



82nd Annual Report
2016~17

KESAR ENTERPRISES LIMITED



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KESAR ENTERPRISES LIMITED

(Incorporated under the Indian Companies Act VII of 1913)

CIN: L24116MH1933PLC001996

COMPANY INFORMATION

BOARD OF DIRECTORS

H R KILACHAND	(Chairman & Managing Director)
A S RUIA	(Independent Director – upto 29.4.2016)
P N DUBEY	(Independent Director)
D J SHAH	(Director & Company Secretary)
M A KUVADIA	(Independent Director – w.e.f. 11.7.2016)

CHIEF FINANCIAL OFFICER (CFO)

ROHIT BALU

BANKERS

Allahabad Bank
Uttar Pradesh Co-operative Bank Limited
UCO Bank

AUDITORS

Haribhakti & Co. LLP, Chartered Accountants

SUGAR FACTORY, SPIRITS AND POWER PLANT

Baheri, Dist. Bareilly, Uttar Pradesh.

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.
Unit No.1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai - 400 072

AUDIT COMMITTEE MEMBERS

A S RUIA	(Chairman - upto 29.4.2016)
P N DUBEY	(Independent Director - Chairman w.e.f. 25.5.2016)
H R KILACHAND	(Chairman & Managing Director Member w.e.f. 11.7.2016)
M A KUVADIA	(Independent Director – Member w.e.f. 11.7.2016)

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NOTICE

NOTICE is hereby given that the **82nd** Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Tuesday, 25th July, 2017 at 3:30 p.m.** at the **M C Ghia Hall, Bhogilal Hargovindas Building, 4th 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 31st March, 2017 and Statement of Profit & Loss for the period ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri D J Shah [DIN 03095028], who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and, if though fit, to pass with or without modifications the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, (including any modifications or re-enactment thereof for the time being in force) and the Rules framed thereunder and pursuant to the recommendation of the Audit Committee, the appointment made of Haribhakti & Co. LLP, Chartered Accountants (Registration No.103523W), as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the next Annual General Meeting of the Company to be held in the calendar year 2018, be and is hereby ratified on a remuneration of Rs.6,50,000/- plus service tax and to reimburse travelling and other out of pocket expenses incurred by them in performance of their duties."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, whereby a document may be sent to any member by the Company by post or by registered post or by speed post or by courier at the address registered with the Company or by such electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to charge from the member, the applicable fee in advance equivalent to the estimated actual expenses of delivery of the document, pursuant to any request made by the member for delivery of such document, through a particular mode of service mentioned above provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the despatch of document by the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force), the appointment and payment of remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus service tax as applicable and reimbursement of actual travel and out of pocket expenses to Rishi Mohan Bansal, Cost Accountant, Kanpur (Registration No. M/3323) as Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors to conduct the audit of the Cost Records of the Company relating to Sugar & Industrial Alcohol and Electricity for the year ending 31st March, 2018, be and is hereby ratified by the Members."

"RESOLVED FURTHER THAT Shri D J Shah, Director & Company Secretary be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution including filing of prescribed forms with the Registrar of Companies."

Registered Office:

Oriental House,
7, Jamshedji Tata Road,
Churchgate, Mumbai 400 020
19th May, 2017

By Order of the Board of Directors

D J SHAH
Director & Company Secretary
DIN: 03095028

Notes:

- a) A member, entitled to attend and vote at the Annual General Meeting, is entitled to appoint another person as a proxy to attend and vote only on a poll instead of himself / herself and the proxy need not be a Member. The proxy shall not have the right to speak at the said meeting. 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.

A person can act as a proxy for not exceeding 50 Members and holding in the aggregate not more than 10% of the total Share Capital of the Company carrying voting rights. A Member holding more than 10% of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Member.

- b) The Register of Members and Share Transfer Books of the Company shall remain closed from **Tuesday, 18th July, 2017 to Tuesday, 25th July, 2017** (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 2008-09, have been transferred to the Investor Education and Protection Fund (Fund) set up by the Central Government pursuant to Section 125 of the Companies Act, 2013. The unclaimed Dividend for the year 2009-10 will be transferred to the Fund on or before 27.2.2018.
- d) The Members may lodge their shares for transfer / transmission with the office of Sharex Dynamic (India) Pvt. Ltd., the Registrar and 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 102 of the Companies Act, 2013 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) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- j) The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India (GOI), has permitted Companies to send official documents to their Members electronically as part of its green initiatives in Corporate Governance. To support the green initiative of the MCA, the Notice of AGM, Directors' Report, Management Discussion and Analysis, Corporate Governance Report, Auditors' Report, Financial Statements etc., is being sent by electronic mode to those Members whose email addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. The Members who have not registered their email addresses so far are requested to register their email address with their Depository Participant only, for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically. Hence, kindly provide them your email address for serving by electronic mode the notice/documents as a part of the Green Initiative in Corporate Governance. The said information / request can be sent by members to Sharex Dynamic (India) Pvt. Ltd., the Registrar and Transfer Agents through email id sharexindia@vsnl.com or the Company's email id djs@kesarindia.com.
- k) Brief resume of Shri D J Shah, the retiring Director, is provided in the Corporate Governance Report forming part of the Annual Report.

l) **E-Voting:**

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its Shareholders with facility to exercise their right to vote at the 82nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The Company has signed an agreement with CDSL for facilitating e-Voting to enable the Shareholders to cast their vote electronically.

Process for E-Voting

The instructions for Members for voting electronically are as under:-

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- (i) The voting period will begin on **Friday, 21.7.2017 at 10:00 a.m.** and end on **Monday, 24.7.2017 at 5:00 p.m.** During this period, the Shareholders of the Company, holding shares either in physical form or in dematerialized form, **as on the cut-off date of 18.7.2017**, may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-Voting website **www.evotingindia.com**.
- (iii) Click on **"Shareholders"**.
- (iv) Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on **Login**.
- (vi) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
	<ul style="list-style-type: none"> In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details Or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

- (viii) After entering these details appropriately, click on **"SUBMIT"** tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach **'Password Creation'** menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (xi) Click on the **EVSN for Kesar Enterprises Ltd.** on which you choose to vote.
- (xii) On the voting page, you will see **"RESOLUTION DESCRIPTION"** and against the same the option **"YES/NO"** for voting. Select the option **YES** or **NO** as desired. The option **YES** implies that you **assent** to the Resolution and option **NO** implies that you dissent to the Resolution.
- (xiii) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on **"SUBMIT"**. A confirmation box will be displayed. If you wish to confirm your vote, click on **"OK"**, else to change your vote, click on **"CANCEL"** and accordingly modify your vote.
- (xv) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the votes caste by clicking on **"Click here to print"** option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on **Forgot Password** & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xiv) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to

www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions (“FAQs”) and e-Voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxi) Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (xxii) Ragini Chokshi & Co., Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner. The Scrutinizer shall within a period of not exceeding 3 (three) working days from the conclusion of the e-Voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- xxi) The Results declared at the AGM of the Company along with the Scrutinizer’s Report shall be placed on the Company’s website www.kesarindia.com and on the website of CDSL within 3 (three) working days of the passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 102 of the Companies Act, 2013

Items No.4 – Posting of document to Shareholders under Section 20 of the Companies Act, 2013

As per the provisions of Section 20 of the Companies Act, 2013, a document may be sent to any Member by post or by registered post or by speed post or by courier or by electronic mode or any other modes as may be prescribed at the address registered with the Company. Further, a member may request for delivery of any document through a particular mode, on payment of the applicable fees in advance as may be determined by the shareholder at the Annual General Meeting.

Accordingly, it is proposed to seek approval of the Members to charge from the member, the applicable fee in advance, equivalent to the estimated actual expenses of delivery of the document.

None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the Resolution as set out at Item No.4 of the Notice for your approval.

Items No.5 - Appointment/ Remuneration of Rishi Mohan Bansal as Cost Auditor:

Pursuant to Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the appointment of and remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the Shareholders of the Company.

The Board, on the recommendations of the Audit Committee, has approved the appointment and payment of remuneration of Rs.50,000/- (Rs.50,000/- for previous 15 months) to Rishi Mohan Bansal, Cost Accountant, Kanpur (Regn. No.M/3323), as Cost Auditor for conducting cost audit of the cost records of the Company relating to Sugar & Industrial Alcohol and Electricity for the year ending 31st March, 2018.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the Resolution as set out at Item No.5 of the Notice for your approval.

Registered Office:

Oriental House,
7, Jamshedji Tata Road,
Churchgate, Mumbai 400 020
19th May, 2017

By Order of the Board of Directors

D J SHAH
Director & Company Secretary
DIN: 03095028

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DIRECTORS' REPORT

To
The Shareholders,
Kesar Enterprises Ltd.

Dear Members,

Your Directors present to you the 82nd Annual Report and audited Statement of Accounts for the year ended 31st March, 2017.

Alignment of Financial Year

As per Section 2(41) of the Companies Act, 2013, to follow a homogeneous Financial Year starting from 1st April to 31st March of the following year, the previous Financial Year of the Company was made for 15 months i.e. from 1.1.2015 to 31.3.2016. Hence, the Financial Year under review is for 12 months.

FINANCIAL RESULTS:

(Rs. in Lakh)

	2016-17 [12 Months] 1.4.2016 to 31.3.2017	2015-16 [15 Months] 1.1.2015 to 31.3.2016
Profit / (Loss) before interest, depreciation & taxation	6761.32	1,887.63
Less: Interest and Finance Charges.....	4033.26	4,210.33
Profit / (Loss) before Depreciation & taxation (Cash Loss).....	2728.06	(2,322.70)
Less: Depreciation.....	1897.64	2,582.51
Less: Taxation (Deferred Tax)	9.05	417.01
Profit / (Loss)	821.37	(5,322.22)

For the Financial Year 2016-17, there is a profit of Rs.821.37 lakh as against a loss of Rs.5,322.22 lakh in the previous year [15 months].

During the year under review, the Company has made a profit and the cash flow is positive. However, over the last few years, the Sugar Industry was facing severe difficulties on account of high sugar cane prices set by the State Government, lower sugar prices and consequential inadequate recovery of cost of production. These factors have adversely affected the Company's operations and financial performance. Hence, the entire net worth of the Company is eroded and its current liabilities are in excess of current assets.

In view of the above, your Directors have not recommended any dividend for the year 2016-17.

WORKING OF THE DIVISIONS

Sugar Division

The crushing for the Season 2016-17 started on 13.11.2016 i.e. 14 days earlier as compared to 27.11.2015 in the previous season and ended on 10.03.2017 as against 24.2.2016 i.e. 24 days later than the previous season.

During the season, the plant crushed 65.08 lakh quintals of sugarcane in 118 days as against 44.47 lakh quintals in 89 days in the previous season. Crushing was higher by 20.61 lakh quintals during this season due to better cane yield and more supply of sugarcane by the farmers due to timely cane price payment to the farmers. The sugar recovery overall was higher at 10.81% as against 10.19% in the previous season. This was due to our cane development programme of changing the varieties into early maturing high sugar canes. The production of sugar was higher at 7.04 lakh quintals as against 4.58 lakh quintals in the previous season.

For the Season 2016-17, the Central Government had announced a Fair & Remunerative Price [FRP] of sugarcane at Rs.230/- a quintal at a base recovery of 9.50%. The UP Government had announced a State Advised Price (SAP) of sugarcane of Rs.305/- (normal variety) a quintal as against Rs.280/- a quintal in the previous season. The said price was to be paid to the farmers within 14 days. The UP State Government has not extended any relief to the Sugar industry during the crushing season 2016-17 in view of better sugar realisations. Besides this, the Hon'ble High Court, in two different matters, has quashed the Orders of the Cane Commissioner / Government, through which the Society Commission was reduced / refunded and interest on late payment of cane price waived for the previous year. The industry has decided to take up these issues with the High Court and also through a SLP in the Supreme Court.

During the last few years, the cost of production in UP was the highest in the country, which rendered the UP Sugar Industry unviable, cash-starved and uncompetitive. There is an urgent need to rationalize the cane pricing policy in UP and adopt a

'linkage formula' as recommended by the Rangarajan Committee linking sugar cane price to sugar prices. The two major sugar producing States i.e. Maharashtra and Karnataka, who together contribute for almost 50% of the country's sugar production, have adopted and implemented the 'linkage formula' for determining cane price. It is understood that a team of senior officials from UP had visited Maharashtra and Karnataka to study their cane pricing system and have submitted their report to the State Government but no decision is taken till date in the matter. The U P Government had announced the formation of a high level Committee to determine a fair Sugarcane Pricing Policy. This is the only long term solution for stability & viability of the Sugar industry.

During the Season 2016-17, Molasses produced was 2.74 lakh quintals as against 2.10 lakh quintals the previous season 2015-16.

The UP Government had announced the Molasses Policy for 2016-17 (November-October), wherein the molasses reservation rate for the country liquor manufacturers had been retained at 25%. The Policy had been specifically formulated to help country liquor manufacturers, reserving a part of their total molasses production for the country liquor manufacturers at a rate, much lower than the market specified prices.

During the year under review, there has been an increase in sugar prices from the levels prevailing in December 2015. This has resulted in the Company generating operational profits for the quarter ended March 31, 2017. The industry outlook is also positive in the short term and long term with sugar prices expected to hold.

Power Division

During the Sugar Season 2016-17, the Plant started on 11.11.2016 as against 27.11.2015 and operated for 152 days as against 93 days, higher by 59 days than in the previous Season, due to higher crushing of sugarcane and purchase of additional alternate fuel. The Plant consumed 2.37 lakh MT of bagasse/alternate fuel to generate 1.21 lakh MW power as against 1.48 lakh MT of bagasse/alternate fuel to generate 0.69 lakh MW power in the previous Season. The total power exported to the grid was 0.91 lakh MW amounting to Rs.51.44 crore as against 0.49 lakh MW amounting to Rs.27.05 crore in the previous Season.

Spirits Division

During the year under review, the production of Rectified Spirit (RS) was nil as against 23.16 lakh bulk litres in 15 months period of the previous year. The production of Extra Neutral Alcohol (ENA) was nil as against 17.07 lakh bulk litres in 15 months period of the previous year. The quantity of Country Liquor supplied was nil as against 5.50 lakh cases in 15 months period of the previous year.

The Spirits Division was put out of operations as the Company is required to install multiple effect evaporation system to reduce the effluent volume as well as to do modifications in the Reverse Osmosis Plant & Bio-composting, which would enable the Distillery to become zero discharge compliant. As the Company does not have such capability, the Company has voluntarily taken a shut down for Distillery operations since October 2015. Hence, the Molasses was sold directly in the market.

SUBSEQUENT FINANCIAL YEAR 2017-18

Sugar Division

The crushing for the Season 2017-18 is expected to start in November 2017.

During the Financial Year 2017-18, there may be a steady increase in sugar prices. This may result into the Company generating operational profits gradually. The industry outlook is also positive in the short term and long term with sugar prices expected to be stable.

Power Division

The Cogen Power Plant is also planned to start in November 2017.

SHARE CAPITAL

The Paid up Share Capital as on 31.3.2017 was Rs.10.08 crore. During the year under review, the Company has not issued any shares.

BOARD MEETINGS

During the year 6 Board Meetings and 4 Audit Committee Meetings were held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

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DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review, Shri A S Ruia resigned as Director of the Company with effect from 29.4.2016 due to personal reasons. The Board of Directors placed on record its sincere appreciation for the valuable support and guidance given by Shri A S Ruia to the Company during his tenure as Director of the Company.

On 18.8.2016, Shri Mahesh A Kuvadia was appointed as Independent Director of the Company by the Shareholders of the Company, for the 1st term of 5 years, and Shri H R Kilachand was reappointed as Managing Director of the Company designated as "Chairman & Managing Director", subject to approval of the Central Government, by the Shareholders of the Company for a further period of 3 years with effect from 14.8.2016 on a remuneration within the limits prescribed under the Companies Act, 2013 and Schedule V thereof. Accordingly, the application was made to the Central Government by the Company, the approval for which is awaited.

Pursuant to Section 152 of the Companies Act, 2013, Shri D J Shah, Director & Company Secretary retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. As per the SEBI (LODR) Regulations 2015, a brief profile of Shri D J Shah, retiring by rotation, forms part of the Corporate Governance Report.

All the Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and the SEBI (LODR) Regulations 2015.

Pursuant to the provisions of Regulation 25 of the SEBI (LODR) Regulations 2015, the Company has formulated a programme for familiarising the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc through various initiatives. The details of the aforementioned programme are available at the Company's website www.kesarindia.com/ **Investor's Corner/ Corporate Governance/ Policies**.

BOARD EVALUATION / APPOINTMENT AND REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Pursuant to the provisions of the Companies Act, 2013, the Board carried out an Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee and Nomination & Remuneration Committee.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report. The details of the Nomination & Remuneration Policy are available on the website of the Company www.kesarindia.com/ **Investor's Corner/ Corporate Governance/ Policies**.

MATERIAL CHANGES & COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR & DATE OF THIS REPORT:

There are no material changes & commitments affecting financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors to the best of their knowledge hereby state that :

- i) in preparation of the annual accounts for the financial year ended on 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors had 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 profit for that period;
- iii) 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) the Directors had prepared the Annual Accounts for the financial year ended on 31st March, 2017 on a going concern basis.
- v) the Directors had laid down proper internal financial controls in place and that such internal financial controls are adequate and were operating effectively.
- vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

There are no contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 and hence Form AOC-2 is not annexed. The Members may refer Note 33 to the Notes to Accounts for further details of routine transactions entered into with the Related Parties.