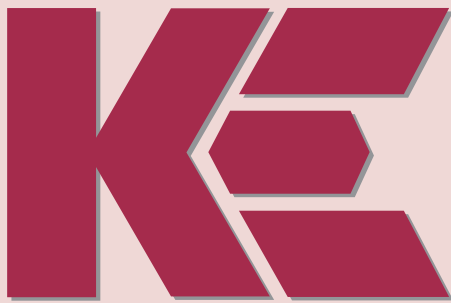


KESAR ENTERPRISES LTD.



78th Annual Report 2011-12

KESAR ENTERPRISES LTD.

CONTENTS

Company Information	1
Notice.....	2
Directors' Report	5
Management Discussion and Analysis Report	12
Corporate Governance Report	15
Report of the Auditors to the Members	25
Balance Sheet.....	30
Profit & Loss Account	31
Notes to Financial Statements	32
Cash Flow Statement.....	59
Statement of figures from Season 1986-87 to 2011-12	61
Statement showing production and yield in Distillery.....	61
Financial Statistics	62
"Go Green" Intimation to Shareholders.....	63
Request for Go Green from Shareholders.....	64

KESAR ENTERPRISES LTD.

(Incorporated under the Indian Companies Act VII of 1913)

COMPANY INFORMATION

BOARD OF DIRECTORS	:	H R KILACHAND (Chairman & Managing Director) A S RUIA K KANNAN K D SHETH SMT. M H KILACHAND AJEET PRASAD N J VAKIL (upto 14.2.2012) PRAKASH NARAIN DUBEY (w.e.f. 18.4.2012) I S PHUKELA (Nominee Director - GIC) (upto 13.8.2012) S SETHURAMAN (Nominee Director-GIC) (w.e.f. 13.8.2012)
SR. VICE PRESIDENT (LEGAL) & COMPANY SECRETARY	:	D J SHAH
BANKERS	:	Allahabad Bank Uttar Pradesh Co-operative Bank Limited UCO Bank YES Bank Ltd.
AUDITORS	:	M/s. Haribhakti & Co. Chartered Accountants
SUGAR FACTORY, POWER PLANT AND SPIRITS	:	Baheri, Dist. Bareilly, U.P.
REGISTERED OFFICE	:	Oriental House 7, Jamshedji Tata Road Churchgate Mumbai - 400 020
REGISTRAR & TRANSFER AGENTS	:	SHAREX DYNAMIC (INDIA) PVT. LTD. Unit No.1, Luthra Indl. Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072
AUDIT COMMITTEE MEMBERS	:	K D SHETH (Chairman of the Committee) A S RUIA K KANNAN AJEET PRASAD

Annual Report 2011-2012

NOTICE

NOTICE is hereby given that the **78th** Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Friday, 21st December, 2012** at **3:30 p.m.** at **The Indian Merchant Chambers, Walchand Hirachand Hall, Churchgate, Mumbai 400020** to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2012 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K Kannan, who retires by rotation but being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri A S Ruia, who retires by rotation but being eligible, offers himself for reappointment.
4. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri Prakash Narain Dubey who was appointed as an Additional Director of the Company on 18.4.2012 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Members of the Company in terms of Section 260 of the Companies Act, 1956 read with Article 161 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing the candidature of Shri Prakash Narain Dubey for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modifications, the following resolutions as a **Special Resolution:**

"RESOLVED THAT pursuant to Section 314 read with the Director's Relatives (Office or Place of Profit) Amendment Rules, 2011 and any other applicable provisions, if any, of the Companies Act, 1956, consent of the Members of the Company, be and is hereby accorded to increase the remuneration of Shri Rohan H Kilachand, a relative (son) of Shri H R Kilachand, Chairman and Managing Director and Smt. M H Kilachand, Director of the Company, from ₹50,000/- per month [₹6,00,000/- per annum] all inclusive to ₹1,50,000/- per month [₹18,00,000/- per annum] all inclusive to be bifurcated in various heads of payment as per the policy of the Company, with effect from 1.7.2012."

"RESOLVED FURTHER THAT the above remuneration be reviewed subsequently, subject to the maximum prescribed limit of ₹2,50,000/- per month [₹30,00,000/- per annum] under the Director's Relatives (Office or Place of Profit) Amendment Rules, 2011, as may be recommended by the Remuneration Committee and approved by the Board of Directors of the Company."

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

Registered Office:

Oriental House,
7, Jamshedji Tata Road,
Churchgate,
Mumbai – 400 020
9th November, 2012

By Order of the Board of Directors

D J SHAH
Sr. 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/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

- b) The Register of Members and Share Transfer Books of the Company shall remain closed on Monday, 26.11.2012 and Tuesday, 27.11.2012 for the purpose of Annual General Meeting. The Shareholders are requested to inform of change in address, if any, at the earliest.
- c) The Unclaimed Interim Dividend upto the financial year 2004-05 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 M/s. Sharex Dynamic (India) Pvt. Ltd., the Registrar and Share Transfer Agents at their office at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072 or with the Company.
- e) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
- f) All documents referred in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Sundays between 11:00 a.m. and 1:00 p.m. up to the date of the ensuing Meeting.
- g) Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- h) Members / Proxies should fill the Attendance Slip for attending the Meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the Meeting.
- i) The members of the Company are requested to provide their email address for serving by electronic mode the notice/documents as a part of the Green Initiative in Corporate Governance introduced by the Ministry of Corporate Affairs vide Circular No.17/2011 & 18/2011 dated 21.4.2011 and 29.4.2011 respectively. The said information / request can be sent by members to M/s. Sharex Dynamic (India) Pvt. Ltd. the Registrar and Share Transfer Agents email id at sharexindia@vsnl.com or at the Company's email id at djs@kesarindia.com.
- j) As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Shri K Kannan and Shri A S Ruia, 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. 5: Appointment of Shri Prakash Narain Dubey as Director

The Company has received a notice in writing from a Member along with the requisite deposit proposing the candidature of Shri Prakash Narain Dubey for the office of Director of the Company under Section 257 of the Act.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 161 of the Articles of Association of the Company, Shri Prakash Narain Dubey was appointed by the Board of Directors as an Additional Director of the Company on 18.4.2012. Shri Dubey holds office up to the date of this Annual General Meeting of the Members of the Company.

Shri Prakash Narain Dubey joined the Indian Revenue Service in 1971 and served in various capacities in the Income Tax Department for 36 years. He retired in August 2006 as the Chief Commissioner, Income Tax, Mumbai. Shri Dubey is an expert photographer and was conferred the National Press India Award for Photography in 1992 and the Padmashree in 2009, by the President of India at Rashtrapati Bhawan. Along the way, he has authored five Coffee Table Books. In fact, he is the only author from India to have the privilege of a Book Release at the House of Lords, Westminster, London. Currently, Shri Dubey is a Member of the Wildlife Board of Government of Gujarat as well as a Member of the National Committee for the conservation of the Asiatic Lion.

Shri Prakash Narain Dubey has given declaration as required under Section 274(1)(g) of the Act, confirming his eligibility for such appointment. He will be liable to retire by rotation. Shri Dubey has purchased 250 Equity Shares of the Company as Qualification Shares.

Annual Report 2011-2012

Your Directors, therefore, recommend the resolution proposed at Item No.5 of the Notice for your approval.

None of the Directors of the Company except Shri Prakash Narain Dubey is concerned or interested in the proposed resolution.

Item No.6: Increase in the remuneration of Shri Rohan H Kilachand:

At the Annual General Meeting of the Members of the Company held on 23.12.2010, pursuant to the provisions of Section 314 of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003, the Shareholders had approved appointment of Shri Rohan H Kilachand as Executive (Projects) with effect from 1.10.2010 on a consolidated remuneration of ₹50,000/- per month [₹6,00,000/- per annum], the maximum prescribed limits under the said Rules. The Shareholders had also authorised the Board of Directors of the Company to review & fix the salary of Shri Rohan H Kilachand in a Special Grade in the scale of 38,000-2500-50500 with a starting Basic Salary of ₹38,000/- per month plus the annual increment and other allowances aggregating to ₹10,70,520/- per annum as applicable to other employees in that grade as may be recommended by the Remuneration Committee.

Subsequently, under the Director's Relatives (Office or Place of Profit) Amendment Rules, 2011, the Central Government increased the maximum prescribed limit to ₹2,50,000/- per month [₹30,00,000/- per annum], which was made applicable from 6.4.2011.

Considering that Shri Rohan H Kilachand had completed 22 months of service with the Company as on 31.7.2012 and also that he was actively involved from the construction stage till successful trial run on 17.7.2012 of the 44mw Bagasse based Cogeneration Power Plant of the Company at Baheri, subject to your approval by a Special Resolution to be passed at this Annual General Meeting, as recommended by the Remuneration Committee, the Board of Directors had increased the remuneration of Shri Rohan H Kilachand from ₹50,000/- per month [₹6,00,000/- per annum] all inclusive to ₹1,50,000/- per month [₹18,00,000/- per annum] all inclusive to be bifurcated in various heads of payment as per the policy of the Company, with effect from 1.7.2012. Additionally, the Board of Directors had changed the designation of Shri Rohan H Kilachand from 'Executive (Projects)' to 'Vice President' with effect from 13.8.2012.

Since, Shri Rohan Kilachand is a relative (son) of Shri H R Kilachand, Chairman and Managing Director and Smt. M H Kilachand, Director of the Company, the increase in his remuneration would attract Section 314 of the Companies Act, 1956. Therefore, your approval is sought for passing a Special Resolution proposed at Item No.6 of the Notice. The Board recommends you to grant your consent for the same.

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

By Order of the Board of Directors

Registered Office:

Oriental House,
7, Jamshedji Tata Road,
Churchgate,
Mumbai – 400 020.
9th November, 2012

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

Directors' Report

To

The Shareholders,
Kesar Enterprises Ltd.

Dear Members,

Your Directors present to you the 78th Annual Report and audited Statement of Accounts for the year ended 30th June, 2012.

FINANCIAL RESULTS

	(₹ in Lac)	
	2011-12	2010-11
Profit before interest, depreciation, exceptional item & tax	1498.51	2623.71
Less: Interest and Finance Charges	1876.35	1997.88
Profit/ (Loss) before depreciation, exceptional item & tax	(377.84)	625.83
Less: Depreciation	558.29	583.10
Profit / (Loss) before exceptional item & tax	(936.13)	42.73
Less: Exceptional Item.....	1281.54	—
Profit / (Loss) before tax	(2217.67)	42.73
Add /(Less): Provision for Tax		
(i) Income Tax - Deferred Tax Assets	403.68	320.99
(ii) Current Tax (consists of wealth tax & MAT adjustment)	(184.51)	(1.98)
Profit / (Loss) after tax	(1998.50)	361.74

For the year 2011-12, after considering Deferred Tax Assets, there is a loss of ₹ 1,998.50 lac, which includes a one time Exceptional Item relating to the payment of differential cane price of ₹ 1,281.54 lac for the Sugar Season 2007-08 as per the Hon'ble Supreme Court Order dated 17.1.2012. This is applicable to all sugar mills in U. P. only. This is as against profit after tax of ₹ 361.74 lac in the previous year.

In view of the above, your Directors have not recommended any dividend on Cumulative Redeemable Preference Shares and Equity Shares for the year 2011-12.

WORKING OF THE DIVISIONS

Sugar Division

The crushing for the season 2011-12 started on 22.11.2011 i.e. 10 days earlier as compared to 2.12.2010 in the previous season and ended on 15.4.2012 as against 30.3.2011, 15 days later than the previous season. During the season, the plant crushed 93.18 lac quintals of sugarcane as against 73.80 lac quintals in the previous season. The crushing was higher by 19.39 lac quintals during this season. The sugar recovery overall was slightly lower at 9.48% as against 9.68% in the previous season. The production of sugar was higher at 8.88 lac quintals due to higher availability of sugarcane, as against 7.18 lac quintals in the previous season.

The Levy sugar price for the season 2011-12 was announced by the Central Government on 3.3.2012, increasing it from ₹ 1,900.88 to ₹1,959.41 per quintal. The levy ratio is 10 %.

On 14.3.2011, the Central Government had hiked the 'Fair and Remunerative Price' (FRP) of sugarcane from ₹ 139.12 per quintal to ₹ 145.00 per quintal at a base recovery of 9.5% for the season 2011-12.

For the season 2011-12, the U. P. Government had announced a hike of ₹ 35.00 a quintal in the State Advised Price (SAP) of sugarcane fixing SAP at ₹ 240.00 a quintal as against ₹ 205.00 a quintal in the previous year. During the season, Molasses produced was 4.36 lac quintals as against 3.56 lac quintals. Bagasse produced was 31.43 lac quintals as against 22.79 lac quintals in the previous season due to higher crushing. The Company had stored the

Annual Report 2011-2012

entire surplus bagasse for its use in Cogeneration Power Plant, whereas in the previous season, the Company had sold 7.75 lac quintals of bagasse. The Company has implemented 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. Over and above that, there is lower power and steam consumption, resulting in reduced load on the boilers and turbines.

Spirits Division

During the year under review, the production of Rectified Spirit (RS) was 112.23 lac bulk litres as against 131.42 lac bulk litres in the previous year. The production of Extra Neutral Alcohol (ENA) was 52.44 lac bulk litres as against 39.42 lac bulk litres in the previous year. The quantity of Country Liquor supplied was 11.25 lac cases as against 8.82 lac cases in the previous year. The sale of IMFL was 1.98 lac cases as against 3.58 lac cases in the previous year. The Company has contract bottling arrangements with reputed parties, which ensures a higher capacity utilisation and reduction in operating overheads. The Company also has tie-up arrangements to get its own brands manufactured in other States.

Agrotech Division:

Crops

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

Seed Division

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

SUBSEQUENT FINANCIAL YEAR 2012-13

Sugar Division

For the season 2012 -13, the Sugar Factory is expected to start by last week of November, 2012. The sugar season is expected to be better than the previous season. The Levy sugar price for the season 2012-13 is yet to be announced by the Central Government.

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

For the season 2012-13, the U. P. Government has not yet announced the State Advised Price (SAP) of sugarcane.

Spirits Division

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

Seed Division

The Company plans to expand operations in the eastern part of the country by entering Odisha and West Bengal, which hold enormous business potential for paddy and other kharif crops. In the north, operations are being reinforced with the induction of additional marketing force in Punjab and Jammu that will become operational for ensuing kharif season.

EXPANSION / MODERNISATION

Cogeneration Power Plant

With stupendous efforts of the employees of the Company and full co-operation of manufacturers of various equipments & contractors, the 44 mw Bagasse based Cogeneration Power Plant at Baheri, U.P. was completed in July 2012 in a record time of about 18 months. The trial run of the Plant was made on 17.7.2012. It is the most efficient and largest capacity single plant in the sugar Cogeneration Sector in U.P. and perhaps in the country, having the state-of-the-art Process Control systems with performance monitoring software. The Plant started commercial operations in October, 2012. The Company will substantially export power to the grid and will benefit from the well established government policies related to renewable energy and also get benefit of carbon trading rights / renewable energy certificate. The Sugar Development Fund, Allahabad Bank, UCO Bank and Yes Bank Ltd. have financed the said Power Project.

Spirits Division

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

Seed Division

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

JOINT PROJECT IN MADHYA PRADESH

A Consortium of Kesar Terminals & Infrastructure Limited (KTIL), the Lead Member, and the Company had received a Letter of Award [LOA] from The Madhya Pradesh State Agricultural Marketing Board (the Mandi Board) confirming the Consortium as a successful bidder for setting up of a "Composite Logistics Hub" at Pawarkheda, District Hoshangabad, Madhya Pradesh on a Design, Build, Finance, Operate and Transfer (DBFOT) basis through Public Private Participation (PPP). The project includes development of an entire range of logistics infrastructure including rail sidings for cargo and container movement, rail side warehouses, Inland Container Depot (ICD), Cold Storage, food grains warehouse, development of common facilities, marketing of the same to potential customers along with operation and maintenance thereof. The estimated Project cost is ₹ 150 crore. The said Project is being executed through a Special Purpose Vehicle named "Kesar Multimodal Logistics Limited" (KMLL) incorporated by KTIL & the Company in which the Company has invested ₹ 2,50,000/- towards its equity share capital. KMLL has executed a Concession Agreement with the Mandi Board on 24.10.2011 in the matter. The Project is in progress as per schedule.

REDEMPTION OF PREFERENCE SHARES

In 2004, the Company had allotted 20,00,000 - 1% Cumulative Redeemable Preference Shares (CRPS) of Rs.10/- each fully paid-up aggregating to ₹ 2,00,00,000 to Industrial Development Bank of India (IDBI), as per the Consent Terms dated 17.10.2003 signed under the Negotiated Settlement. The said CRPS are to be redeemed in three annual installments respectively on 10.8.2011, 10.8.2012 and 10.8.2013. Accordingly, the Company had paid the 1st instalment of ₹ 67,00,000/- on 10.8.2011 and the 2nd instalment of ₹ 67,00,000/- on 10.8.2012. The balance amount of ₹ 66,00,000/- will be payable on 10.8.2013.

RAISING FUNDS THROUGH RIGHTS ISSUE

The Board has approved raising funds up to an amount not exceeding Rs.15 crore inclusive of premium, if any, by issue of further equity share capital on Rights basis to the existing shareholders, subject to the approval of SEBI & Stock Exchanges (BSE & NSE) on the terms and conditions like offer ratio, quantum of shares, offer price etc. as may

Annual Report 2011-2012

be determined in consultation with the Lead Manager / Advisor to the Rights Issue and such other authorities and agencies as may be required to be consulted by the Company. The Shareholders have already passed a Special Resolution under section 81(1A) of the Companies Act through Postal Ballot process on 3.10.2012 to raise the funds through issue of securities upto an amount not exceeding ₹ 50 Crore. To decide various matters concerning the Rights Issue at the earliest and also for administrative convenience, the Board has constituted a Rights Issue Committee comprising of 4 Directors viz. Shri H R Kilachand, Chairman & Managing Director, Shri A S Ruia, Shri K Kannan and Shri Ajeet Prasad.

DIRECTORS

Shri K Kannan and Shri A S Ruia, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The brief profile, pursuant to Clause 49 of the Listing Agreement of the Directors retiring by rotation at the ensuing Annual General Meeting and being eligible, for reappointment, forms part of the Corporate Governance Report.

Shri N J Vakil resigned as Director of the Company from 14.2.2012. Shri Prakash Dubey was appointed as Additional Director from 18.4.2012. Shri S Sethuraman, General Manager, The New India Assurance Co. Ltd., Mumbai was appointed as Nominee Director of the Company in place of Shri I S Phukela as requested by The General Insurers' (Public Sector) Association of India (GIPSA), New Delhi from 13.8.2012.

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, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss for that year;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the financial year ended on 30th June, 2012 on a going concern basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

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

INSURANCE

The Company has taken adequate insurance for all its properties.

FIXED DEPOSITS

Out of the total Fixed Deposits amount of ₹ 395 lac, the Fixed Deposit of ₹ 1.82 lac due for repayment on or before 30th June, 2012 were not claimed by 4 depositors as on that date.

AUDITORS' REPORT

With respect to paras (x) & (xvii) of the annexure to Auditors' Report, the Directors would like to clarify as under:

(a) Para (x): that the current year's cash loss is mainly due to an Exceptional item of a one time payment for differential sugarcane price for the season 2007-08 as per the Supreme Court Order dated 17.1.2012. However, the

Cogeneration Power Plant has started supplying power to the grid from October, 2012, which will result into high earnings during the current year;

(b) Para (xviii): that necessary steps will be taken to raise long term funds partially inter-alia through Rights Issue.

AUDITORS

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

INSIDER TRADING

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

INTERNAL CONTROL SYSTEM & INTERNAL AUDITORS

The Company has an adequate Internal Control System. All transactions are properly authorized, recorded and reported to the Management. The Company has Independent Auditors M/s. Ashok Jayesh & Co., Chartered Accountants to review critical areas of operations. The Audit Reports are reviewed periodically by the management and the Audit Committee of the Board and appropriate measures are taken to improve the process.

CORPORATE SOCIAL RESPONSIBILITY

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

EMPLOYEES

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

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and cooperation extended by the Banks & Financial Institutions during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the employees of the Company for its success.

By Order of the Board of Directors

H. R. KILACHAND
Chairman & Managing Director

9th November, 2012

Annual Report 2011-2012

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

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

CONSERVATION OF ENERGY:

- We have installed several Variable Frequency Drive (VFD) at various locations in the Plant resulting in direct power saving.
- After reviewing the benefits of Mono Magnetic System installed in the previous year, we have added few more such systems in our process.

		2011-12	2010-11
A. POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
a Purchased			
Unit	Kwh	1462098	1472074
Total Amount	₹	9395480	9150591
Rate/Unit	₹	6.43	6.22
b Own Generation			
i) THROUGH DIESEL GENERATOR			
Unit	Kwh	161874	174547
Units Per Ltr. Of Diesel Oil	Kwh	3.10	3.11
Rate / Unit	₹	14.12	12.65
ii) THROUGH STEAM TURBINE			
Unit	Kwh	23069561	20122744
Units Per M. T. of Steam	Kwh	52.90	54.38
Rate / Unit *		—	—
2. COAL			
Quantity	M.T.	4422.15	3511.01
Cost	₹	27133893	19818143
Average Rate	₹	6135.91	5644.58
3. OTHER FUEL BAGASSE (OWN)			
Quantity	M.T.	205440	149769
Cost #	₹	—	—
Average Rate #	₹	—	—
4. Rice Husk			
Quantity	M.T.	5720.50	7482.62
Cost	₹	21633915	22102480
Average Rate	₹	3781.82	2953.84
5. Cane Trash			
Quantity	M.T.	730	2783
Cost	₹	848501	2595237
Average Rate	₹	1162	932
6. H. S. DIESEL			
Quantity	Ltr.	52219	56161
Cost	₹	2285664	2207932
Average Rate	₹	43.77	39.31

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

Not applicable as this is a by-product.

B. Consumption per unit of production		2011-12	2010-11
Product (Sugar)			
Electricity	Kwh/M.T	215.67	222.57
Bagasse/ Rice Husk / Cane Trash	M.T/M.T	2.34	2.14
Diesel Oil	Ltr./M.T	0.35	0.15
Product (Industrial Alcohol)			
Electricity	Kwh/000'Ltrs	95.79	118.43
Coal	Qtls./000'Ltrs	1.38	1.08
Bagasse (Pith)	M.T./000'Ltrs	—	—
Rice Husk	M.T./000'Ltrs	0.18	0.22
Diesel Oil	Ltr./000'Ltrs	0.66	1.40

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 Hybrid Seeds under plant breeding studies.
3. Production of N2 fixation & Phosphorus solubilising bacteria & Trichoderma as Bio fertilizer on trial basis.
4. Production of Tricho-cards to control Sugar Cane borers.
5. Cogen & Distillery waste water concentration by using reverse Osmosis Technology.
6. Cane trash which is having higher calorific value (3200 k. cal/kg. approx), which is going waste was purchased and used as a fuel in the boiler thereby resulting in saving of bagasse.
7. Hot water re-circulation management system is being implemented.
8. Lotus roller installation at last mill gave the moisture and pol control in the outgoing bagasse.
9. Vegetable Seeds research and development is going on for hybridisation.

B. BENEFITS DERIVED

	2011-12	2010-11
	(₹ In lac)	(₹ In lac)
1. Results of other R & D activities are awaited.		
Expenditure on R & D		
a) Capital	0.00	0.00
b) Recurring	20.99	20.36

The information on Foreign Exchange Earnings and Outgo is furnished in the Notes to the Account. (Please refer to Note No.39 of Notes forming part of financial statements)

Annual Report 2011-2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SCENARIO IN INDIA

Sugar

India is the second largest producer of sugar in the world. The sugar industry is the largest agro-processing sector in India. It is dominated by the co-operative sector in terms of no of units. However, with private players going in for major expansions, the gap between the private and co-operative sector is expected to narrow down in the future in terms of installed capacity as well as production. The industry is highly regulated by the Central and State Governments by way of cane growing area, sugarcane pricing, monthly release mechanism, import-export policy, levy / free sugar policy etc. Sugar cane is cultivated in around 5 million hectares in India. The major sugarcane producers are Uttar Pradesh, Maharashtra, Tamilnadu and Karnataka. Uttar Pradesh alone contributes about 47% of the total acreage and has 38% share in the total domestic production. Sugar cane is the only source of sugar production in India unlike many other countries, which produce sugar from sugar beat.

Power

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

Spirits

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

Agrotech

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

Seed

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

COMPANY STRUCTURE & DEVELOPMENT

Sugar

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

Power

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

policies related to renewable energy and also perhaps get benefit of carbon trading rights or renewable energy certificate.

Spirits

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

The Company has an Effluent Treatment Plant to treat the distillery waste water, which is based on the state-of-the-art technology developed by Bacardi Corporation, USA. In the process, it generates methane rich gas (Bio-gas), which is burnt in the boilers generating steam and power. Also has secondary treatment of reverse osmosis and uses the pos bio-methanated spent wash to manufacture bio-compose. This bio-compose is then mixed with other nutrients to produce bio fertilizers.

Agrotech

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

Seed

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

OPPORTUNITIES & THREATS

Sugar

The Company expects a longer crushing period this season, which would provide an opportunity to the Company in producing a larger quantity of sugar and utilizing the excess bagasse for its cogeneration power plant and molasses for increasing the volumes of spirits or selling it in the open market. Increase in production of sugar would also open doors to export excess sugar as per the directions released by the government from time to time. Untimely change in government policy and upward pricing in terms of Fair Remunerative Price (FRP) and State Advised Price (SAP) can prove a threat to the Company.

Power

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

Spirits

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

Agrotech and Seed

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

OUTLOOK

Sugar

The sugar industry will be a major player in producing cost effective energy and fuel from its by-products bagasse

Annual Report 2011-2012

and molasses. Bagasse can be processed for co-generation of power. Also, ethanol produced from molasses can be used as motor fuel by blending it with petrol.

Power

The long season should see higher utilization of the cogeneration plant and therefore the exportable power will give rise to more revenues.

Spirits

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

Agrotech

The Company has a tissue culture laboratory for rapid multiplication of different varieties of sugarcane.

Seed

Flowers like rose, gerbera, gladiolus, sunflower and food grains like rice, wheat are also cultivated and new hybrid varieties of its products have been introduced.

RISKS AND CONCERNS

Sugar, Agrotech and Seed Divisions being agro based are vulnerable to various risks enumerated below:

Raw Material Risk:

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

Price Risk:

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

Regulatory Risk:

The policies of the Central and State Governments in terms of Fair Remunerative Price (FRP) and State Advised Price (SAP) for sugarcane, levy and free sale quota for sugar have an impact on the operations of the Company. This being a systemic risk it can only be mitigated upon decontrolling the industry. Increase in duties on liquor products have an impact on the margins of the Company.

INTERNAL CONTROL SYSTEM

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

SEGMENT-WISE FINANCIAL PERFORMANCE

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

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

CAUTIONARY STATEMENT

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

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 I S Phukela	: Nominee Director – GIC (upto 13.8.2012)
Shri Ajeet Prasad	: Non-Executive Independent Director
Shri N J Vakil	: Non-Executive Independent Director (upto 14.2.2012)
Shri Prakash Narain Dubey	: Non-Executive Independent Director (w.e.f. 18.4.2012)
Shri S Sethuraman	: Nominee Director – GIC (w.e.f. 13.8.2012)

Attendance of each Director at 9 Board Meetings held during 1.7.2011 to 30.6.2012, the last Annual General Meeting held on 17.11.2011 and Number of other Directorship and Chairmanship / Membership of Committees of each Director in various companies are as follows:

Name of the Director	Attendance Particulars						No. of other Directorships and Committee Member/ Chairmanship in other Companies			
	Out of 9 Board Meetings	Out of 5 Audit Committee Meetings	Out of 2 Asset Committee Meetings	Remuneration Committee Meeting	Out of 5 Share Transfer Committee Meetings	Sitting Fees paid (Rs.)	Last AGM	Directorships*	Committee Member#	Chairmanships
Shri H R Kilachand	9	5 (\$)	2	-	5	-	Yes	2	2	-
Shri A S Ruia	9	5	2	-	5	252000	Yes	3	2	2
Shri K Kannan	6	3	2	-	-	132000	Yes	5	6	3
Shri K D Sheth	9	5	2	-	5	252000	Yes	-	-	-
Smt. M H Kilachand	8	N.A.	N.A.	-	N.A.	96000	Yes	2	--	-
Shri N J Vakil	4	N.A.	N.A.	-	N.A.	48000	Yes	-	-	-
Shri I S Phukela	6	N.A.	N.A.	-	N.A.	72000	No	-	-	-
Shri Ajeet Prasad	8	5	N.A.	-	N.A.	156000	Yes	-	-	-
Shri Prakash Dubey	-	N.A.	N.A.	-	N.A.	-	N.A.	-	-	-

The Non-Executive Directors were paid Sitting Fees of Rs.10,08,000/-, for attending the Board Meetings and the Committee Meetings held during 1.7.2011 to 30.6.2012, as stated above.

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

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

(\$) Attended by invitation.

Annual Report 2011-2012

Shareholding of Non-Executive Directors pursuant to Clause 49(IV) (E) sub clause (iv) of the Listing agreement is as below:-

Name of Non-Executive Directors	Shares held in the Company
Shri A S Ruia	1000
Shri K Kannan	250
Shri K D Sheth	1350
Smt. M H Kilachand	208372
Shri Ajeet Prasad	250
Shri Prakash Narain Dubey	250

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 73 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 40 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 & Member of Audit Committee & Remuneration Committee and Member of Shareholders' Grievance Committee]
 - (b) Patel Engineering Ltd. [Chairman & Member of Audit Committee and Chairman & Member of Shareholders' Grievance Committee and Member of Remuneration Committee]
 - (c) Pridhvi Asset Reconstruction & Securitisation Co. Ltd. (Member of Audit Committee)
 - (d) Kesar Terminals & Infrastructure Ltd. (Member of Audit Committee & Shareholders Grievance Committee and Chairman of Remuneration Committee)
 - (e) Kesar Multimodal Logistics Ltd.
 - (f) Patel Realty (India) Ltd.
2. Shri A. S. Ruia will be retiring by rotation at the ensuing Annual General Meeting. Shri A. S. Ruia is on the Board as an Independent Director since 25.3.1985. He is 69 years of age. He is an Industrialist having a vast experience in the Sugar and Distillery Industry. He holds 1,000 Equity Shares of the Company. He holds other Directorships in the following Companies:
 - (a) The Kolhapur Sugar Mills Ltd.
 - (b) Kesar Terminals & Infrastructure Ltd. (Chairman of Audit Committee & Shareholders / Investors Grievance Committee. Member of Remuneration Committee & Share Transfer Committee)
 - (c) Ruarco Investments Pvt. Ltd.
 - (d) Ruia & Ruia Pvt. Ltd.
 - (e) Kesar Multimodal Logistics Ltd.

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

In all 9 Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are 13.7.2011, 28.7.2011, 12.10.2011, 2.11.2011, 17.11.2011, 23.1.2012, 14.2.2012, 18.4.2012 and 15.5.2012. 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 the nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors.
- k. Other matters as set out in the Listing Agreement as and when required.

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

As per the Listing Agreement, the Audit Committee should meet atleast four times in a year. As against that 5 meetings were held i.e. on 28.7.2011, 12.10.2011, 2.11.2011, 14.2.2012 and 15.5.2012 to review the internal audit reports, the Annual Accounts as on 30.6.2011 and the quarterly unaudited financial results of the Company, which were attended by the Committee Members, the Internal Auditor and the Senior Executives of the Company.

The Company has a full-fledged Internal Audit Department headed by a 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 the Non-Executive Independent Directors of the Company namely, Shri A. S. Ruia, Chairman of the Committee, Shri K. Kannan and Shri K. D. Sheth, Members.

During the year under review, Shri H R Kilachand, Chairman & Managing Director was paid remuneration of ₹ 9.48 lac (Salary ₹ 6.91 lac, Contribution to Provident Fund and Superannuation Fund ₹ 1.17 lac, perquisites ₹ 1.40 lac), which was within the limits approved by the shareholders at the Annual General Meeting of the Company held on 23.12.2010.

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 purposes, 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 2012.

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.

During the year, two Asset Management Committee meetings were held on 28.7.2011 and 14.2.2012.

Annual Report 2011-2012

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 Members of the Committee. During the Financial Year ended 30.6.2012 and till the date of this report, the Company had received only one complaint, which was solved to the satisfaction of the Shareholder. No sitting fee is paid to the Directors for attending Shareholders / Investors Grievance Committee.

8. Compliance Officer:

The Board has designated Shri D J Shah, Sr. Vice President (Legal) & Company Secretary, as the Compliance Officer of the Company. Email Id : djs@kesarindia.com

9. General Body Meetings:

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

AGM / EGM	Financial Year ended	Date	Location	Time
AGM	30.6.2011	17.11.2011	M C Ghia Hall	3:30 pm
AGM	30.6.2010	23.12.2010	M C Ghia Hall	3:30 pm
Court Convened Meeting for Demerger	—	22.12.2009	M C Ghia Hall	3:30 pm
AGM	30.6.2009	22.12.2009	M C Ghia Hall	1:30 pm

10. The following Special Resolution was passed in the previous AGM:

Date of AGM	Particulars of Special Resolution
17.11.2011	Resolution under Section 81(1A) of the Companies Act, 1956 to issue securities upto an amount not exceeding ₹ 125 crore.

The Company has not passed any Shareholders' Resolution through Postal Ballot during the financial Year 2011-12.

11. Disclosures:

- 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.
- 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.
- The Company has laid down procedures to inform Board members about risk assessment and minimization. These procedures are periodically reviewed to ensure control of risk through a properly defined framework.

12. Means of communication:

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

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

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

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

13. General Shareholders information:

- a. Registered Office : Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai-400020.
- b. Plant Locations : Sugar Factory, Power Plant, Spirits & Bottling at Baheri, Dist. Bareilly, U. P.
- c. Annual General Meeting
- Date : 21.12.2012 (Friday)
- Time : 3:30 p.m.
- Venue : The Indian Merchant Chambers, Walchand Hirachand Hall, Churchgate, Mumbai 400020.
- d. Next Financial Year ending : 30th June, 2013
- e. Next Annual General Meeting : By 31st December 2013
- f. Financial Reporting for the year 2012-13
- For the 1st quarter ending 30th September, 2012 : By 14th November, 2012
- For the 2nd quarter ending 31st December, 2012 : By 14th February, 2013
- For the 3rd quarter ending 31st March, 2012 : By 15th May, 2013
- For the 4th quarter ending 30th June, 2012 : By 29th August, 2013
- g. Date of Book Closure : Monday, 26.11.2012 to Tuesday, 27.11.2012
- h. Listing on Stock Exchange : Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India Ltd., Mumbai (NSE). The Company has paid Annual Listing fees to BSE & NSE for the year 2012-13.
- i. Stock Exchange Code Number : BSE Scrip Code : 507180
NSE Symbol : KESARENT
- j. Demat ISIN numbers in NSDL & CDSL : INE133B01019

Address for correspondence by the Shareholders of the Company:

Registrar & Share Transfer Agents
M/s. Sharex Dynamic (India) Pvt. Ltd.
Unit No.1, Luthra Indl. Premises,
Andheri Kurla Road,
Safed Pool, Andheri (East),
Mumbai – 400 072
Tel.: 2851 5606/ 28515644
Fax: 2851 28 85
Email: sharexindia@vsnl.com

Kesar Enterprises Ltd.
Oriental House,
7, J. Tata Road,
Churchgate,
Mumbai- 400020
Tel: 22042396 / 22851737
Fax: 22876162 Website: www.kesarindia.com
Email: djs@kesarindia.com

Code of Conduct

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

Share Transfer System:

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

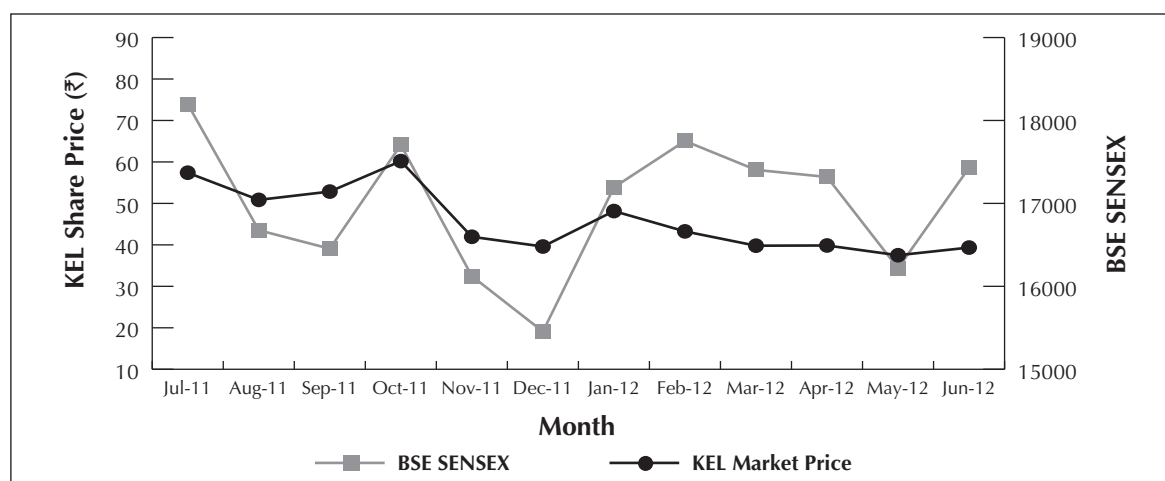
Annual Report 2011-2012

Stock Market Data:

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

Month	BSE		NSE	
	High	Low	High	Low
July 2011	58.80	46.10	58.70	45.20
August 2011	55.90	47.65	58.95	43.05
September 2011	54.45	47.75	55.00	46.25
October 2011	60.80	51.55	62.75	51.00
November 2011	64.50	38.20	63.00	38.65
December 2011	44.50	37.05	44.80	37.80
January 2012	51.75	39.25	52.00	37.25
February 2012	51.70	42.20	55.00	42.00
March 2012	46.50	38.65	46.20	38.80
April 2012	45.00	37.20	44.85	36.05
May 2012	41.50	35.60	44.00	35.20
June 2012	41.30	36.25	41.80	36.05

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



Distribution of shareholding as on 30th June, 2012:

Shareholding in Nominal Value of		Shareholders		Share Amount	
₹	₹	Holders	% of Holders	In ₹	% to Total
Upto -	5,000	4705	88.82	6099010	8.98
5,001 -	10,000	307	5.80	2434150	3.58
10,001 -	20,000	143	2.70	2077060	3.06
20,001 -	30,000	43	0.81	1077170	1.60
30,001 -	40,000	24	0.45	836130	1.23
40,001 -	50,000	13	0.25	605810	0.89
50,001 -	1,00,000	29	0.55	2308330	3.40
1,00,001 -	and above	33	0.62	52463960	77.26
Total		5297	100.00	67901620	100.00

Categories of Shareholders as on 30th June, 2012:

As on 30.06.2012 about 93.94 % of the total shareholding in the Company representing 63,78,522 shares have been converted into demat.

Sr. No.	Category	No. of Shares Held	No. of Shares in Demat Form	% of Shareholding
A.	PROMOTERS HOLDING			
1	Promoters: - Indian Promoters	2516517	2516517	37.061
	- Foreign Promoters	0	0	0
2	Persons acting in concert	1250384	1165823	18.415
	Sub Total:	3766901	3682340	55.476
B.	NON-PROMOTERS HOLDING			
1	INSTITUTIONAL			
a.	Mutual Funds & UTI	1200	0	0.018
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non Govt. Institutions)	698423	697728	10.286
c.	FIs	0	0	0
	Sub Total:	699623	697728	10.304
C.	OTHERS:			
a.	Private Corporate Bodies	393704	392014	5.798
b.	Indian Public	1824887	1501593	26.876
c.	NRI's/ OCB's	99190	98990	1.460
d.	Clearing Members	5857	5857	0.086
	Sub Total:	2323638	1998454	34.220
	GRAND TOTAL:	6790162	6378522	100.000

Guidance to Shareholders:

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

Annual Report 2011-2012

SEBI vide its circular dated 7.1.2010 has made it mandatory to furnish a copy of PAN in the following cases:-

1. Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
2. Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
3. Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
4. The Shareholder, whose signature has undergone any change over a period of time, is requested to lodge their new specimen signature duly attested by a bank manager.
5. Any Shareholder of the Company who has multiple folios in identical names are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
6. **Nomination:** Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the will etc. it would therefore be in the best interests of shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed of the nomination facility, are requested to avail the same by submitting the nomination form. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.
7. As required by SEBI, shareholders may furnish details of their bank account number and name and address of the bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.
8. Shareholders, holding shares in electronic format are requested to deal only with their depository participants in respect of any change of address, nomination facility and furnishing bank account number etc.
9. Shareholders may please note that the Company had not declared any dividend for the financial years 1998-1999 to 2003-2004. Shareholders, who have not encashed their dividend warrants in respect of the dividend declared for the financial years 2004-2005 onwards, are requested to contact the Company and surrender their warrants for revalidation for payment. Shareholders are therefore requested to verify their records and send claims, if any, for the relevant years. The details of declared dividends are as under:

Date of declaration	For the Year	Rate of Dividend	Due date of transfer to IEPF
26.10.2005	2004 -2005	Final @ 5%	24.12.2012
10.2.2006	2005-2006	Interim @ 15%	10.04.2013
26.10.2006	2005-2006	Final @ 10%	24.12.2013
31.10.2008	2007-2008	@ 5%	29.12.2015
22.12.2009	2008-2009	@ 30%	20.02.2017
23.12.2010	2009-2010	@ 10%	21.02.2018
17.11.2011	2010-2011	@ 10%	14.01.2019

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Kesar Enterprises Ltd.

We have examined the compliance of conditions of Corporate Governance by Kesar Enterprises Limited for the year ended June 30, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

For and on behalf of Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Sumant Sakhardande
Partner
Membership No.:34828

Place: Mumbai
Date: 9th November, 2012

DECLARATION

To the Members of
Kesar Enterprises Ltd.

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

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

For Kesar Enterprises Ltd.

H. R. KILACHAND
Chairman & Managing Director

Mumbai,
9th November, 2012

Annual Report 2011-2012

CERTIFICATION

The Board of Directors
Kesar Enterprises Ltd.

We, have reviewed financial statements and the cash flow statement of Kesar Enterprises Ltd. for the year ended 30th June, 2012 and that to the best of our knowledge and belief, we state that:

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

V J Doshi
Chief Financial Officer

H. R. Kilachand
Chairman & Managing Director

Mumbai,
9th November, 2012.

Auditors' Report

To
The Members of Kesar Enterprises Limited

1. We have audited the attached Balance Sheet of Kesar Enterprises Limited ('the Company') as at 30th June, 2012 and the Statement of Profit and Loss and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on 30th June, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2012;
 - b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
FRN No.103523W
Sumant Sakhardande
Partner
Membership No. 34828

Place: Mumbai
Date: 9th November, 2012

Annual Report 2011-2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kesar Enterprises Limited on the financial statements for the year ended June 30, 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) During the year, the Company has granted unsecured interest free advances in the nature of loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 8.05 lac and the year- end balance of loan granted to such party was nil.
- (b) In our opinion and according to the information and explanations given to us, terms and conditions of above said interest free loan are not, prima facie, prejudicial to the interest of the Company.
- (c) The above referred Company has repaid the principal amount as stipulated.
- (d) There is no overdue amount with regard to the said loan.
- (e) As informed, during the year the Company has taken interest free loans of ₹ 749 lac from two companies covered in the register maintained under section 301 of the Companies Act, 1956. Further, interest bearing deposit of ₹ 5 lac was also taken in earlier years from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum balance and year end balance in respect of such loans are ₹ 754 lac.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amount as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of five lac have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of Sugar and Alcohol manufacturing activities at Baheri, where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, service tax, sales-tax and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹ in Lac	Period to which the amount relates	Forum where dispute is pending
Central Sales tax Act, 1956	Central Sales tax-Distillery	100.75	1989-90, 2002-03 & 2003-04	High Court Allahabad
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	551.58	2000-01 To 2005-06	D.C. (A) – Bareilly
U.P.Tax on Entry of Goods in to Local Area Act, 2007	Entry Tax-Sugar	162.22	2008-09 To 2010-11	A.C. (A) – Bareilly
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Sugar	2.22	1989-90	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.Trade Tax-Spirit	54.50	1993-94 To 1997-98 & 1999-00	High Court Allahabad
U.P. Trade Tax Act, 1948	U.P.VAT-Seed	10.58	2007-08	A.C. (A) – Bareilly

Annual Report 2011-2012

Name of the statute	Nature of dues	Amount ₹ in Lac	Period to which the amount relates	Forum where dispute is pending
Central Excise Act , 1944	Reversal Of CENVAT Credit	25.20	2010-11 & 2011-12	A.E.C. (U.P.)
Central Excise Act, 1944	Excise Duty–Sugar (Interest & Penalty)	312.72	2006-07 To 2009-10	Custom Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act , 1944	Arrears of Overtime of Excise Personnel	15.72	2006-07 To 2008-09	High Court Allahabad
Central Excise Act, 1944	Excise Duty – Spirits	1.08	2005-06	Supreme Court
Central Excise Act, 1944	License Fee Payable	0.48	2007-08	A.E.C. (U.P.)
Central Excise Act, 1944	Excise Duty – Sugar	0.17	2010-11 & 2011-12	A.E.C. (U.P.)
Specific Relief Act, 1963	Compensation for loss caused due to non - supply of Rectified Spirit	18.27	2009-10	Civil Court, Panipat
Employees’ State Insurance Act, 1948	ESIC Liability	1.23	1995	Civil Court, Bareilly

- (x) In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth and it has incurred cash losses during the financial year covered by our audit. However, it has not incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor’s Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor’s Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds amounting to ₹ 3,928.43 lac raised on short-term basis have been used for long-term investment. According to the information and explanations given to us, the Company is, however, able to generate sufficient funds from long term sources either through its operations or other means to meet working capital requirements arising from the event of short term sources falling due for payments.

KESAR ENTERPRISES LTD.

- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any debentures outstanding during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Sumant Sakhardande
Partner
Membership No. 34828

Place: Mumbai
Date: 9th November, 2012

Annual Report 2011-2012

BALANCE SHEET as at 30th JUNE, 2012

	Note No.	As at 30th June, 2012	(₹ in Lac) As at 30th June, 2011
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	812.02	879.02
(b) Reserves and Surplus	3	23,733.70	2,518.52
2 Non Current Liabilities			
(a) Long Term Borrowings	4	13,753.40	3,605.06
(b) Deferred Tax Liabilities (Net)	5	0	24.84
(c) Other Long Term Liabilities	6	101.94	104.14
(d) Long Term Provisions	7	66.66	76.74
3 Current Liabilities			
(a) Short Term Borrowings	8	20,263.07	16,689.36
(b) Trade Payables	9	8,545.90	1,220.16
(c) Other Current Liabilities	10	4,997.93	2,725.26
(d) Short Term Provisions	11	265.00	314.31
Total		72,539.62	28,157.41
II ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	28,824.09	5,767.18
(ii) Intangible Assets		32.94	28.72
(iii) Capital Work - in - Progress		18,934.83	3,578.17
(b) Non Current Investments	13	54.95	52.70
(c) Deferred Tax Assets (Net)	14	378.84	0
(d) Long Term Loans and Advances	15	1,228.26	2,206.57
(e) Other Non Current Assets	16	114.48	97.95
2 Current Assets			
(a) Inventories	17	19,391.68	14,141.99
(b) Trade Receivables	18	1,512.43	1,477.94
(c) Cash and Bank Balances	19	240.94	200.35
(d) Short Term Loans and Advances	20	1,538.27	605.84
(e) Other Current Assets	21	287.91	0
Total		72,539.62	28,157.41
Significant Accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For Haribhakti & Co.
Chartered Accountants
FRN : 103523W

H R KILACHAND
Chairman & Managing Director

Sumant Sakhardande
Partner
Membership No. 34828

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

K D SHETH
Director

Place: Mumbai
Date: 9th November, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH JUNE, 2012

	Note No.	As on 30th June, 2012	(<i>₹ In Lac</i>) As on 30th June, 2011
I. REVENUE			
Revenue from Operations (Gross)	22	46,303.48	49,875.94
Less: Excise Duty		17,710.61	13,192.81
Revenue from Operations (Net)		<u>28,592.87</u>	<u>36,683.13</u>
II. Other Income	23	110.31	85.55
III. Total Revenue (I + II)		<u>28,703.18</u>	<u>36,768.68</u>
IV. EXPENSES			
(a) Cost of Materials Consumed	24	24,720.06	18,507.56
(b) Purchases of Traded Goods	25	23.31	131.16
(c) Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	26	(5,082.02)	7,847.46
(d) Employee Benefits Expense	27	2,077.45	2,112.56
(e) Finance Costs	28	1,876.35	1,997.88
(f) Depreciation and Amortization Expense (net of transfer from Revaluation Reserve ₹ 1.47 Lac (P.Y. Nil))		558.29	583.09
(g) Other Expenses	29	5,465.87	5,546.24
Total Expenses		<u>29,639.31</u>	<u>36,725.95</u>
V Profit before Exceptional Items & Tax (III- IV)		(936.13)	42.73
VI Exceptional Items (Refer Note 42)		1,281.54	0
VII Profit Before Tax (V- VI)		(2,217.67)	42.73
VIII Tax Expense:			
(a) Current Tax [Consists of Wealth Tax ₹ 1.84 Lac (P.Y. ₹ 1.98 Lac) and MAT adjustment pertaining to previous years ₹ 182.67 Lac (P.Y. Nil)]		184.51	1.98
(b) Deferred Tax		(403.68)	(320.99)
IX Profit / (Loss) for the Period (VII-VIII)		<u>(1,998.50)</u>	<u>361.74</u>
X Basic and Diluted Earnings Per Equity Share [Nominal Value of Equity Share ₹ 10/- (Previous Year ₹10/-)]		(29.43)	5.33
Significant Accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For Haribhakti & Co.
Chartered Accountants
FRN : 103523W

H R KILACHAND
Chairman & Managing Director

Sumant Sakhardande
Partner
Membership No. 34828

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

K D SHETH
Director

Place: Mumbai
Date: 9th November, 2012

Annual Report 2011-2012

1. Significant Accounting Policies

(a) Basis of preparation

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

(b) Use of Estimates

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

(c) Revenue Recognition

Income is generally recognised only when its collection or receipt is reasonably certain. Insurance Claims are recognised only when the claim is passed. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer. Sales include excise duty and exclude Value Added Tax.

(d) Fixed Assets

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

(e) Depreciation

- (i) Leasehold Land and Premium on Leasehold Land is amortised over the period of lease.
- (ii) Depreciation on the Bio-Gas Plant, Plant & Machinery installed for Expansion and Modernisation and Assets given on lease has been provided on a Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- (iii) Depreciation on Assets, whose actual cost does not exceed ₹ 0.05 Lac for each asset is provided at the rate of hundred percent.
- (iv) Depreciation on revalued portion is provided for the balance estimated useful life of the respective assets and equivalent amount is transferred from Revaluation Reserve to recoup such Depreciation.
- (v) 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.
- (vi) For assets added / disposed off during the year, depreciation has been provided on a pro-rata basis with reference to the period, at the applicable rates.

(f) Capital Work-in-Progress

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

(g) Borrowing Costs:

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

(h) Leases

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

(i) Investments

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

(j) Inventories

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

Finished Goods and Trading Goods are valued at lower of cost and market value. Cost includes direct material, direct labour, excise duty and attributable overheads.

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

(k) Foreign Currency Transactions

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

(l) Research & Development Expenditure

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

(m) Earnings per Share

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

(n) Provisions

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

Annual Report 2011-2012

(o) Income-tax

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

(p) Segment Reporting

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

(q) Impairment of Assets

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

(r) Retirement and other employee Benefits

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

(s) Contingent Liabilities

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

(t) Cash and cash equivalents

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

2. SHARE CAPITAL

(₹ In Lac)

PARTICULARS

	As at 30th June, 2012		As at 30th June, 2011	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10/- each	12,000,000	1,200.00	12,000,000	1,200.00
Redeemable Preference Shares of ₹ 10/- each	6,000,000	600.00	6,000,000	600.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	6,790,162	679.02	6,790,162	679.02
1% Cumulative Redeemable Preference Shares of ₹ 10/- each	1,330,000	133.00	2,000,000	200.00
Total	8,120,162	812.02	8,790,162	879.02

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

	Number	Amount	Number	Amount
(i) Equity Shares Outstanding				
Shares outstanding at the beginning of the year	6,790,162	679.02	6,790,162	679.02
Shares Issued during the year	0	0	0	0
Shares bought back during the year	0	0	0	0
Shares outstanding at the end of the year	6,790,162	679.02	6,790,162	679.02
(ii) Preference Shares Outstanding				
Shares outstanding at the beginning of the year	2,000,000	200.00	2,000,000	200.00
Shares Issued during the year	0	0	0	0
Shares redeemed during the year	670,000	67.00	0	0
Shares outstanding at the end of the year	1,330,000	133.00	2,000,000	200.00

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

(i) **Equity Shares**

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

(ii) **Preference Shares**

1% Cumulative Redeemable Preference Shares having a par value ₹ 10/- each fully paid up redeemable in 3 Annual Installments of ₹ 67.00 Lac, ₹ 67.00 Lac and ₹ 66.00 Lac on 10th August, 2011, 10th August, 2012 and 10th August, 2013 respectively.

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

	No. of Shares held	% of Holding	No. of Shares held	% of Holding
(i) Equity Shareholder				
Name of Shareholder				
Kesar Corporation Ltd.	2,054,422	30.26	2,054,422	30.26
Harsh Rajnikant Kilachand	583,765	8.60	583,765	8.60
National Insurance Co. Ltd.	409,600	6.03	409,600	6.03
The Oriental Insurance Co. Ltd.	353,172	5.20	353,172	5.20
(ii) Preference Shareholder				
Industrial Development Bank of India	1,330,000	100.00	2,000,000	100.00

Annual Report 2011-2012

3. RESERVES & SURPLUS

PARTICULARS	(₹ In Lac)	
	As at 30th June, 2012	As at 30th June, 2011
(a) General Reserve		
Opening Balance	1,594.46	1,494.46
Add: Current Year Transfer	0	100.00
Less: Transfer to Capital Redemption reserve	67.00	0
Closing Balance	<u>1,527.46</u>	<u>1,594.46</u>
(b) Storage and Effluent Disposal Reserves:		
(Refer Note No 32)		
(i) Storage Reserves for Alcohol:		
Opening Balance	13.24	12.69
Add: Current Year Transfer	0.34	0.55
Closing Balance	<u>13.58</u>	<u>13.24</u>
(ii) Storage Reserves for Molasses:		
Opening Balance	98.55	91.77
Add: Current Year Transfer	6.62	6.78
Closing Balance	<u>105.17</u>	<u>98.55</u>
(iii) Effluent Disposal Reserves		
Opening Balance	11.74	11.16
Add: Current Year Transfer	0.36	0.58
Closing Balance	<u>12.10</u>	<u>11.74</u>
(c) Capital Reserves	67.90	67.90
(d) Capital Redemption Reserve		
Opening Balance	0	0
Add: Transfer from General Reserve	67.00	0
Closing Balance	<u>67.00</u>	<u>0</u>
(e) Revaluation Reserves		
Opening Balance		
Add: On revaluation of Tangible Assets	23,207.83	0
Less: Transfer to Depreciation Account	1.47	0
Closing Balance	<u>23,206.36</u>	<u>0</u>
(f) Surplus		
Opening balance	732.63	552.13
Add: Net Profit/(Net Loss) For the Current Year	(1,998.50)	361.74
Less: Proposed Dividend on Equity Shares	0	67.90
Less: Proposed Dividend on Preference Shares	0	2.00
Less: Dividend Distribution Tax	0	11.34
Less: Transfer to Reserves	0	100.00
Closing Balance	<u>(1,265.87)</u>	<u>732.63</u>
Total	<u><u>23,733.70</u></u>	<u><u>2,518.52</u></u>

4. LONG TERM BORROWINGS

<u>PARTICULARS</u>	<i>(₹ In Lac)</i>	
	As at 30th June, 2012	As at 30th June, 2011
(a) Secured Borrowings		
(i) Term Loans from Banks		
(1) Sugar Development Fund (Modernisation Loan)	453.89	220.29
<p>Secured by way of first pari passu charge on properties of the Sugar Factory at Baheri both present and future</p> <p>Tranche I:</p> <p>Terms of repayment: Repayable in 5 annual installments of ₹44.05 Lac each, starting from August 3, 2018 to August 3, 2022. Interest payable at Bank rate minus 2% (i.e. 4% p.a.) payable alongwith the principal repayment</p> <p>Tranche II:</p> <p>Terms of repayment: Repayable in 5 annual installments of ₹46.72 Lac each, starting from August 15, 2018. to August 15, 2022. Interest payable at Bank rate minus 2% (i.e. 4% p.a.) alongwith the principal repayment</p>		
(2) Sugar Development Fund (Cane Development Loan)	62.50	125.00
<p>Secured by way of first pari passu charge on properties of the Sugar Factory at Baheri both present and future</p> <p>Terms of repayment: Repayable in 4 annual installments of ₹62.50 lac each. Last installment due in June, 2014. Interest payable annually at Bank Rate minus 2% p.a. (i.e. 4% p.a.)</p>		
(3) Sugar Development Fund (Raw Sugar Loan)	62.50	125.00
<p>Secured by way of first pari passu charge on properties of the Sugar Factory at Baheri both present and future</p> <p>Terms of repayment: Repayable in 4 annual installments of ₹62.50 Lac each. Last installment due in March 2014. Interest payable annually at Bank Rate minus 2% p.a. (i.e. 4% p.a.)</p>		
(4) Sugar Development Fund (Co-Gen Term Loan)	3,182.46	0
<p>Secured by way of first pari passu charge on properties of the Sugar Factory at Baheri both present and future</p> <p>Tranche I:</p> <p>Terms of repayment: Repayable in 10 half yearly installments of ₹159.77 Lac each, starting from July 4, 2014 to January 4, 2019. Interest payable at Bank rate minus 2% (i.e. 4% p.a.) payable annually during the moratorium period and alongwith the principal repayment thereafter.</p> <p>Tranche II:</p> <p>Terms of repayment: Repayable in 10 half yearly installments of ₹158.47 Lac each, starting from March 2015 to September 2019. Interest payable at Bank rate minus 2% (i.e. 7.50% p.a.) payable annually during the moratorium period and alongwith the principal repayment thereafter.</p>		

Annual Report 2011-2012

<u>PARTICULARS</u>	(₹ In Lac)	
	As at 30th June, 2012	As at 30th June, 2011
(5) UCO Bank Ltd. (Co-Gen Term Loan)	3,969.69	1,010.70
Primary security:		
Secured by way of first pari passu charge on all Fixed Assets of Sugar, Distillery and Power Division at Baheri both present and further Secured by way of 1st pari passu charge on the Current Assets of proposed Power Project at Baheri both present and future.		
Collateral Security:		
Secured by way of 2nd pari passu charge on the Current Assets of Sugar, Distillery Division at Baheri (except Sugar Stocks pledged) both present and future		
Terms of repayment: Repayable in 24 quarterly installments of ₹170.83 Lac each starting from June, 2013 to March 2019. Interest payable at Base Rate plus 3% p.a. with monthly rest.		
(6) Allahabad Bank (Modernisation Term Loan)	341.72	422.11
Primary Security:		
Secured by way of first pari passu charge on all Fixed Assets of Sugar Division at Baheri both present and future		
Collateral Security:		
Secured by way of 2nd pari passu charge on the Current Assets of Sugar and Distillery Division at Baheri (except Sugar Stocks pledged) both present and future		
Terms of repayment: Repayable in 24 quarterly installments of ₹ 20 Lac each, starting from November 2011 to August 2017. Interest payable at Base Rate plus 3% p.a. with monthly rest.		
(7) Allahabad Bank (Co-Gen Term Loan)	4,572.26	1,488.35
Primary Security:		
Secured by way of first pari passu charge on all Fixed Assets of Sugar, Distillery and Power Division both present and future at Baheri and further Secured by way of 1st pari passu charge on the Current Assets of proposed Power Project at Baheri both present and future		
Collateral Security:		
Secured by way of 2nd pari passu charge on the Current Assets of Sugar, Distillery Division at Baheri (except Sugar Stocks pledged) both present and future		
Terms of repayment: Repayable in 24 quarterly installments of ₹167 Lac each, starting from December 2012 to September 2018. Interest payable at Base Rate plus 3% p.a. with monthly rest.		
(8) Vehicle Loan	5.20	10.91
Secured by hypothecation of respective Vehicles. Terms of repayment:- Repayable in 36 to 60 Equated Monthly Installments starting from the date of the loan and carrying Interest in the range of 8.34% to 17.16% p.a.		

<u>PARTICULARS</u>	As at 30th June, 2012	(<i>₹ In Lac</i>) As at 30th June, 2011
(ii) Term loans from Others		
Vehical Loan (Various Financial Companies)	6.61	16.39
Secured by hypothecation of respective Vehicles. Repayable in 36 Equated Monthly Installments starting from the date of the loan and carrying Interest range from 8.40% to 17.16% p.a.		
Total Secured Borrowings	12,656.83	3,418.75
(Out of the total secured borrowings of ₹ 13,549.13 Lac (Previous year ₹ 3,613.14 Lac), borrowings of ₹ 892.31 Lac (Previous year ₹ 194.39 Lac) having current maturities, have been disclosed in Note No: 10)		
(b) Unsecured Borrowings		
(i) Deposits from Public	347.57	186.31
Repayment Terms: Repayable in one to three years starting from the date of the deposits and carrying interest in the range of 11.00% to 12.50% p.a.		
(ii) Loans from Related Parties	749.00	0
Interest free and repayable on demand but not before 12 months from the date of Balance Sheet		
Total Unsecured Borrowings	1,096.57	186.31
(Out of the total unsecured borrowings of ₹ 1,144.15 Lac (Previous year ₹ 276.09 Lac), borrowings of ₹ 47.58 Lac Previous year ₹ 89.78 Lac) having current maturities, have been disclosed in Note No:10)		
Total	13,753.40	3,605.06
5. DEFERRED TAX LIABILITIES (NET)		
(a) Deferred Tax Liability		
Impact of difference between Tax Depreciation & Book Depreciation	0	957.78
(b) Deferred Tax Assets		
(i) Expenses allowable on payment basis for Tax purposes	0	772.10
(ii) Carried forward Buisness Losses and Unabsorbed Depreciation	0	160.83
Net Deferred Tax Liability (a-b)	0	24.84
6. OTHER LONG TERM LIABILITIES		
Deposits from Dealers & Customers	101.94	104.14
(Repayable on cancellation of distributionship and Interest in the range of 9% to 12% p.a.)		
Total	101.94	104.14
7. LONG TERM PROVISIONS		
(a) Provision for Employees Benefits		
Leave Encashment (Non funded)	66.66	76.74
Total	66.66	76.74

Annual Report 2011-2012

<u>PARTICULARS</u>	As at 30th June, 2012	(₹ In Lac) As at 30th June, 2011
8. SHORT TERM BORROWINGS		
(i) Secured Short Term Loans from Banks		
(a) Cash Credit Facilities		
(1) Allahabad Bank	3,390.75	2,197.60
[Suagr Division: Secured by pledge of Sugar Stock and second pari passu charge on Fixed Assets of Sugar and Spirit Division Spirit Division: Secured by way of hypothecation of Current Assets of Sugar Division (except Sugar Stock) & Spirit Division and secured by second pari passu charge on Fixed Assets of Sugar & Spirit Division Seed Division: Secured by way of hypothecation of Current Assets of Seed Division and second pari passu charge on Fixed Assets of Sugar & Spirit Division and Rate of Interest: Base Rate + 4% p.a.]		
(2) U. P. Co - Operative Bank	11,872.33	10,413.41
(Secured by hypothecation / pledge of Stocks of Sugar and further secured by second pari passu charge on Fixed Assets of Sugar Division and Rate of Interest: 11.50% p.a.)		
(b) Allahabad Bank, SEFA Loan (Scheme for Extending Financial Assistance to Sugar Undertakings, 2007)	0	245.53
(Secured by way of residual charge on the Fixed Assets of the Sugar Division situated at Baheri, on pari passu basis) Rate of Interest: 12% p.a. (effective rate is Nil due to Subsidy from Central Government & Sugar Development Fund)		
(c) U.P. Co-Operative Bank, SEFA Loan (Scheme for Extending Financial Assistance to Sugar Undertakings, 2007)	0	332.83
(Secured by way of residual charge on the Fixed Assets of the Sugar Division situated at Baheri, on pari passu basis) Rate of Interest: 12% p.a. (effective rate is Nil due to Subsidy from Central Government & Sugar Development Fund)		
(ii) Unsecured Short Term loans from Banks		
(a) From UCO Bank	2,999.99	1,500.00
(b) From Allahabad Bank	2,000.00	2,000.00
(Rate of Interest: 7% p.a.)		
Total	20,263.07	16,689.36
9. TRADE PAYABLES		
Trade Payables (for goods and services received)		
(a) Outstanding towards Micro and Small Enterprises (Ref Note No.33)	88.84	57.92
(b) Others	8,457.06	1,162.24
Total	8,545.90	1,220.16

<u>PARTICULARS</u>	<i>(₹ In Lac)</i>	
	As at 30th June, 2012	As at 30th June, 2011
10. OTHER CURRENT LIABILITIES		
(a) Current maturities of Long Term Debts		
(i) Current maturities of Long Term Debts - Secured Borrowings (Refer Note No 4)	892.31	194.39
(ii) Current maturities of Long Term Debts - Unsecured Borrowings (Refer Note No 4)	47.58	89.78
(b) Interest accrued but not due on Borrowings	235.25	109.19
(c) Trade Payables for Capital Goods	998.64	277.76
(d) Trade Payables for Other Contratual Obligations	481.30	373.08
(e) Payable to Related Party	205.65	260.37
(f) Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividends	9.84	8.62
(g) Income received in advance	974.86	551.43
(h) Statutory Dues	1,152.50	615.16
(i) Bank Account Book Overdraft	0	245.48
Total	4,997.93	2,725.26
11. SHORT TERM PROVISIONS		
(a) Provision for Employees Benefits		
(i) Gratuity (Funded)	229.54	190.91
(ii) Leave Encashment (Unfunded)	3.16	9.98
(iii) Provisions for Bonus & Exgratia	32.30	32.18
(b) Others		
Corporate Tax on Dividend	0	11.34
Proposed Dividend on Preference Shares	0	2.00
Proposed Dividend on Equity Shares	0	67.90
Total	265.00	314.31

Annual Report 2011-2012

12. FIXED ASSETS

(₹ In Lac)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	Balance as at 1st July, 2011	Additions	Revaluation	Disposals/ held for Disposal	Balance as at 30th June, 2012	Balance as at 1st July, 2011	Depreciation amortization charge for the year	On disposals/ held for disposals	Revaluation	Balance as at 30th June, 2012	Balance as at 30th June, 2011
(a) Tangible Assets											
(i) Land											
(1) Freehold	287.42	0	5,064.89	0	5,352.31	0	0	0	0	0	287.42
(2) Land Premium	0	0	0	0	0	0	0	0	0	0	0
(3) Lease hold Land Premium	0.06	0	0	0	0.06	0.03	0	0	0	0.04	0.03
(4) Bhoomidari Land	0	0	0	0	0	0	0	0	0	0	0
(5) Leasehold Land	12.39	0	6,454.70	0	6,467.09	2.46	0.13	0.15	0	2.73	6,464.36
	299.87	0	11,519.59	0	11,819.46	2.49	0.13	0.15	0	2.77	11,816.69
(ii) Buildings	2,987.05	504.50	3,396.98	2.43	6,886.09	1,548.80	78.06	0.19	0.27	1,626.78	5,259.31
(iii) Plant and Equipments	10,384.98	92.05	7,976.69	1,289.56	17,164.17	6,703.51	366.81	1.09	962.01	6,109.40	11,054.77
(iv) Office Equipments	478.49	73.11	0	11.43	540.16	378.06	30.71	0	10.31	398.46	141.70
(v) Vehicles	581.51	24.08	0	62.27	543.33	417.08	45.65	0	54.63	408.10	135.23
(vi) Furniture and Fixtures	342.74	34.04	314.57	11.20	680.15	258.08	15.37	0.04	9.73	263.76	416.39
(vii) Live Stock	0.56	0	0	0.56	0	0	0	0	0	0	0
Total (a)	15,075.20	727.78	23,207.83	1,377.45	37,633.36	9,308.02	536.73	1.47	1,036.95	8,809.27	28,824.09
(b) Intangible Assets											
Computer software	108.12	25.79	0	0	133.90	79.40	21.56	0	0	100.96	32.94
Total (b)	108.12	25.79	0	0	133.90	79.40	21.56	0	0	100.96	32.94
Total (a+b)	15,183.32	753.57	23,207.83	1,377.45	37,767.26	9,387.42	558.29	1.47	1,036.95	8,910.23	28,857.03
(c) Capital Work In Progress	3,578.17	15,356.66	0	0	18,934.83	0	0	0	0	0	18,934.83
Total (a+b+c)	18,761.49	16,110.23	23,207.83	1,377.45	56,702.09	9,387.42	558.29	1.47	1,036.95	8,910.23	47,791.86
<i>Previous Year Total</i>	<i>15,939.50</i>	<i>3,319.85</i>	<i>0</i>	<i>497.86</i>	<i>18,761.49</i>	<i>9,244.33</i>	<i>583.09</i>	<i>0</i>	<i>440.00</i>	<i>9,387.42</i>	<i>9,374.07</i>

Note: (i) The written down value of Freehold Land, Leasehold Land, Building, Plant and Equipments and Furniture and Fixtures revalued by the Company were ₹ 4,717.60 Lac respectively and their fair market value were ₹ 27,923.26 Lac respectively. Hence, the revaluation resulted in increase in the value of Freehold Land, Leasehold Land, Building, Plant and Equipments and Furniture and Fixtures by ₹ 23,207.83 Lac respectively. The revaluation of the Freehold Land, Leasehold Land, Building, Plant and Equipments and Furniture and Fixtures resulted into additional Depreciation charge of ₹ 1.47 Lac for the year under consideration. In accordance with the option given in the Guidance Note on Accounting for Depreciation, the Company recoups such additional Depreciation out of Revaluation Reserve every year.

(ii) Capital Work-in-Progress include ₹ 1,197.53 Lac (P.Y. ₹ 239.44 Lac) on account of Borrowing Costs, out of which the Borrowing Costs additionally Capitalized during the year was ₹ 958.08 Lac (P.Y. ₹ 147.82 Lac) and ₹ 91.62 Lac (P.Y.Nil) were transferred from CWIP to tangible Assets during the year.

13. NON CURRENT INVESTMENTS

PARTICULARS	As at 30th June, 2012	(<i>₹ In Lac</i>) As at 30th June, 2011
(a) Trade Investments (Unquoted)		
In fully paid Equity Shares:		
(i) 300 Shares of ₹ 100/- each of U.P. Seeds & Tarai Development Corporation Ltd.	0.30	0.30
(ii) 5 Shares of ₹ 10/- each of Baheri Co-operative Cane Development Union Ltd.	0	0
(iii) 17 Shares of ₹ 20/- each of Sahakari Ganna Vikas Samiti Ltd.	0	0
(iv) 1 Share of ₹ 100/- of Ganna Beej Nigam, Bareilly	0	0
(v) 1 Share of ₹ 20/- of Bhojeepera Co-operative Cane Development Union Ltd.	0	0
(vi) National Savings Certificates	1.37	1.62
Total	1.67	1.92
(b) Non Trade Investments		
(i) In fully paid Equity Instruments (Quoted)		
(1) 5,00,000 Equity Shares of ₹ 10/- each of Kesar Terminals and Infrastructure Limited (Extent of Holding 9.52% [P.Y. 9.52%])	50.00	50.00
(2) 43,200 Equity Shares of ₹ 2/- each of Walchandnagar Industries Ltd. [Extend of holding 0.11% (P.Y. 0.11%)]	0.27	0.27
(3) 9,230 Equity Shares of ₹10/- each of Shervani Industrial Syndicate Ltd. [Extend of holding 0.28% (P.Y.0.28%)]	0.23	0.23
(4) 15,000 Equity Shares of ₹ 2/- each of Indian Hume Pipe Co. Ltd. [Extend of holding 0.01% (P.Y. 0.01%)]	0.18	0.18
(ii) In Joint Venture (Unquoted)		
Investments in Joint Controlled Special Purpose Company 25,000 Equity Shares os ₹ 10/- each of Kesar Multimodal Logistics Ltd. (Extend of holding 50%)	2.50	0
(iii) In fully paid Equity Instruments (Unquoted)		
10 Equity Shares os ₹ 1,000/- each of Antophill Warehousing Company Ltd.	0.10	0.10
Total	53.28	50.78
Total (a+b)	54.95	52.70
Aggregate cost of Quoted Investments	50.68	50.68
Aggregate cost of Unquoted Investments	4.27	2.02
Total	54.95	52.70
Market Value of Quoted Investments	346.65	485.03

Annual Report 2011-2012

14. DEFERRED TAX ASSETS (NET)

PARTICULARS	(₹ In Lac)	
	As at 30th June, 2012	As at 30th June, 2011
(a) Deferred Tax Assets		
(i) Expenses allowable on payment basis for Tax purposes	207.59	0
(ii) Carried Forward Business Losses and Unabsorbed Depreciation	1,088.84	0
(b) Deferred Tax Liability		
Impact of difference between Tax Depreciation & Book Depreciation	917.59	0
Net Deferred Tax Assets (a-b)	378.84	0

15. LONG TERM LOANS AND ADVANCES

(a) Capital Advances for the Project	467.89	1,200.59
(b) Security Deposits (Unsecured, considered good)	188.29	190.31
(c) Advance Payment of Income Tax including Wealth Tax [Net of Provisions of ₹ 600.56 Lac (P.Y. ₹ 600.36 Lac)]	292.66	290.00
(d) MAT Credit entitlement	64.16	246.83
(e) Other Loans and Advances Unsecured, considered good	215.26	278.84
Unsecured, considered doubtful	22.23	25.34
	<u>237.49</u>	<u>304.18</u>
Less: Provision for doubtful advances	22.23	25.34
	<u>215.26</u>	<u>278.84</u>
Total	1,228.26	2,206.57

16. OTHER NON CURRENT ASSETS

(a) Fixed Deposits with maturity of more than 12 months (Under lien for issuing various Bank Guarantees in favour of Government authorities and Public Deposits)	103.51	87.88
(b) Interest Accrued on Bank Fixed Deposits	10.40	9.46
(c) Interest Accrued on Investments	0.57	0.61
Total	114.48	97.95

17. INVENTORIES

PARTICULARS	As at 30th June, 2012	(<i>₹ In Lac</i>) As at 30th June, 2011
(a) Raw Materials and components (Valued at Cost)		
(i) Molasses	131.11	57.89
(ii) Malt Spirit	14.22	9.42
(iii) Seeds	65.12	319.14
(iv) Agricultural Products	34.97	0
	245.42	386.45
(b) Work-in-progress (Valued at Cost)		
(i) Sugar	36.00	121.76
(ii) Molasses	0.45	2.87
(iii) Rectified Spirit	8.86	8.82
(iv) Crop-in-Progress	145.51	144.65
	190.82	278.10
(c) Finished goods (Valued at lower of Cost and Market value)		
(i) Sugar *	15,324.13	11,915.98
(ii) Spirits *	816.70	207.84
(iii) Seed	242.05	421.85
	16,382.88	12,545.67
(d) Traded Goods (Valued at lower of cost and Market value)	4.71	43.17
(e) By - Products (Valued at estimated realisable value)		
(i) Molasses	144.99	209.89
(ii) Bagasses	1,916.44	11.90
	2,061.43	221.80
(f) Stores and spares (Valued at Cost)	506.11	664.38
(g) Loose Tools / Scrap (Valued at estimated realisable value)	0.30	2.42
Total	19,391.68	14,141.99

* includes Excise Duty on balance stock of current year production ₹ 952.45 Lac (P.Y. ₹ 486.33 Lac)

18. TRADE RECEIVABLES

(Unsecured, considered good unless stated otherwise)

(a) Outstanding for a period exceeding six months from the date they are due for payment	359.15	182.21
Unsecured, considered doubtful	14.08	14.08
	373.23	196.29
Less: Provision for doubtful debts	14.08	14.08
	359.15	182.21
(b) Others	1,153.28	1,295.73
Total	1,512.43	1,477.94

Annual Report 2011-2012

19. CASH AND BANK BALANCES

PARTICULARS	(₹ In Lac)	
	As at 30th June, 2012	As at 30th June, 2011
Cash & Cash Equivalent		
(a) Balance with Bank		
(i) On Current Account	225.90	185.06
(ii) On Unclaimed Dividend Accounts	9.84	8.62
(iii) On Post Office Saving Bank Account	0.16	0.16
(b) Cash on hand	5.04	6.51
Total	240.94	200.35

20. SHORT TERM LOANS AND ADVANCES

(Unsecured, Considered good)		
a) Loans and Advances to Employees	28.68	13.75
b) Loans and Advances to Related Party	191.29	0
c) Others	1,318.30	592.09
Total	1,538.27	605.84

21. OTHER CURRENT ASSETS

Assets under disposal (refer note no 41)	287.91	0
Total	287.91	0

22. REVENUE FROM OPERATIONS

PARTICULARS	(₹ In Lac)	
	For the year ended 30th June, 2012	For the year ended 30th June, 2011
Sale of Products		
(a) Manufactured Goods		
(i) Sugar	22,646.83	27,954.50
(ii) Spirits	22,064.08	18,289.05
(iii) Seed	849.76	1,254.19
(iv) By - Products	78.07	1,656.89
Less: Transferred to Molasses & Alcohol Storage Reserves and Effluent Disposal Reserves	7.32	7.91
	45,631.42	49,146.72
(b) Traded Goods (Seeds)	62.20	177.88
(c) Agricultural Products	136.02	131.57
(d) Other Operating Revenue		
(i) Sale of Exports Quota	261.25	164.82
(ii) Others	212.59	254.96
Total (a+b+c+d)	46,303.48	49,875.94
Less: Excise Duty	17,710.61	13,192.81
Total	28,592.87	36,683.13

23. OTHER INCOME

PARTICULARS	(₹ In Lac)	
	For the year ended 30th June, 2012	For the year ended 30th June, 2011
(a) Dividend Income	5.82	18.31
(b) Interest Income (Tax deducted at Source ₹ 0.87 Lac (P.Y. ₹ 0.61 Lac)		
(i) On Fixed Deposits	8.08	9.27
(ii) Others	3.15	2.11
(c) Rent	5.78	4.84
(d) Credit Balance Written Back	37.07	3.46
(e) Profit on Sale of Fixed Assets (Net)	44.45	43.40
(f) Insurance Claims	5.96	4.16
Total	110.31	85.55

24. COST OF RAW MATERIAL CONSUMED

Raw Materials Consumed

(a) Sugar Cane		
Opening Stock	0	0
Add: Purchases	23,341.80	15,840.65
Less: Closing Stock	0	0
Consumption	23,341.80	15,840.65
(b) Raw Seeds		
Opening Stock	319.15	561.58
Add: Purchases	249.91	870.12
Less: Closing Stock	65.12	319.15
Consumption	503.94	1,112.55
(c) Molasses & Spirits		
Opening Stock	67.31	255.19
Add: Purchases	548.08	1,037.60
Less: Closing Stock	145.33	67.31
Consumption	470.06	1,225.48
(d) Agricultural Products		
Opening Stock	144.69	152.30
Add: Purchases	440.05	321.24
Less: Closing Stock	180.48	144.66
Consumption	404.26	328.88
Total	24,720.06	18,507.56

25. PURCHASE OF TRADED GOODS

Purchase of Traded Goods (Seeds)	23.31	131.16
Total	23.31	131.16

Annual Report 2011-2012

26. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

PARTICULARS	(₹ In Lac)	
	For the year ended 30th June, 2012	For the year ended 30th June, 2011
(a) Opening Stock		
Finished Goods	12,059.33	19,680.87
Traded Goods	43.17	47.79
Work- in - Progress	133.44	130.21
By Products	221.80	446.94
Scrap Materials	2.42	1.81
	<u>12,460.16</u>	<u>20,307.62</u>
(b) Closing Stock		
Finished Goods	15,430.43	12,059.33
Traded Goods	4.71	43.17
Work- in - Progress	45.31	133.44
By Products	2,061.43	221.80
Scrap Materials	0.30	2.42
	<u>17,542.18</u>	<u>12,460.16</u>
Total	<u>(5,082.02)</u>	<u>7,847.46</u>

27. EMPLOYEE BENEFIT EXPENSES

(a) Salaries and Wages	1,866.90	1,820.80
(b) Contribution to Gratuity fund	38.62	90.22
(c) Contribution to Provident fund	124.32	133.94
(d) Contribution to Superannuation scheme	19.23	20.25
(e) Staff Welfare	28.38	47.35
	<u>2,077.45</u>	<u>2,112.56</u>
Total	<u>2,077.45</u>	<u>2,112.56</u>

28. FINANCE COSTS

(a) Interest Expense		
(i) On Fixed Deposits	39.15	28.93
(ii) On Fixed Loans	94.17	67.22
(iii) On Cash Credit	1,473.81	1,718.21
(iv) On Short Term Loans	217.75	123.17
(b) Others		
(i) Finance Charges	0	16.21
(ii) Others including bank charges	51.47	44.14
	<u>1,876.35</u>	<u>1,997.88</u>
Total	<u>1,876.35</u>	<u>1,997.88</u>

29. OTHER EXPENSES

PARTICULARS	For the year ended 30th June, 2012	(₹ In Lac) For the year ended 30th June, 2011
(a) Stores and Spares Consumed	2,551.02	2,278.86
(b) Power and Fuel Consumed	730.31	676.38
(c) Repairs		
(i) Plant and Equipments	414.93	596.41
(ii) Building	74.40	59.91
(iii) Others	43.28	72.02
(d) Rent	124.93	109.82
(e) Insurance	46.39	34.82
(f) Rates and Taxes	243.67	221.18
(g) Commission and Brokerage	57.56	159.29
(h) Legal Charges	69.57	69.54
(i) Discount to Dealers	135.87	119.24
(j) Sales Promotion Expenses	95.92	174.28
(k) Loading and Unloading Charges	97.56	135.04
(l) Foreign Travelling Expenses	13.22	6.66
(m) Travelling Expenses	150.88	138.32
(n) Transportation and Freight Expenses	98.51	138.09
(o) Security and Other Labour Charges	132.01	122.70
(p) Charity and Donation	6.82	2.26
(q) Directors Sitting Fees	10.08	8.64
(r) Auditors Remuneration		
(i) Audit Fees	5.79	3.25
(ii) For Certification	2.98	1.92
(iii) For Other Matter	0.34	0.18
(iv) Out of Pocket Expenses	0.55	0.49
(s) Cost Audit Fees	0.60	0.62
(t) Bad Debts	12.39	12.72
(u) Miscellaneous Expenses	346.29	403.60
Total	5,465.87	5,546.24

Annual Report 2011-2012

30. Capital and other commitments

Particulars	(₹ in Lac)	
	As at 30th June, 2012	As at 30th June, 2011
Estimated amounts of contracts remaining to be executed on capital account and not provided for	2,054.79	11,314.00

31. Contingent Liabilities

Nature of claim/Demands	(₹ in Lac)	
	As at 30th June, 2012	As at 30th June, 2011
Claims / demands against the Company under litigation:		
Central Sales Tax	102.97	105.76
Entry Tax (U. P.)	713.79	551.58
Trade Tax (U. P.)	65.08	53.27
Excise Duty	338.08	0
Arrears of Dividend on Cumulative Preference Shares	2.00	0
Others	36.77	4.90
Total	1,258.69	715.51

32. Alcohol and Molasses Storage Reserves and Effluent Disposal Reserves amounting to ₹ 130.83 Lac (P.Y. ₹ 123.51 Lac) are not deposited with a Scheduled Bank, as required under Uttar Pradesh Sheera Niyamtran (Sansodhan) Adesh, 1974.

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

Particulars	(₹ in Lac)	
	As at 30th June, 2012	As at 30th June, 2011
The principal amount and the interest due thereon remaining unpaid to any supplier	88.84	7.68
The amount of Principal and interest paid beyond the appointed day	6.93	23.46
The amount of interest due and payable on delayed payments	1.40	0.74
The amount of interest accrued and remaining unpaid	1.40	0.74
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	0	0

This disclosure is on the basis of information available with the Company regarding the status of Suppliers as defined under the "Interest on delayed payments to The Micro, Small & Medium Enterprises Act, 2006." Since the Company has not received any claims, hence interest is provided but not paid during the year.

34. Employee Benefit

Defined Benefit Plan (Gratuity Fund)

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

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

Particulars	<i>(₹ In Lac)</i>	
	Defined Benefit (Gratuity) Plan	
	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
Present Value of funded obligations	632.34	580.65
Fair Value of plan assets	402.80	389.74
Net liability	229.54	190.91
Amount in balance sheet as Liabilities	229.54	190.91

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

Particulars	<i>(₹ In Lac)</i>	
	Defined Benefit (Gratuity) Plan	
	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
Current service cost	31.90	30.16
Interest on obligation	43.58	63.17
Expected return on plan assets	(37.57)	(48.84)
Net actuarial losses / (gains) recognized in year	46.90	(36.69)
Adjustment to opening Balance of plan assets	(45.69)	0
Plan assets (Contributions) / transfers by employer	(0.49)	82.42
Total included in employee benefit expense	38.63	90.22

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

Particulars	<i>(₹ In Lac)</i>	
	Defined Benefit (Gratuity) Plan	
	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
Expected return on plan assets	(37.57)	(48.84)
Actual return on plan assets	38.76	4.38
Net actuarial (gains)/ losses on plan assets	(1.19)	44.46

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

Particulars	<i>(₹ In Lac)</i>	
	Defined Benefit (Gratuity) Plan	
	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
Opening defined benefit obligation	580.65	682.65
Service costs	31.90	30.16
Interest costs	43.58	63.17
Actuarial losses / (gains)	48.09	(81.15)
Benefits paid	(71.88)	(114.18)
Closing defined benefit obligation	632.34	580.65

Annual Report 2011-2012

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

(₹ In Lac)

Particulars	Defined Benefit (Gratuity) Plan	
	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
Opening fair value of plan assets	389.74	581.95
Adjustment to opening Balance (on account of Interest)	45.69	0
Expected return on plan assets	37.57	48.84
Actuarial gains / (losses)	1.19	(44.46)
Contributions / (transfers) by employer	0.49	(82.42)
Benefits paid	(71.88)	(114.18)
Closing defined benefit obligation	<u>402.80</u>	<u>389.74</u>

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

(₹ In Lac)

Particulars	Defined Benefit (Gratuity) Plan	
	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
Discount rate	8.00%	8.00%
Salary escalation rate	4.00%	4.00%
Expected return on plan assets	9.40%	8.00%

- (g) Amounts for the current and previous two years are as follows:

(₹ In Lac)

Particulars	Defined Benefit (Gratuity) Plan		
	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011	For the year ended 30th June, 2010
Defined benefit obligation	632.34	580.65	682.65
Plan assets	<u>402.80</u>	<u>389.74</u>	<u>581.95</u>
Surplus/ (deficit)	<u>(229.54)</u>	<u>(190.91)</u>	<u>(100.70)</u>

35. Segmental Reporting Disclosures under Accounting Standard 17

Business Segments:

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

- a. Sugar
- b. Spirits
- c. Seed
- d. Power
- e. Agricultural Products

Geographical Segments:

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

Financial Information about the primary business segment:

[Figures for the Year ended 30th June, 2012 indicated in bold. Previous year figures indicated in the row there below]

	(₹ In Lac)				
Particulars	Sugar	Spirits	Seed	Power Agricultural Products	Total
(a) Revenue from Operations					
Sales net of Excise Duty					
(Including Inter Division / Segment	23,352.90	5,167.47	911.95	634.64	30,066.96
Revenue and Net of Intra	29,735.14	6,150.57	1,433.08	629.57	37,948.36
Division Revenue)					
Other Income	73.69	13.22	5.98	3.60	96.49
	7.73	14.80	0	0.02	22.55
Less : Inter Segment Revenue	1,071.37			403.72	1,475.09
	849.86			415.39	1,265.25
Add : Unallocable Income					14.82
					63.02
Total Revenue					28,703.18
					36,768.68
(b) Segmental Results					
Segmental Result before Interest,					
Exceptional Items & Tax	1,142.19	405.99	(526.35)	219.44	1,241.27
	1,810.63	521.73	(211.11)	288.78	2,410.03
Less : Segmental Interest	1,616.51	110.15	102.05		1,828.71
	1,851.93	77.19	62.76		1,991.88
Segmental Result before					
Exceptional Items & Tax	(474.32)	295.84	(628.40)	219.44	(587.44)
	(41.30)	444.54	(273.87)	288.78	418.15
Less : Unallocable Expenses					
Net of Unallocable Income					348.69
					375.42
Less : Exceptional Items	1,281.54				1,281.54
	0				0
Profit /(Loss) Before Tax	(1,755.86)	295.84	(628.40)	219.44	(2,217.67)
	(41.30)	444.54	(273.87)	288.78	42.73
Less : Provision for Tax					
(including Wealth Tax					
& MAT adjustments)					184.51
					1.98
Less : Deferred Tax					(403.68)
					(320.99)
Profit / (Loss) after Tax					(1,998.50)
					361.74

Annual Report 2011-2012

Particulars						(₹ In Lac)
	Sugar	Spirits	Seed	Power	Agricultural Products	Total
(c) Segmental Assets and Liabilities						
(i) Segmental Assets	21,291.62	4,625.10	1,123.98	20,116.06	368.65	47,525.41
	5,488.33	4,140.33	1,823.11	5,103.77	328.61	26,884.15
Unallocable Assets/ Investments						25,014.21
						1,273.25
Total Assets						72,539.62
						28,157.40
(ii) Segmental Liabilities	29,426.63	1,347.63	1,030.16	13,487.73	66.04	45,358.19
	18,184.07	904.26	1,112.54	2,746.09	77.88	23,024.84
Share Capital & Reserves & Surplus						24,545.72
						3,397.53
Unallocable Liabilities						2,635.71
						1,735.03
Total Liabilities						72,539.62
						28,157.40
(d) Capital Expenditure and Depreciation						
(i) Capital Expenditure including Capital Work in Progress	354.96	3.03	0.53	15,690.04	40.93	16,089.49
	230.36	156.96	28.10	2,851.44	15.25	3,282.11
Unallocable						20.74
						37.74
Total						16,110.23
						3,319.85
(ii) Depreciation/ Amortization	261.74	159.81	8.76	49.72	14.53	494.56
	252.80	158.72	9.62	49.27	11.92	482.33
Unallocable Depreciation						63.73
						100.76
Total Depreciation/ Amortization						558.29
						583.09

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

36. Related party disclosures as per Accounting Standard 18

Names of related parties and nature of related party relationships:

a. 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

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

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

c. Jointly Controlled Entity

Kesar Multimodal Logistics Limited

Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 30th June, 2012 indicated in bold. Previous year figures indicated in the row there below:

Nature of Transaction	Kesar Terminals & Infrastructure Ltd	H. R. Kilachand	Rohan H. Kilachand	Kilachand Devchand & Co. Ltd.	Indian Commercial Co. Pvt. Ltd.	Seel Investment P Ltd	Duracell Investments & Finance P Ltd	Kesar Multimodal Logistics Ltd
Expenses	36.20			11.09	1.31			0.29
Reimbursement	<i>(0)</i>			<i>(17.90)</i>	<i>(4.98)</i>			<i>(0)</i>
Sharing of Common Expenses	155.08							
	<i>(128.64)</i>							
Rent Paid				17.38	46.00			
				<i>(9.74)</i>	<i>(8.87)</i>			
Interest on Car Loan Paid					0			
					<i>(1.08)</i>			
Interest on F.D.		0.54						
		<i>(0.47)</i>						
Salary paid			6.00					
			<i>(0)</i>					
Managerial Remuneration		9.48						
		<i>(16.19)</i>						
Fixed Deposit Renewal		0						
		<i>(5.00)</i>						
Loans Paid Short term								8.05
Loans received						365.00	384.00	<i>(0)</i>
Long term						<i>(0)</i>	<i>(0)</i>	
Equity Investments								2.50
								<i>(0)</i>
Closing Balance								
Receivable for Expenses - Short Term	191.29							
Security Deposit		5.00			89.70			
		<i>(5.00)</i>			<i>(91.24)</i>			
Sundry Creditors	(89.04)			163.41	42.25			
				<i>(144.84)</i>	<i>(26.50)</i>			
Investments								2.50
								<i>(0)</i>
Long Term Loans						365.00	384.00	
						<i>(0)</i>	<i>(0)</i>	

Annual Report 2011-2012

37. Disclosure in respect of Operating Lease in accordance with AS 19 on 'Leases'

- a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
- Not later than one year ₹ 47.94 Lac (P.Y. ₹ 23.91 Lac).
 - Later than one year and not later than five years Rs 29.05 Lac (P.Y. ₹ Nil).
- b) Lease payments recognised in the statement of profit and loss during the year is ₹ 23.91 Lac (P.Y. ₹ 40.90 Lac).

38. Loans and Advances in the nature of Loans given to Jointly Controlled Entity

Name of Entity: Kesar Multimodal Logistics Ltd.		(₹ In Lac)
Particulars	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
	Short Term Loans given	Short Term Loans given
Balance outstanding	0	0
Maximum amount Outstanding	8.34	0
Terms of Repayments	No	No
Repayment Schedule	Payable on demand	

39. Supplementary statutory information

	(₹ In Lac)	
	For the year ended on - 30th June, 2012	For the year ended on 30th June, 2011
(a) CIF value of Imports: Capital Goods	2,087.09	75.85
(b) Expenditure in Foreign Currency (Foreign Travelling & Business Promotion Expenses)	13.22	7.59
(c) Amount payable in Foreign Exchange (Unhedged) Capital Goods USD in Lac	4.82	46.50
₹	271.41	2,358.50

40. Jointly controlled entity:

In compliance with the Accounting Standard 27 on 'Financial Reporting of Interest in Joint Ventures' as notified by the (Companies Accounting Standard) Rules, 2006, the Company has interest in the following jointly controlled entity:

Name of the entity	Country of Incorporation	proportion of ownership interest
Kesar Multimodal Logistics Ltd (KMLL)	India	50%

Description of business of jointly controlled entity:

Kesar Multimodal Logistics Ltd (KMLL) has entered in to a Concession Agreement with the Madhya Pradesh Agricultural Marketing Board (Mandi Board) for setting up a "Composite Logistics Hub" at Pawarkhedha in the

KESAR ENTERPRISES LTD.

state of Madhya Pradesh, on Design, Built, Finance, Operate and Transfer (DBFOT) basis. The Composite Logistics Hub will consist of facilities like Private Freight Terminal (PFT)–Rail mode, Container freight Station (CFS), Warehousing complex, Cold Storage facility etc.

Other details: (₹ In Lac)

Joint venture	Kesar Enterprises Ltd	Kesar Terminals & Infrastructure Ltd
Proportion of ownership interest	50%	50%

	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
Investment in Share Capital	25,000 no. of Equity shares having face value ₹ 10 each totaling to ₹ 2.50 Lac	0

Share of the assets, liabilities, income and expenses of the jointly controlled entity based on unaudited financials as at 30th June, 2012

Current Assets	3.56	0
Non Current Assets	235.45	0
Current Liabilities	(1.17)	0
Non Current Liabilities	(0.22)	0
Other Long Term Liabilities	(235.11)	0
Share Capital	2.50	0
Status at the year end		
Share Capital	2.50	0
Short Term Loans and Advances	0	0

41. Assets under disposal: The assets intended for sale and held by the Company as at Balance sheet date are:

Particulars	For the year ended on 30th June, 2012	For the year ended on 30th June, 2011
(a) Building		
Gross Block	2.43	0
Less: Accumulated depreciation	0.26	0
Net Block (a)	2.17	0
(b) Plant and Equipments		
Gross Block	1,010.58	0
Less: Accumulated depreciation	710.84	0
Net Block (b)	299.74	0
(c) Less: Advance Received	14.00	0
Net Balance (a+b-c)	287.91	0

Annual Report 2011-2012

42. Exceptional item represent differential cane price for sugar season 2007-2008 accounted for pursuant to the Hon'ble Supreme Court Order dated 17th January, 2012
43. As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended on 30th June, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

For and on behalf of the Board of Directors

H R KILACHAND
Chairman & Managing Director

K D SHETH
Director

Place: Mumbai
Date: 9th November, 2012

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

CASH FLOW STATEMENT

for the year ended 30th June, 2012

PARTICULARS	As at 30th June, 2012	(<i>₹ In Lac</i>) As at 30th June, 2011
A CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT/(LOSS) BEFORE TAX	(2,217.67)	42.73
Non cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	558.29	583.09
Dividend Income	(5.82)	(18.31)
Interest Income	(11.23)	(11.38)
Interest and Finance Charges	1,876.35	1,997.88
Transferred to Molasses and Alcohol Storage Reserves & Effluent Disposal Reserves	7.32	7.91
Profit on sale of Fixed Assets/ Investments	(44.45)	(43.40)
Credit Balances Written Back	(37.06)	(3.46)
Discount given to Debtors/ Dealers	135.87	119.24
Bad Debts	12.39	12.72
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	273.99	2,687.02
Movements in working Capital		
Decrease / (Increase) in Inventories	(5,249.69)	8,807.92
Decrease / (Increase) in Trade Receivables	(182.74)	(519.36)
Decrease / (Increase) in Short term Loans & Advances	(932.43)	167.86
Decrease / (Increase) in Long term Loans & Advances	798.30	(1,087.75)
Decrease / (Increase) in Other Current Assets	(287.91)	0
Increase / (Decrease) in Trade Payables	7,362.80	310.95
Increase / (Decrease) in Other Current Liabilities	1,489.67	(286.97)
Increase / (Decrease) in Short term Provisions (Employee benefits)	31.93	88.26
Increase / (Decrease) in Other Long term Liabilities	(2.20)	104.14
Increase / (Decrease) in Long term Provisions	(10.08)	(8.15)
CASH (USED IN) / GENERATED FROM OPERATIONS	3,291.64	10,263.92
Taxes (Paid)/ Refunds	(4.50)	(28.18)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	3,287.14	10,235.74
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets including Intangible Assets & CWIP	(16,110.23)	(3,319.85)
Sale/Scrap of Fixed Assets	384.95	101.27
(Purchase)/Sale of Investments	(2.25)	(0.26)
(Investment in)/ withdrawal of Fixed Deposits	(15.63)	2.13
Interest Received	10.34	15.53
Dividend Received	5.82	18.31
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	(15,727.00)	(3,182.87)

Annual Report 2011-2012

CASH FLOW STATEMENT

for the year ended 30th June, 2012 (Contd.)

PARTICULARS	(₹ In Lac)	
	As at 30th June, 2012	As at 30th June, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Addition/ (Repayment) of Long Term Borrowings including current maturities	10,804.05	3,103.09
Repayment of Redeemable Preference Shares	(67.00)	0
Addition/ (Repayment) of Short Term Borrowings	3,573.71	(8,429.61)
Dividends Paid	(80.02)	(80.78)
Interest Paid	(1,750.29)	(2,067.41)
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	12,480.45	(7,474.71)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	40.59	(421.84)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	200.35	622.19
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	240.94	200.35
COMPONENT CASH AND CASH EQUIVALENTS		
Cash on Hand	5.04	6.51
With Bank on Current Account	225.90	185.06
on unclaimed Dividend Account	9.84	8.62
on Post office Account	0.16	0.16
TOTAL CASH AND CASH EQUIVALENTS	240.94	200.35

Note : Figures in brackets are outflows.

As per our report of even date

For Haribhakti & Co.
Chartered Accountants
FRN : 103523W

Sumant Sakhardande
Partner
Membership No. 34828

Place: Mumbai
Date: 9th November, 2012

For and on behalf of the Board of Directors

H R KILACHAND
Chairman & Managing Director

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

K D SHETH
Director

KESAR ENTERPRISES LTD.

STATEMENT OF FIGURES FROM SEASON 1986-87 TO 2011-2012 (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
2009-2010	119	693,771.98	65,170.00	9.38
2010-2011	116	738,041.20	71,811.00	9.68
2011-2012	148	931,902.00	88,761.00	9.48

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
2009-2010	7,458,803	23.12
2010-2011	13,141,901	23.00
2011-2012	11,223,029	22.60

Annual Report 2011-2012

FINANCIAL STATISTICS

(₹ in lac)

Year end position	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Share Capital	679.02	679.02	679.02	746.92	746.99	746.99	794.95	633.93	633.93	633.93
Reserves and Surplus	*23,733.70	2,518.53	2,230.11	3,517.44	2,848.42	2,504.27	3,864.07	3,271.71	3,409.50	3,327.16
Deferred Tax Liability/ (Assets)	(378.84)	24.84	345.83	650.79	634.95	897.26	752.27	417.15	277.28	262.86
Borrowings	34,956.36	20,578.60	25,135.42	16,420.60	17,097.70	11,881.89	9,581.43	7,507.10	6,958.04	7,547.44
Working Capital	11,276.43	14,574.21	21,886.08	11,935.84	13,084.11	8,483.45	8,242.78	5,536.90	4,836.65	5,551.90
Capital Employed	72,539.62	28,157.41	28,590.38	21,535.75	21,528.06	16,230.41	15,192.72	12,029.89	11,478.75	11,771.39
Gross Block	*37,767.26	15,183.32	15,280.52	19,546.13	16,714.42	15,557.89	14,552.40	13,660.10	13,292.96	11,918.23
Net Block	*28,857.03	5,795.90	6,036.20	9,102.09	6,997.99	6,496.57	6,078.81	5,697.98	5,765.89	4,774.26
Investments	54.95	52.70	52.44	52.49	7.00	2.00	455.60	455.10	455.10	455.39
Equity Shares										
Book Value (in ₹)	*359.53	47.09	42.84	62.80	52.94	46.69	73.16	59.89	28.15	25.78
Face Value (in ₹)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
For the Year										
Sales including Excise Duty	46,303.48	49,875.94	26,638.70	29,505.78	29,161.56	27,951.98	27,955.41	25,044.67	24,555.65	28,080.17
Depreciation	558.29	583.10	579.79	738.79	661.19	607.76	537.97	512.96	500.43	444.53
Profit / (Loss) before Tax	(2,217.67)	42.73	224.59	1,089.84	156.53	(1,656.06)	1,824.69	1,863.44	157.23	(1,487.62)
Profit / (Loss) After Tax	(1,998.50)	361.74	239.30	904.39	381.36	(1,847.71)	1,111.00	1,661.73	128.49	(1,367.80)
Equity Dividend %	0	10.00	10.00	30.00	5.00	0	25.00	20.00	0	0
Equity Dividend Amount	0	67.90	67.90	203.70	33.95	0	158.48	126.79	0	0

\$ Excluding Storage Division figure due to Demerger of Storage Division into Kesar Terminals and Infrastructure Limited w.e.f. 1-1-2009 & onwards
* Including Revaluation Reserve

Dear Shareholder,

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

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

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

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

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

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

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

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

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

We look forward to your support in this initiative.

Thanking you,

D. J. Shah

Sr. Vice President (Legal)
& Company Secretary

Annual Report 2011-2012

To,

Sharex Dynamic (India) Pvt. Ltd.,

Unit No. 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East),
Mumbai – 400072

Unit : Kesar Enterprises Limited

Dear Sir,

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

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

Name of the Shareholder(S) :

Folio-No. :

Email id(s): :

Thanking you,

Yours faithfully.

Signature(s) of the Shareholders.

Dated :



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

ATTENDANCE SLIP

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

I hereby record my presence at the 78th Annual General Meeting of the Company, to be held on Friday, 21st December, 2012 at 3:30 p.m. at The Indian Merchant Chambers, Walchand Hirachand Hall, Churchgate, Mumbai -400020

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

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

Name and Address of the Member:

Signature of Member or Proxy or Representative

* Applicable for investors holding shares in electronic form.



KESAR ENTERPRISES LTD.

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

PROXY FORM

I / We in the district of
of in the district of
being a Member/ Members of Kesar Enterprises Ltd.

hereby appoint
of in the district of
or failing him / her
of or failing him / her
of as my / our proxy to vote for me / us and on my / our behalf at the 78th Annual General Meeting of the Company, to be held on Friday, 21st December, 2012 at 3:30 p.m. at The Indian Merchant Chambers, Walchand Hirachand Hall, Churchgate, Mumbai 400020 or at any adjournment thereof.

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

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

Signed this day of, 2012



* Applicable for investors holding shares in electronic form.

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

BOOK-POST



If undelivered please return to:

KE **KESAR ENTERPRISES LTD.**

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