

# **KESAR ENTERPRISES LTD.**

77th Annual Report 2010-11





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# **KESAR ENTERPRISES LTD.**

(Incorporated under the Indian Companies Act VII of 1913)

## **COMPANY INFORMATION**

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

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## NOTICE

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

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

### **SPECIAL BUSINESS:**

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

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

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

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

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

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

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

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

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

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

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

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

**Registered Office:**

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

12th October, 2011

By Order of the Board of Directors

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

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## Notes:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- b) The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 10.11.2011 to Thursday, 17.11.2011 (both days inclusive) for the purpose of payment of the dividend. The Shareholders are requested to inform of change in address, if any, at the earliest.
- c) The Unclaimed Dividends upto the financial year ended 30th June, 1998 of the Company, have been transferred to the Investor Education and Protection Fund set up by the Central Government pursuant to Section 205C of the Companies Act, 1956.
- d) The Members may lodge their shares for transfer / transmission with the office of M/s. SHAREX DYNAMIC (INDIA) PVT. LTD., the Registrar and Share Transfer Agents at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072 or with the Company.
- e) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
- f) All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Sundays between 11:00 a.m. and 1:00 p.m. up to the date of the ensuing Meeting.
- g) Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- h) Members / Proxies should fill the Attendance Slip for attending the Meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the Meeting.
- i) The members of the Company are requested to provide their email address for serving by electronic mode the notice/documents as a part of the Green Initiative in Corporate Governance introduced by the Ministry of Corporate Affairs vide Circular No.17/2011 & 18/2011 dated 21.4.2011 and 29.4.2011 respectively. The said information / request can be sent by members to M/s. SHAREX DYNAMIC (INDIA) PVT. LTD. the Registrar and Share Transfer Agents email id at sharexindia@vsnl.com or at the Company's email id at djs@kesarindia.com (Please refer Page 60)
- j) As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Smt. M. H. Kilachand and Shri K. D. Sheth, the retiring Directors at the ensuing Annual General Meeting, is given in para 2 of the Corporate Governance Report.

## ANNEXURE TO THE NOTICE

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

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board of Directors

**Registered Office:**

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

12th October, 2011

**D. J. SHAH**

Sr. Vice President (Legal)  
& Company Secretary



# Annual Report 2010-2011

## Directors' Report

To  
The Shareholders,  
Kesar Enterprises Ltd.

Dear Members,

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

### FINANCIAL RESULTS

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

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

### DIVIDEND

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

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

### WORKING OF THE DIVISIONS

#### Sugar Division

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



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

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

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

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

## **Spirits Division**

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

## **Agrotech Division:**

### **Crops**

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

### **Seed Division**

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

## **SUBSEQUENT FINANCIAL YEAR 2011-12**

### **Sugar Division**

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

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

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

## **Spirits Division**

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

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

## **Seed Division**

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

## **EXPANSION / MODERNISATION**

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

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

## **Spirits Division**

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

## **Seed Division**

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

## **JOINT PROJECT IN MADHYA PRADESH**

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