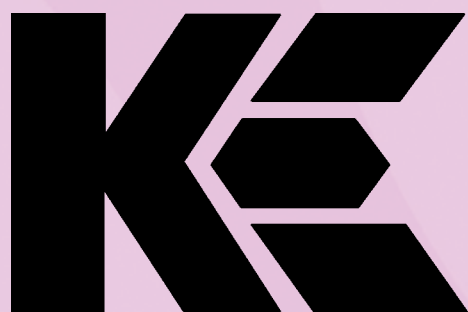


KESAR ENTERPRISES LTD.



79th Annual Report 2012-13

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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 P N DUBEY S SETHURAMAN (Nominee Director – GIC) (upto 29.8.2013) P NAYAK (Nominee Director – GIC) (w.e.f. 29.8.2013)
SR. VICE PRESIDENT (LEGAL) & COMPANY SECRETARY	: D J SHAH
BANKERS	: Allahabad Bank Uttar Pradesh Co-operative Bank Limited UCO Bank
AUDITORS	: M/s. Haribhakti & Co. Chartered Accountants
SUGAR FACTORY, SPRITS AND POWER PLANT	: 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

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NOTICE

NOTICE is hereby given that the **79th** Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Tuesday, 8th October, 2013** at **3:30 p.m.** at **M C Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001** to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2013 and the Statement of Profit & Loss 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 P Nayak, who retires by rotation, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Ajeet Prasad, who retires by rotation, 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 modification/s, the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 316, Schedule XIII read with Section III thereto and other applicable provisions, if any, of the Companies Act, 1956 including any statutory amendment, modification or re-enactment thereof and other requisite approvals as may be necessary, approval of the Members of the Company, be and is hereby accorded for reappointment of Shri H R Kilachand as Chairman & Managing Director of the Company for a further period of 3 years from 14.8.2013 to 13.8.2016, on a remuneration and on the terms and conditions as per Schedule XIII to the Act, and as specifically set out below:

I. SALARY:

[A] In case, the Company has sufficient Net Profit (calculated as per Section 349 of the Act) in any financial year:

- a. Salary of ₹ 3,00,000/- per month or ₹ 36,00,000/- per annum but not exceeding ₹ 4,00,000/- per month or ₹ 48,00,000/- per annum [or any higher limit as may be revised from time to time under the Act] in the scale as may be reviewed by the Board from time to time based on the performance of the Company, subject to specified ceiling limit of the Net Profit;
- b. Incentives, not exceeding the specified ceiling limit of the Net Profit of the Company for each financial year or part thereof computed in the manner as laid down under Section 349 of the Companies Act, 1956 and subject to the overall ceiling laid down under Section 198 and 309 of the Companies Act, 1956 after deducting Salary & Perquisites as provided herein.

OR

[B] In case, the Company has no profits or its profits are inadequate:

Salary of ₹ 3,00,000/- per month or ₹ 36,00,000/- per annum but not exceeding Salary ₹ 4,00,000/- per month or ₹ 48,00,000/- per annum [or any higher limit as may be revised from time to time under the Act] plus other Perquisites as mentioned hereunder as Minimum Remuneration as per Para (B) of Part II of Schedule XIII.

II. PERQUISITES:

Shri H R Kilachand shall be entitled to House Rent Allowance not exceeding 60% of the salary, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules being restricted to an amount equal to the annual salary payable to Shri H R Kilachand, subject however to the limit of overall Minimum Remuneration as prescribed under Para (B) of Part II of Schedule XIII.

Shri H R Kilachand shall be further eligible to the following perquisites also which shall not be included in the computation of the ceiling limit on remuneration by way of salary, perquisites, allowances etc.

- i. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund. The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under the Income Tax Act.
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii. Encashment of leave at the end of the tenure.

Shri H R Kilachand shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company."

"RESOLVED FURTHER THAT the remuneration as per Para (B) of Part II of Schedule XIII as mentioned above shall nevertheless be paid and allowed to Shri H R Kilachand, Chairman & Managing Director as the minimum remuneration, but not exceeding overall ceiling limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time, notwithstanding that in any financial year of the Company during the tenure of office of Shri H R Kilachand, the Company may have made no profits or its profits may be inadequate."

"RESOLVED FURTHER THAT Shri H R Kilachand shall not be liable to retire by rotation as a Director subject to Section 256 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the payment of above remuneration shall also be subject to Section III of Schedule XIII of the Companies Act, 1956, which provides that subject to the provisions of Sections I and II of Schedule XIII, Shri H R Kilachand shall draw remuneration from the Company as well as from Kesar Terminals & Infrastructure Ltd. [KTIL] in which Shri Kilachand is appointed as the Whole-time Director designated as Executive Chairman, provided that the total remuneration drawn and retained by Shri Kilachand from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies."

"RESOLVED FURTHER THAT the amount of remuneration to be paid by each Company will be decided by the Board of the respective Companies from time to time considering the higher maximum limit admissible from any one Company i.e. the Company or KTIL."

6. 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

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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 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, GDRs/ FCCBs / ADRs that may be issued, shall be made subject to compliance with applicable laws and regulations."

"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.”

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 Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the applicable provisions of the Companies Act, 1956 or the new Companies Act as and when Notified, and such other laws as may be applicable, the Company hereby considers and takes note of erosion of more than 50% of the Net Worth of the Company as on the financial year ended 30th June, 2013 in relation to its peak Net Worth during the immediately preceding four financial years.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to report such erosion to the Board for Industrial and Financial Reconstruction (BIFR), if required considering the new Companies Act as and when made applicable in the matter.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to delegate its power to any Director, Committee of Directors or any Officer of the Company to give effect to this resolution.”

Registered Office:

Oriental House,
7, Jamshedji Tata Road,
Churchgate,
Mumbai – 400 020
29th August, 2013

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 from Tuesday, 1.10.2013 to Tuesday, 8.10.2013 (both days inclusive) 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 Dividends upto the financial year 2004-05 and Interim Dividend for the year 2005-06 of the Company, have been transferred to the Investor Education and Protection Fund (Fund) set up by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Final Dividend for the year 2005-06 will be transferred to the Fund on or before 24.12.2013.
- 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 – 400 072 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.

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- 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 through email id sharexindia@vsnl.com or the Company's email id djs@kesarindia.com.
- j) As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Shri P Nayak and Shri Ajeet Prasad, the retiring Directors, 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. 5: Reappointment of Shri H R Kilachand as Chairman & Managing Director:

The Board has reappointed Shri H R Kilachand as Chairman & Managing Director for a further period of 3 years with effect from 14.8.2013 on remuneration within the ceiling limits provided in Schedule XIII-Part II-Section I, II & III to the Companies Act, 1956.

The remuneration as proposed in the Special Resolution has been approved by the Remuneration Committee, consisting of three Independent Directors. Shri H R Kilachand is also reappointed as Whole-time Director designated as Executive Chairman by the Shareholders of Kesar Terminals & Infrastructure Ltd. [KTIL] at their meeting held on 11.7.2013 for a period of 3 years from 14.9.2013. The said remuneration will be revised by the Remuneration Committee / the Board from time to time considering that the total remuneration drawn & retained by Shri H R Kilachand from both the Companies shall not exceed the higher maximum limit admissible from any one Company i.e. the Company or KTIL in terms of Section III of Schedule XIII to the Companies Act. The Board is also authorised to revise the remuneration of Shri Kilachand as per the provisions of the new Companies Act as and when notified.

Shri H R Kilachand shall not be regarded as a Director liable to retire by rotation.

The Company has not made any default in repayment of any of its debts (including public deposits) or interest payable thereon for a continuous period of 30 days in the preceding financial year.

The Board recommends the Special Resolution as proposed above for your approval.

The abstract of the terms and Memorandum of interest under Section 302(7) of the Companies Act, 1956 with respect to the reappointment of Shri H R Kilachand as Chairman & Managing Director of the Company was sent earlier to all the Members of the Company.

None of the Directors of the Company except Shri H R Kilachand & Smt. M H Kilachand is in any way concerned or interested in the aforesaid resolution.

As required under Schedule XIII, a statement containing relevant information of Shri H R Kilachand is given below:

INFORMATION ABOUT THE APPOINTEE — SHRI H R KILACHAND:

DIN	00294835
Birth Date	04/05/1960
Nationality	Indian
Board Appointment	6.3.1997
Qualification	B.Com., C.B.M., & P.G.D.B.M. (U.S.A.)
Experience	He has been with the Company since August 1985. During the last 27 years, he contributed vital services in the growth of the Company inter-alia Cogen Power Plant, which became operational during the year 2012-13.
Relationship	Promoter Director
Shareholding	556340 Equity Shares [6.45%]
Relationship with other Director	Husband of Mrs. M H Kilachand
List of other Directorship	<ol style="list-style-type: none"> 1. Kesar Terminals & Infrastructure Ltd., 2. Kesar Corporation Pvt. Ltd., 3. Kilachand Devchand & Co. Pvt. Ltd., 4. Indian Commercial Co. Pvt. Ltd., 5. India Carat Pvt. Ltd., 6. Seel Investments Pvt. Ltd., 7. Duracell Investments & Finance Pvt. Ltd., 8. Kilachand Devchand Commercial Pvt. Ltd. 9. Kesar Multimodal Logistics Ltd.

Item No. 6

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 or equivalent foreign currency inclusive of premium payable on conversion, if any.

The objects of this issue is to improve the Net Worth of the Company, to enhance financial flexibility of the Company to fund its capital expenditure plans to part finance expansion / modernisation of the Sugar Factory / Distillery at Baheri, investments in similar facilities etc. The Company is exploring alternatives to mobilise resources from various available sources. It is proposed to raise a sum upto Indian Rupees 125 crore 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.

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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(1 A) unless the shareholders in a general meeting decide otherwise.

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

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

The Board of Directors believes that such issue is in the interest of the Company and therefore recommends the resolution for your approval.

No Director of the Company is interested or concerned in the said resolution.

Item No. 7:

The provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 as amended, provides that if the Accumulated losses of an Industrial Company, as at the end of any financial year have resulted in erosion of 50%, or more of its peak Net Worth during the immediately preceding four financial years, then within 60 days from the date of finalisation of the duly audited Accounts of the Company for the relevant financial year, the Company shall –

- (i) Report the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR); and
- (ii) Hold a General Meeting of the Shareholders of the Company for considering such erosion;

The Board of Directors is required to forward to every Shareholder of the Company a Report as to such erosion and the causes for such erosion.

The audited Accounts of the Company for the year ended 30.6.2013 is being adopted at this General Meeting on 8.10.2013. You may note that under the provisions of Section 23 of SICA, the Accumulated losses of the Company for the financial year ended 30th June, 2013 have resulted in erosion of more than 50% of its peak Net Worth during the immediately preceding four financial years. The causes of such erosion and the steps & measures being taken by the Company to improve the same are explained below.

Report of the Board of Directors as to such erosion, causes for such erosion

As per the audited Account of the Company for the year ended 30.6.2013, the Loss of the Company for the year 2012-13 is ₹ 1668.20 lac. The Accumulated Losses amount to ₹ 2934.07 lac. The Net Worth during the immediately preceding 4 financial years are-

Preceding 4 Financial Years	2011-12	2010-11	2009-10	2008-09
Net Worth (₹ in lac)	1339.36	3397.55	3109.13	4464.36

The peak Net Worth is ₹ 4464.36 lac. The Accumulated Losses of ₹ 2934.07 lac is 65.72%, which is more than 50% of the peak Net Worth.

However, you may also note that the calculation of Net Worth is on the basis of book value of the Assets of the Company (without considering Revaluation of its Assets amounting to ₹ 23206 lac).