



KESAR ENTERPRISES LTD.

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65th
ANNUAL REPORT 1998-99



KESAR ENTERPRISES LTD.

(Incorporated under the Indian Companies Act VII of 1913)

BOARD OF DIRECTORS:	H. R. KILACHAND (Chairman & Managing Director) M. M. NANAVATI ANILKUMAR S. RUIA ANIRUDH A. KILACHAND D. P. DEBHAZRA (upto 28.4.2000) VIJAY KHOSLA (w.e.f. 28.4.2000) K. D. SHETH R. RANGARAJAN (Nominee of UTI-upto 28.4.2000) B. M. KINI (Nominee of UTI-w.e.f. 28.4.2000)
SR. GENERAL MANAGER (LEGAL) & COMPANY SECRETARY:	D. J. SHAH
BANKERS:	Bank of Baroda State Bank of India Central Bank of India Uttar Pradesh Co-operative Bank Limited
AUDITORS:	M/s. Chandabhoy & Jassoobhoy Chartered Accountants
SUGAR FACTORY AND DISTILLERY:	Baheri Dist. Bareilly, U.P.
STORAGE INSTALLATIONS:	Kandla (Gujarat)
REGISTERED OFFICE:	Oriental House 7, Jamshedji Tata Road Churchgate Mumbai - 400 020.
SUBSIDIARIES:	KESAR MARBLE & GRANITE LIMITED AMBER DISTILLERIES LIMITED
REGISTRAR & TRANSFER AGENTS:	SHAREX (INDIA) LTD. (Formerly known as HAMCO SHARE REGISTRY PVT. LTD.) 17/B, Dena Bank Building 2nd Floor, Horniman Circle, Fort Mumbai - 400 001.



KESAR ENTERPRISES LTD.

NOTICE

NOTICE is hereby given that the Adjourned 65th Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on Thursday, the 30th November 2000 at 3.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business:

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at 30th June 1999 and Profit and Loss Account for the year ended 30th June 1999.
2. To consider and, if thought fit, to pass with or without modification/s, the following Resolution as **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors plus reimbursement of travelling and other out-of-pocket expenses incurred by them in performance of their duties including auditing of the accounts at the factories of the Company."

By Order of the Board of Directors

D J SHAH

Sr. General Manager (Legal)
& Company Secretary

Registered Office:

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

30th October 2000.

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- (b) Members are requested to intimate the change, if any, in their Registered Addresses.
- (c) The unclaimed Dividends upto the Financial Year ended 31st March, 1995 of the Company have been transferred to the General Revenue Account of the Central Government pursuant to sub-section (5) of Section 205A of the Companies Act, 1956. The concerned members may therefore submit their claims in the prescribed manner/form to the Registrar of Companies, Hakoba Compound, Dattaram Lad Marg, Kalachowki, Mumbai - 400 033.
- (d) As mentioned in the notes to the Notice dated 28th February 2000 convening the 65th Annual General Meeting, the said meeting was adjourned sine die for the purpose of adoption of Annual Accounts as on 30th June 1999, Declaration of Dividend, if any, and Appointment of Auditors, as the Company was not in a position to complete the audit for the reasons mentioned in the said Notice. The audit of the Annual Accounts for the year ended 30th June 1999, is now completed by the Auditors of the Company viz. M/s. Chandabhoy & Jassoobhoy, Chartered Accountants and their Auditor's Report is annexed herewith.

KESAR ENTERPRISES LTD.

Directors' Report

To
The Shareholders
KESAR ENTERPRISES LIMITED

Gentlemen,

Your Directors have pleasure in presenting to you the 65th Annual Report and Audited Statement of Accounts for the year ended 30th June 1999.

FINANCIAL RESULTS

	1998-99	(Rs. in Lacs) 1997-98
The working of the year shows a Gross Profit before interest, depreciation & taxation	1,958.64	2,881.43
Less: Interest	1,340.81	1,833.72
Gross Profit	617.83	1,047.71
After providing:		
For Depreciation	532.36	743.60
For Taxation	55.00	18.75
Profit (after tax)	30.47	285.36
Add (Less):		
Balance brought forward from previous year.	112.09	134.08
Net effect of adjustment for short/excess provisions and expenses and income relating to earlier years	(63.25)	(76.80)
Amount available for disposal	79.31	342.64
Which your Directors have appropriated as follows:		
1. Proposed Dividend:		
(Previous year 15% i.e. Rs. 1.50 per share on 63,39,315 Equity Shares)	—	95.09
2. Tax on Proposed Dividend	—	10.46
3. Transfer to General Reserve	—	25.00
4. Transfer to Debenture Redemption Reserve	75.00	100.00
5. Balance carried forward to Balance Sheet	4.31	112.09
	79.31	342.64

From the above it will be observed that the Gross Profit before Depreciation and Taxation for the year ended 30th June 1999 has been Rs. 617.83 lacs as against Rs. 1047.71 lacs in the previous year. The Net Profit has been Rs. 30.47 lacs during the year as against Rs. 285.36 lacs in the previous year.

DIVIDEND

In view of the inadequate profit during the period and that the Financial Institutions have not given their permission and also to conserve the scarce resources, your Directors have decided not to recommend any Dividend for the year 1998-99.

WORKING OF THE DIVISIONS

Sugar Division

During the Crushing Season 1998-99, the plant crushed a quantity of 66.32 lacs qtls. of sugar cane in 144 days as against 74.72 lacs qtls. crushed in 164 days in the previous season. The sugar recovery was 9.06% as against 10.04% in the previous season. Molasses produced during the season 1998-99 was 2.99 lacs qtls. as against 3.39 lacs qtls. in the previous season.

The Cane prices fixed by the U.P. State Government for normal and early maturing varieties were Rs. 80/- per quintal and Rs. 85/- per quintal respectively during the season 1998-99 as against Rs. 75/- per quintal and Rs. 80/- per quintal respectively for the previous season. Levy sugar price for the season 1998-99 was announced by the Government at Rs. 1,049.09 per quintal as against Rs. 1,012.61 per quintal for the previous season. This Division had lower production due to late and heavy rains last year, resulting into low yield per acre of cane crop. Further, the sugar formation in cane was also low resulting into lower recovery for the period.

Distillery Division

The performance of the Distillery Division was affected due to intermittent running of the Distillery on account of off-take problems. The production of Rectified Spirit (RS) during the year under review was 85.45 lac litres as against 114.20 lac litres in the previous year. The production of Extra Neutral Alcohol (ENA) during the year was 26.26 lac litres as against 33.73 lac litres in the previous year. The quantity of Country Liquor supplied was 103.94 lac litres during the year as compared to 148.52 lac litres in the previous year. The sale of IMFL was 1.36 lac cases during the year as against 2.77 lac cases in the previous year.

Storage Division

The Storage Division of the Company performed well during the year. Additional storage capacities have been added as the demand for storage facilities continued to remain high.

SUBSEQUENT FINANCIAL YEAR 1999-2000

The crushing for the season 1999-2000 (from 26th November 1999 to 2nd May 2000) was 71.69 lac qtls. of cane. The total sugar production was 6.84 lac qtls. The sugar recovery was slightly higher at 9.41%.

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The cane price for the season was increased to Rs. 85/- per quintal for normal and to Rs. 90/- per quintal for early maturing varieties. Levy sugar price for the season 1999-2000 was announced by the Government at Rs. 1,075.41 per quintal as against Rs. 1,049.09 per quintal for the previous season. The Government has increased free sale quota of sugar from 60% to 70% with effect from 1st January 2000. The Government has also increased the import duty on sugar twice from 27% in December 1999 to 60% in February 2000. Besides, the Government has started collecting 30% of imports for public distribution at the same price it pays for the domestic levy sugar.

The working of the Distillery Division has improved as compared to the last year. The production of Rectified Spirit (RS) was 96.79 lac litres. The production of Extra Neutral Alcohol (ENA) was 33.83 lac litres. The quantity of Country Liquor supplied was 106.81 lac litres. The sale of IMFL was 1.31 lac cases.

The Storage Division at Kandla continued to perform well during the year.

DEVELOPMENT OF LAND

As informed in the last report, the Company had entered into a Project Services Agreement with Mahindra Realty Infrastructure Developers Limited (MRIDL), a wholly owned subsidiary of Mahindra & Mahindra Ltd. for developing its land at Goregaon, Mumbai and constructing for sale, residential and commercial tenements. The Company had obtained necessary approvals from the Government to start the construction activities. The further necessary approvals from the various authorities are awaited. The construction activity is expected to commence soon.

DEMATERIALISATION (DEMAT) OF EQUITY SHARES:

Securities and Exchange Board of India (SEBI) has made compulsory delivery of shares of your Company in the dematerialised form for all investors with effect from 28th August 2000. In view of the same, the Company has executed necessary agreements with National Securities Depository Limited (NSDL) and Central Depository Services of India Limited (CDSL). Accordingly, the Company has been allotted ISIN activation no. INE133BO1019 by NSDL and CDSL with effect from 23rd March 2000 and 10th August 2000 respectively. The shareholders have the option/discretion of holding their dematerialised shares in the Company through NSDL and CDSL.

Y2K STATUS:

All internal systems, procedures and operations of the Company which were made Y2k compliant have transited smoothly into the new millennium on 1st January 2000 and have been performing normally.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

SUBSIDIARY COMPANIES

The information including Annual Accounts, Directors' Report and Auditor's Report in respect of the subsidiaries viz. Kesar Marble & Granite Ltd. for 18 months period from 1st October 1997 to 31st March 1999 and Amber Distilleries Ltd. as on 31st March 1999 are annexed as required under Section 212 of the Companies Act, 1956.

DIRECTORS

Two Directors Shri K. D. Sheth and Shri M. M. Nanavati have been reappointed as Directors of the Company at the 65th Annual General Meeting held on 30th March 2000.

Shri D. P. Debhazra ceased to be the Director upon withdrawal of his recommendation by General Insurance Corporation and in his place Mr Vijay Khosla was recommended as Director with effect from 28th April 2000. Shri R. Rangarajan also ceased to be the Director upon withdrawal of his nomination by Unit Trust of India and in his place Shri B. M. Kini was nominated as Director with effect from 28th April 2000. The Board has placed on record the valuable services rendered and able guidance given by Shri D. P. Debhazra and also by Shri R. Rangarajan during the tenure of their office.

FIXED DEPOSITS

Fixed Deposits of Rs. 4,06,500 due for repayment on or before 30th June 1999, were not claimed by 47 depositors as on that date.

AUDITORS' REPORT

Referring to the remarks in the Auditors' Report, the Directors would like to refer to the Notes on Accounts Nos. 2(b), 8(ii), 8(iii), 13, 15, 22, 23, 24 & 26, which clarifies the Company's position, and are self-explanatory.

AUDITORS

You are requested to appoint M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai as Auditors of the Company from the conclusion of the adjourned 65th Annual General Meeting until the conclusion of the next Annual General Meeting as proposed in the Notice convening the adjourned 65th Annual General Meeting.

EMPLOYEES

The relations with the employees remained cordial throughout the year. As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder desirous of obtaining such particulars may write to the Sr. General Manager (Legal) & Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation extended by the Banks, the Financial Institutions and the U. P. Government, 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

Mumbai, 30th October 2000.

KESAR ENTERPRISES LTD.

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

CONSERVATION OF ENERGY

1. We are constantly renovating our plant for conservation of energy like installation of economiser for 30 ton capacity boiler, installation of S. S. condenser in Pan No. 2 Auto speed regulation at 1st and 2nd mills, imbibition automation, modification in the furnace of 40 ton boiler to increase its rating & to recover the waste heat.
2. Due to continuous improvement in the steam and power management, Bagasse saving has increased and Co-generation is also planned for Conservation of energy.

FORM A**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

		1998-99	1997-98
A. Power and Fuel Consumption			
1. Electricity			
(a) Purchased			
Unit	Kwh	1236971	1445716
Total Amount	Rs.	6889249	8498940
Rate/Unit	Rs.	5.57	5.88
(b) Own Generation			
(i) Through Diesel Generator			
Unit	Kwh	952059	745855
Units Per Ltr. Of Diesel Oil	Kwh	2.61	2.69
Rate/Unit	Rs.	4.29	3.73
(ii) Through Steam Turbine			
Unit	Kwh	17720740	19686840
Units Per M. T. of Steam	Kwh	50.33	51.31
Rate/Unit	Rs.	3.12	3.69
2. Coal Quantity	M.T.	61	76.62
Cost	Rs.	302160	305358
Average Rate	Rs.	4953.44	3985.36
3. Other Fuel Bagasse (Own) Quantity	M.T.	208784	236967
Cost	Rs.	**	**
Average Rate	Rs.	**	**
4. Rice Husk			
Quantity	M.T.	10757	12336
Cost	Rs.	8971210	9602820
Average Rate	Rs.	833.99	778.44
5. H. S. Diesel Quantity	Ltr.	365113	277674
Cost	Rs.	4086460	2785138
Average Rate	Rs.	11.19	10.03
** Not applicable as this is a By-product			
		1998-99	1997-98
B. Consumption per unit of production			
Product (Sugar)			
Electricity	Kwh	221.44	188.77
Bagasse	M.T.	3.48	3.11
Diesel Oil	Ltr.	3.17	1.75
Product (Industrial Alcohol)			
Electricity	Kwh	217.20	219.27
Coal	Qtls.	0.07	0.07
Bagasse	M.T.	0.07	0.32
Rice Husk	M.T.	1.26	1.08
Diesel Oil	Ltr.	20.47	12.83

FORM B**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH AND DEVELOPMENT****A. RESEARCH AND DEVELOPMENT**

1. Biocomposition process of spent wash after Biomenthaisation by using Filler materials like filter cake, Bagasse sawdust and boiler ash and finding out the effect of Biofertilizer on crop production.
2. Sugar cane research pertaining to tissue culture and bio-pesticides at our agricultural research farm at Khurpia.
3. Reduction in supplementation of chemicals as nutrients which saved operational cost of biometanisation technology for Distillery waste water treatment.
4. Decolourization of aerobically treated Distillery spentwash by selected native microflora and chemicals.
5. Biochemical approach for H2S desulphurisation in biogas.

B. BENEFITS DERIVED

1. Improvement in biometanisation technology from Distillery waste water treatment has increased the bio-gas generation which has helped in reduction of fuel consumption in process in addition to reduction of pollution load of treated effluent.
2. Bagasse saving has gone up due to improvement in steam and power Management.
3. Results of other R&D activities are awaited

		1998-99	(Rs. In lacs) 1997-98
Expenditure of R & D			
(a) Capital		17.48	26.28
(b) Recurring		15.60	15.27
(c) Total		33.08	41.55
(d) Total R&D expenditure as a percentage of turnover		0.23%	0.28%
Technology absorption, adaption & innovation:		The Company has not purchased/imported any technology hence not applicable.	

Foreign Exchange Earnings and Outgo:

The information on foreign Exchange earnings and outgo is furnished in the Notes to the Accounts (Please refer to Note No. 28 Annexure 1 item D, E and F).

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REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Kesar Enterprises Limited as at 30th June, 1999 and also the Profit and Loss Account of the Company for the year ended as on that date, annexed thereto and we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of the books except for non-provision of liabilities in respect of Gratuity and Contribution to Superannuation fund as referred to in Note No. 22 in Schedule 22.
3. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account.
4. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except Accounting Standard 5 in respect of "Prior Period Items and Changes in Accounting Policies" & Accounting Standard 15 in respect of "Accounting for Retirement Benefits" as referred to in Note No. 22 in Schedule 22.
5. Attention is invited to the following in Schedule 22;

- (i) Note No. 13 in respect of Excise Duty of Rs. 93.29 lacs not charged to Profit & Loss Account and its consequent effect on the profit for the year.
- (ii) Note No. 22 for change in accounting policy in respect of Gratuity and Superannuation contribution. Had this change not been made, the profit for the year would have been lower by Rs. 61.15 lacs.
- (iii) Note No. 23 in respect of capitalisation of interest cost. This is not in accordance with the Guidance Note issued by The Institute of Chartered Accountants of India. Had this Guidance Note been followed, the Profit for the year would have been lower by Rs. 119.82 lacs.
- (iv) Note No. 24 in respect of short provision and write back of interest on Inter Corporate Deposits, Bill Discounting Charges and Delayed Payment Charges on Lease Rentals. Had these liabilities been provided, the profit for the year would have been lower by Rs. 196.71 lacs.

The aggregate effect of above is that the profit for the year of Rs. 30.47 lacs would have turned into a loss of Rs. 440.50 lacs and the reserves would have been lower by Rs. 470.97 lacs.

- (v) Note No. 2 (b) in respect of Storage Installations at Shakurbasti, New Delhi, towards enhanced demand for Licence Fees, Property Taxes and Electricity Charges aggregating to Rs. 1,132.95 lacs. The said demands are disputed by the Company.
- (vi) Note No. 8(i) in respect of accumulated losses of Amber Distilleries Limited.
- (vii) Note No. 8(ii) in respect of diminution in the value of long term investments in Kesar Marble & Granite Limited (KMGL) for which no provision is made in the accounts. We are unable to form an opinion whether such diminution is other than temporary.
- (viii) Note No. 8(ii) in respect of advances of Rs. 1,110.07 lacs given to Kesar Marble & Granite Limited (KMGL) as at 30th June 1999. We are unable to form an opinion regarding the recoverability of the advances.
- (ix) Note No. 15 in respect of Sundry Debtors, which includes Rs. 34.26 lacs arising out of assignment of a debt from a Company in which one of the Director is interested.
- (x) Note No. 26 in respect of dividend for the year 1996-97.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the accounts read with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

- (a) In the case of the Balance Sheet of the state of the Company's affairs as at 30th June, 1999 and
- (b) In the case of Profit & Loss Account of the Profit for the year ended on that date.

6. As required by the Manufacturing and Other Companies (Auditors Report) Order 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further state that:—

- (i) The Company has maintained proper records showing full particulars including quantitative details and location of its fixed assets in respect of its Sugar, Distillery, Farms, Chemical (Goregaon), Head Office, Delhi Office and Distiller's Trading Corporation Divisions except for item wise values and depreciation written off in respect of Nandgaon Property and for each individual asset purchased before 1st October, 1965 in case of Sugar, Distillery and Farms Divisions and before 1st October, 1967 in case of Chemical Division and Head Office.
The Fixed Assets have been physically verified by the Management at regular intervals. No material discrepancies have been noticed on such verification.
In respect of assets given on lease, the Company has obtained certificate confirming the existence.
- (ii) The Fixed Assets have not been revalued during the year.
- (iii) The stocks of finished goods, stores, spares and raw materials have been physically verified by the Management at regular intervals.
- (iv) The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) The discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of account.

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- (vi) In our opinion and on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and except as stated in Note No.27 in Schedule 22 is on the same basis as in the preceding year.
- (vii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 or from companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956.
- (viii) The Company has not given any loans, secured or unsecured, to the companies, firms or other parties listed in the Register maintained under section 301 or to companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956.
- (ix)
 - (a) The Company has given advances in the nature of loans to its employees. The principal amounts together with interest wherever applicable have been recovered as stipulated. The Company has given advances of Rs.47.00 lacs as referred to in Note No.20. The Company has since received a pay order of Rs.5.00 lacs from the party. Steps are being taken to recover the said amount from the party.
 - (b) The Company has given interest free advances in the nature of loans to its Wholly Owned Subsidiary Company, Kesar Marble & Granite Limited. There are no stipulations as to repayment of the principal amount. Attention is also invited to Para 5(viii) of our report and Note No 8 (ii) in Schedule 22.
- (x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of raw materials, stores, trading goods, plant and machinery, equipment and other assets and for the sale of goods.
- (xi) The Company had neither purchased nor sold goods and materials exceeding Rs.50,000/- in value from/to the companies, firms or other parties in which Directors are interested as listed in the register maintained under section 301 of the Companies Act, 1956. In respect of sale of services, the same are made at the rates at which transactions for similar services have been made with other parties.
- (xii) As per the information and explanations given to us, stocks were reviewed at the year-end by the Management for determination of unserviceable or damaged stores, raw materials and finished goods and necessary provisions have been made in the books of account.
- (xiii) In our opinion and according to the explanations given to us, the Company has complied with the provisions of section 58(A) of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (xiv) The Company has, in our opinion, maintained reasonable records for the sale and disposal of scrap and by-products.
- (xv) The Company has Internal Audit System commensurate with the size and nature of its business. However, in our opinion, it needs to be strengthened.
- (xvi) In case of Sugar and Alcohol manufacturing activities at Baheri, we have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (xvii) As per the records of the Company, the Provident Fund and Employees State Insurance Corporation dues have been regularly deposited with appropriate authorities.
- (xviii) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Custom duty and Excise duty which have remained outstanding as at 30th June, 1999 for a period of more than six months from the date they became payable.
- (xix) Based on our examination of the books of account and information and explanations given to us, no personal expenses have been charged to revenue account of the Company, except those payable under Service Contract obligations and/or as per accepted business practices and those approved by the Board of Directors.
- (xx) The Company is not a Sick Industrial Company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xxi) In respect of the service activities of the Company:
 - (a) The Company has, in our opinion, a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its business. The allocation of materials consumed and man-hours to relative jobs is not applicable to the Company.
 - (b) In our opinion, there is a reasonable system of authorisation at proper levels with necessary controls on the issue of stores. The system of internal control is adequate and commensurate with the size and nature of the business of the Company.

For and on behalf of
CHANDABHOY & JASSOOBHOY
Chartered Accountants

J. D. MEHTA
Partner

Mumbai, 30th October, 2000

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BALANCE SHEET

as at 30th June, 1999

	Schedule No.	(Rs. In Lacs) As at 30th June, 1998
Sources of Funds :		
1. Shareholders' Funds :		
(a) Share Capital	1	633.93
(b) Reserves and Surplus	2	4,956.95
		<u>5,590.88</u>
2. Loan Funds :		
(a) Secured Loans	3	9,419.04
(b) Unsecured Loans	4	522.45
		<u>9,941.49</u>
Total		<u><u>15,532.37</u></u>
		<u><u>15,169.11</u></u>
Application of Funds :		
1. Fixed Assets :	5	
(a) Gross Block		10,217.39
(b) Less: Depreciation/Land Premium written off		<u>5,423.45</u>
(c) Net Block		4,793.94
(d) Capital Work-in-Progress		<u>952.93</u>
		<u>5,746.87</u>
2. Investments	6	896.52
3. Current Assets, Loans and Advances :		
(a) Inventories	7	8,231.23
(b) Sundry Debtors	8	855.98
(c) Cash and Bank Balances	9	292.50
(d) Other Current Assets	10	18.82
(e) Loans and Advances	11	2,115.41
		<u>11,513.94</u>
Less: Current Liabilities and Provisions :	12	
(a) Current Liabilities		2,414.37
(b) Provisions		<u>244.25</u>
		<u>2,658.62</u>
Net Current Assets		<u>8,855.32</u>
4. Miscellaneous Expenditure to the extent not written off : Deferred Revenue Expenditure [See Note No. 17]		33.66
Total		<u><u>15,532.37</u></u>
		<u><u>15,169.11</u></u>

Notes forming part of the Accounts

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As per our Report attached.

For and on behalf of
CHANDABHOY & JASSOQBHOY,
Chartered AccountantsFor and on behalf of the Board of Directors,
H. R. KILACHAND
Chairman & Managing DirectorJ. D. MEHTA
PartnerD. J. SHAH
Sr. General Manager (Legal)
& Company SecretaryM. M. NANAVATI
Director

Mumbai, 30th October 2000

Mumbai, 30th October 2000

KESAR ENTERPRISES LTD.

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 1999

	Schedule No.		(Rs. in Lacs) Previous Year
1. Income :			
Sales and Services	13	14,168.85	14,999.92
Other Income	14	522.22	265.30
Increase / (Decrease) in Stocks	15	(1,877.30)	(1,019.45)
Total		12,813.77	14,245.77
2. Expenditure :			
Raw Materials Consumed	16	6,424.11	6,610.88
Property under Development	17	—	—
Expenses on Sugarcane Plantations	18	203.30	178.38
Manufacturing and Other Expenses	19	4,227.72	4,575.08
Interest and Finance Charges	20	1,340.81	1,833.72
Depreciation (including Land Lease Premium written off Rs. 0.19 Lac (Previous Year Rs. 0.19 Lac)		532.36	743.60
Total		12,728.30	13,941.66
3. Profit before Tax		85.47	304.11
4. Provision for Taxation			
(i) Income Tax		53.50	17.50
(ii) Wealth Tax		1.50	1.25
5. Profit for the year after Tax		30.47	285.36
Add/(Less) : Balance brought forward from previous year		112.09	134.08
Prior period adjustments	21	(63.25)	(76.80)
6. Profit available for appropriation		79.31	342.64
7. Appropriations :			
Proposed Dividend On Equity Shares		—	95.09
Tax on Proposed Dividend		—	10.46
Transferred to General Reserve		—	25.00
Transferred to Debenture Redemption Reserve		75.00	100.00
Balance Carried Forward to Balance Sheet		4.31	112.09
Total		79.31	342.64

Notes forming part of the Accounts

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As per our Report attached.

For and on behalf of
CHANDABHOY & JASSOOBHOY,
Chartered Accountants

For and on behalf of the Board of Directors,
H. R. KILACHAND
Chairman & Managing Director

J. D. MEHTA
Partner

D. J. SHAH
Sr. General Manager (Legal)
& Company Secretary

M. M. NANAVATI
Director

Mumbai, 30th October 2000

Mumbai, 30th October 2000