no interest is charged on these loans. The terms and conditions of the loans are not prima facie prejudicial to the interest of the Company.

Clause (c) and (d) are not applicable as there are no stipulation as to their repayment.

### **4. In respect of Internal Control Procedures:**

In our opinion and according to the information and explanations given to us, the internal control procedures with regard to the purchase of stores, (including components), plant & machinery, equipment and other assets and with regard to sale of goods is adequate.

### **5. In respect of Transactions covered under Section 301 of the Companies Act, 1956:**

a) According to the information and explanations given to us, the Company has maintained the register as required under Section 301 of the Companies Act, 1956.

b) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies

# KESAR TERMINALS & INFRASTRUCTURE LIMITED

Act, 1956 have been so entered. These transactions have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.

## 6. In respect of Deposits accepted:

The company has not accepted any deposits from public and hence question of applicability of directives issued by the Reserve Bank of India and the provisions of section 58A and section 58AA of the Companies Act, 1956 and the rules framed there under does not arise.

## 7. In respect of Internal Audit System:

The company has an internal audit system commensurate with the size and nature of its business.

## 8. In respect of Maintenance of Cost Records:

According to the information and explanations given to us, during the period covered by audit report the Company has not carried out any manufacturing activity. Accordingly this clause is not applicable.

## 9. In respect of Statutory Dues:

According to the information and explanations given to us, during the period covered by audit report the Company has not appointed any employee. Accordingly this clause is not applicable.

## 10. In respect of Losses:

The Company does not have accumulated losses. It has not incurred any cash losses in the financial year under report.

## 11. In respect of Repayment of Loans/ Interest:

According to the information and explanations given to us, during the period covered by audit report the Company does not have any outstanding Loan from bank or financial Institution. Accordingly this clause is not applicable.

## 12. In respect of Loans/ Advance against Securities:

The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly paragraph 4 (xii) of the Order is not applicable.

## 13. In respect of Chit Fund:

The Company is not a chit fund / nidhi / mutual fund / society. Therefore the provisions of clause 4 (xiii) of the Order is not applicable to the Company.

## 14. In respect of dealing in Security/ Investment:

The Company is not dealing in or trading in shares,

securities, debentures and other investments. Therefore the provisions of clause 4 (xiv) of the Order is not applicable to the Company.

## 15. In respect of Guarantees given:

As informed to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

## 16. In respect of New Term Loans:

During the period under report the Company has not raised any Term Loans.

## 17. In respect of Utilization of Funds:

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 used for long-term investment. No long-term funds have been used to finance short-term assets.

## 18. In respect of Preferential Allotment of Shares:

According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraph 4(xviii) of the Order is not applicable.

## 19. In respect of Creation of Securities:

According to the information and explanations given to us, during the period covered by audit report the Company has not issued any debentures. Accordingly paragraph 4(xix) of the Order is not applicable.

## 20. In respect of Issue of Shares:

According to the information and explanations given to us, during the period covered by audit report the Company has not raised any money by public issue. Accordingly paragraph 4(xx) of the Order is not applicable.

## 21. In respect of Fraud:

According to the information and explanations given to us, during the period covered by audit no fraud on or by the company has been noticed or reported during the course of audit.

For N.N. JAMBUSARIA & CO,  
*Chartered Accountants,*

Place: Mumbai

(Nimesh N. Jambusaria)  
Partner

Dated: 31<sup>st</sup> August 2009

M. No. 38979

# KESAR TERMINALS & INFRASTRUCTURE LIMITED

## BALANCE SHEET as at 31st MARCH, 2009

	Sch. No.	As on 31st March 2009 Amount Rs.
<b>Sources of Funds:</b>		
1. Shareholders' Funds:		
(a) Share Capital	1	5,000,000
(b) Reserves and Surplus		
2. Loan Funds:		
(a) Secured Loans		-
(b) Unsecured Loans	2	85,000
Total		<u>5,085,000</u>
<b>Application of Funds:</b>		
1. Fixed Assets:		-
2. Investments		-
3. Current Assets, Loans and Advances:		
(a) Cash and Bank Balances	3	30,848
(b) Loans and Advances	4	4,500,000
		<u>4,530,848</u>
Less: Current Liabilities and Provisions:		
(a) Current Liabilities		-
(b) Provisions		-
		<u>-</u>
Net Current Assets		4,530,848
4. Miscellaneous Expenditure to the extent not written off:		
Preliminary expenditure		554,152
Total		<u>5,085,000</u>

Notes forming part of the Accounts 5

As per our Report attached.

For and on behalf of  
N. N. Jambusaria & Company  
Chartered Accountants

N. N. Jambusaria  
Partner  
Mumbai,  
August 31, 2009

For and on behalf of the  
Board of Directors  
H. R. KILACHAND

Director  
A. S. RUIA  
Director  
Mumbai,  
August 31, 2009

## PROFIT AND LOSS ACCOUNT for the period 21st JANUARY 2008 to 31st MARCH, 2009

	Sch. No.	For the Period 21-1-2008 to 31-3-2009 Amount Rs.
<b>1. Income:</b>		
Sales and Services		-
Other Income		-
Total		<u>-</u>
<b>2. Expenditure:</b>		
Manufacturing and Other Expenses		-
Interest and Finance Charges-		-
Total		<u>-</u>
<b>3. Profit / (Loss) Before Tax</b>		-
<b>4. Provision for Taxation</b>		-
<b>5. Profit / (Loss) After Tax</b>		-
Prior period adjustments		-
<b>6. Profit after Prior period adjustment</b>		-
Add/(Less): Balance brought forward from previous year		-
<b>(i) Balance Carried Forward to Balance Sheet</b>		-
Total		<u>-</u>

Notes forming part of the Accounts 5

As per our Report attached.

For and on behalf of  
N. N. Jambusaria & Company  
Chartered Accountants

N. N. Jambusaria  
Partner  
Mumbai,  
August 31, 2009

For and on behalf of the  
Board of Directors  
H. R. KILACHAND

Director  
A. S. RUIA  
Director  
Mumbai,  
August 31, 2009



# KESAR TERMINALS & INFRASTRUCTURE LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET

	As on 31st March 2009 Amount Rs.
<b>SCHEDULE : 1</b>	
<b>SHARE CAPITAL</b>	
Authorised :	
60,00,000 Equity Shares of Rs. 10/- each	60,000,000
Total	<u>60,000,000</u>
Issued, Subscribed and Paid up :	
5,00,000 Equity Shares of Rs. 10/- each fully paid up	5,000,000
Total	<u>5,000,000</u>

## SCHEDULE: 2 UNSECURED LOANS

Short Term Loans, Advances & Deposits from others	85,000
	-
Total	<u>85,000</u>

## SCHEDULE: 3 CASH AND BANK BALANCES

Cash on Hand	5,444
Bank Balances with Scheduled Banks: In Current Accounts	25,404
Total	<u>30,848</u>

## SCHEDULE: 4 LOANS AND ADVANCES

(Unsecured, Considered Good unless otherwise stated) Deposit with Government & Others	4,500,000
Total	<u>4,500,000</u>

## SCHEDULE: 5

### NOTES FORMING PART OF THE ACCOUNTS

#### 1. Significant Accounting Policies

##### A. Accounting Concepts

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on an accrual basis.

The Accounts are prepared on a historical cost basis and as a going concern. Accounting policies not referred to otherwise are consistent with the generally accepted accounting principles.

##### B. 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.

#### C. Miscellaneous Expenditure

- a. Expenses on new projects on hand are carried forward for capitalisation upon completion of the projects.
- b. Expenses incurred for incorporation of the company are carried forward as Preliminary Expenses.
2. This being the first accounting year of the company, the accounts are prepared for the period from 21<sup>st</sup> January 2008 (Date of Incorporation) to 31-3-2009.
3. The Scheme of Arrangement for Demerger of Storage Undertaking known as Distillers' Trading Corporation (DTC) Division Between Kesar Enterprises Limited - Transferor Company and Kesar Terminals and Infrastructure Limited- Resulting Company with effect from the "Appointed Date" of 1st January, 2009 is awaiting the Company's members' approval under section 391 to 394 of the Companies Act, 1956 and subsequently the approval of the Hon'ble High Court of Bombay & thus the Arrangement though effective from the "Appointed Date" i.e. 1st January, 2009 shall be operative from "Effective Date", i.e. last of the dates on which the sanctions / approvals or order as specified in the Scheme of Arrangement for Demerger are obtained and / or filed. Once the approval of the High Court is received & other legal formalities are completed, the Arrangement will be effective & all the assets, liabilities and reserves of the Storage Undertaking of Kesar Enterprises Limited (KEL) as a going concern to Kesar Terminals & Infrastructure Limited (KTIL). Pending approvals & sanction of the Scheme from the Hon'ble High Court of Bombay, the Company's accounts have been prepared independently without giving effect of the Demerger of the Storage Undertaking. The effect of the above Arrangement will be given in the Annual Accounts of the Company, in the financial year in which all the sanctions / approvals or orders as specified in the Scheme of Arrangement for Demerger are obtained and / or filed.

#### 4. Managerial Remuneration

Managerial Remuneration is Rs. NIL:

#### 5. Related party disclosures under Accounting Standard - 18

Names of related parties and nature of related party relationships:

- a. Holding Companies : Kesar Enterprises Limited  
(wef 21<sup>st</sup> January 2008)
- b. Associates : N.A.
- c. Key Management Personnel and relatives of such personnel:
 

Mr. H R Kilachand	Director
Mrs. M.H. Kilachand	Director

# KESAR TERMINALS & INFRASTRUCTURE LIMITED

Relatives of Key Management Personnel

Mr. Rohan H. Kilachand Son

Ms. Rohita H. Kilachand Daughter

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

Kesar Corporation Pvt. Ltd.

Kilachand Devchand & Co. Pvt. Ltd.

Indian Commercial Co. Pvt. Ltd.

India Carat Pvt. Ltd.

Kilachand Devchand Commercial Pvt. Ltd.

Duracell Investments & Finance Pvt. Ltd.

Seel Investments Pvt. Ltd.

Skyline Chem-Trade Pvt. Ltd.

Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 31st March 2009:

(Rs. in Lacs)

Nature of Transaction	Holding Companies	Associates	Key Managerial Personnel And Relatives	Enterprises over which influence exists
Security Deposit Paid	-	-	-	45.00
Unsecured Loan Received	0.85	-	-	-
<b>Balance Outstanding as on 31st March, 2009.</b>				
Unsecured Loans	0.85	-	-	-
Security Deposits	-	-	-	45.00

For and on behalf of  
N. N. Jambusaria & Company  
Chartered Accountants

N. N. Jambusaria  
Partner  
Mumbai,  
August 31, 2009

For and on behalf of the  
Board of Directors  
H. R. KILACHAND

Director  
A. S. RUIA  
Director  
Mumbai,  
August 31, 2009

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH,2009

Rs.

<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>	-
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	-
<b>Adjustments for :</b>	-
Depreciation	-
Interest and Finance Charges	-
Provision for expenses no longer required	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	-
<b>Adjustments for :</b>	-
Inventories	-
Trade and Other Receivables	-
Other Current Assets	-
Loans & Advances	(4,500,000)
Trade Payables	-
Other Current Liabilities	-
<b>CASH (USED IN) / GENERATED FROM OPERATIONS</b>	<b>(45,00,000)</b>
Taxes (Paid)/ Refunds	-
Prior Period Adjustments	-
<b>NET CASH (USED IN) / FROM OPERATING ACTIVITIES</b>	<b>(45,00,000)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>	-
Purchase of Fixed Assets / Capital Work-in-Progress	-
Preliminary Expenses	(554,152)
<b>NET CASH (USED IN) / FROM INVESTING ACTIVITIES</b>	<b>(554,152)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>	-
Issue of Equity Shares	5,000,000
Increase in Short Term Borrowings	85,000
Interest Paid	-
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	<b>5,085,000</b>
<b>NET INCREASE /( DECREASE) IN CASH AND CASH EQUIVALENTS ( A + B + C )</b>	<b>30,848</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	-
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>30,848</b>

**Note : Figures in brackets are outflows.**

For and on behalf of  
N. N. Jambusaria & Company  
Chartered Accountants

N. N. Jambusaria  
Partner  
Mumbai,  
August 31, 2009

For and on behalf of the  
Board of Directors  
H. R. KILACHAND  
Director

A. S. RUIA  
Director  
Mumbai,  
August 31, 2009



# KESAR TERMINALS & INFRASTRUCTURE LIMITED

## 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. : U45203MH2008PLC178061

STATE CODE: 11

BALANCE SHEET DATE : 31 03 2009

DATE MONTH YEAR

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

PUBLIC ISSUE

Nil

RIGHTS ISSUE

Nil

BONUS ISSUE

Nil

PRIVATE PLACEMENT

5000000

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

#### SOURCES OF FUNDS

TOTAL LIABILITIES

5085000

PAID-UP CAPITAL

5000000

SECURED LOANS

Nil

#### APPLICATION OF FUNDS

NET FIXED ASSETS

Nil

ACCUMULATED LOSSES

Nil

TOTAL ASSETS

5085000

RESERVES AND SURPLUS

Nil

DEFERRED TAX LIABILITY

Nil

UNSECURED LOANS

85000

INVESTMENTS

Nil

NET CURRENT ASSETS

4530848

MISCELLANEOUS EXPENDITURE

554152

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

TOTAL INCOME

Nil

PROFIT/(LOSS) BEFORE TAX

Nil

EARNING PER SHARE (IN RS.)

Nil

TOTAL EXPENDITURE

Nil

PROFIT/(LOSS) AFTER TAX

Nil

Dividend Rate %

Nil

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

ITEM CODE NO. (ITC CODE) NOT AVAILABLE

PRODUCT DESCRIPTION STORAGE & HANDLING SERVICES OF LIQUID CHEMICALS



# KESAR ENTERPRISES LTD.

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



# KESAR ENTERPRISES LTD.

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 75th Annual General Meeting of the Company, to be held on Tuesday, 22nd December, 2009 at 1:30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001.

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

Name and Address of the Member:

## PROXY FORM

I/We ..... in the district of .....

of ..... in the district of .....

hereby appoint ..... being a Member/Members of Kesar Enterprises Ltd. ....

of ..... in the district of .....

of ..... or failing him/her .....

of ..... or failing him/her .....

of ..... as my/our your proxy to vote for me/us and on my/our behalf at the 75th Annual General Meeting of the Company, to be held on Tuesday, 22nd December, 2009 at 1:30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001.

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

Affix 15 paise Revenue Stamp
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(Signature)

Signed this ..... day of December, 2009.

\* 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.

\* Applicable for investors holding shares in electronic form.

Signature of Member or Proxy or Representative

BOOK -POST



*If undelivered please return to:*

**KESAR ENTERPRISES LTD.**

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