KESAR ENTERPRISES LTD.

78th Annual Report 2011-12

KESAR ENTERPRISES LTD.

CONTENTS

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

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.

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 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 Kichcha, 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 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