



83rd Annual Report
2017~18

KESAR ENTERPRISES LIMITED

CONTENTS

Company Information.....	1
Notice	2
Directors' Report	8
Management Discussion and Analysis Report	27
Corporate Governance Report	29
Independent Auditors' Report.....	41
Balance Sheet	48
Statement of Profit & Loss	49
Cash Flow Statement.....	50
Significant Accounting Policies	51
Notes to Financial Statements	63
Statement of figures from Season 2000-01 to 2017-18	91
Financial Statistics from 2007-08 to 2017-18.....	92
Proxy Form.....	93
Attendance Slip	95

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 [w.e.f. 30.04.2018]
	P N DUBEY	Independent Director [upto 30.04.2018]
	M A KUVADIA	Independent Director
	D J SHAH	Director & Company Secretary [Whole-Time Director-upto 30.04.2018]
SR. VICE PRESIDENT [LEGAL] & COMPANY SECRETARY	D J SHAH	
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, 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 Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072	
AUDIT COMMITTEE MEMBERS	A S RUIA	Chairman of the Committee [w.e.f. 30.04.2018]
	P N DUBEY	Chairman of the Committee [upto 30.04.2018]
	H R KILACHAND	Member of the Committee
	M A KUVADIA	Member of the Committee

Annual Report 2017-2018

NOTICE

NOTICE is hereby given that the **83rd** Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Tuesday, 14th August, 2018 at 11:00 a.m.** at **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, 2018 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 H R Kilachand [DIN 00294835], who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

3. 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 modification or re-enactment(s) thereof, for the time being in force) and as recommended by the Audit Committee and approved by the Board of Directors, the appointment and payment of remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) (the same as that in the previous year) plus GST as applicable and reimbursement of actual travel and out of pocket expenses to Rishi Mohan Bansal, Cost Accountant, Kanpur (Registration No.000022) as Cost Auditor, to conduct the audit of the Cost Records of the Company relating to Sugar & Industrial Alcohol and Electricity for the year ending 31st March, 2019, be and is hereby ratified by the Members."

"RESOLVED FURTHER THAT Shri D J Shah, Sr. Vice President (Legal) & 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."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force) and SEBI (LODR) Regulations 2015, and as recommended by the Nomination & Remuneration Committee and the Board of Directors, Shri A S Ruia (DIN: 00296622) aged 75 years, who was appointed as Additional Director in the category of an Independent Director by the Board of Directors at their meeting held on 30.04.2018, whose term is upto the conclusion of this meeting, be and is hereby appointed as an Independent Director of the Company, considering his vast experience in the Sugar & Spirits Industries and also his past association with the Company since 1985, his appointment being in the interest of the Company, to hold office for the 2nd Term of 5 (five) consecutive years effective from 30.04.2018 up to the conclusion of the 88th Annual General Meeting of the Company as and when held and that he will not be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, and as recommended by the Nomination & Remuneration Committee and the Board of Directors, consent of the Shareholders of the Company be and is hereby accorded & ratified for the appointment of Shri D J Shah (DIN 03095028) as the Whole-Time Director of the Company designated as "Director & Company Secretary" for the period 27.01.2018 to 30.04.2018 without any remuneration."

"RESOLVED FURTHER THAT Shri D J Shah be allowed reimbursement of expenses actually and properly incurred by him for the business of the Company during that period, if any."

"RESOLVED FURTHER THAT Shri D J Shah be and is hereby authorised to do all such things as may be required to give effect to the above Resolutions including filing of various forms with the Registrar of Companies."

Registered Office:

Oriental House,
7, Jamshedji Tata Road,
Churchgate, Mumbai 400020.
13th June, 2018

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 at the Annual General Meeting, is entitled to appoint a proxy to attend and vote on a poll 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.

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, 7th August, 2018 to Tuesday, 14th August, 2018** (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 Dividend upto the Financial Year 2009-10 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 2010-11 will be transferred to the Fund on or before 14.01.2019.
- d) The Members may lodge their shares for transfer / transmission with the office of M/s. 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 Annual General 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 M/s. 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) 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 the facility to exercise their right to vote at the 83rd 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:-

- (i) The voting period will begin on Friday, 10th August, 2018 at 9:00 am and end on Monday, 13th August, 2018 at 5:00 pm. 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 Tuesday, 7th August, 2018, 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.

Annual Report 2017-2018

- (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. e.g. 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 voting done by you 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 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. **com. or call on 18002 25533**
- (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

Item No.3: Ratification for Appointment & Payment of Remuneration to 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 Rishi Mohan Bansal, 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.

On the recommendations of the Audit Committee, the Board has approved the appointment & payment of remuneration of Rs.50,000/- (the same as that in the previous year) to Rishi Mohan Bansal, Cost Accountant, Kanpur (Regn. No.000022), as Cost Auditor for conducting the cost audit of the cost records of the Company relating to Sugar & Industrial Alcohol and Electricity for the year ending 31st March, 2019.

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.3 of the Notice of the AGM for your approval.

Item No. 4: Appointment of Shri A S Ruia as an Independent Director

Shri A S Ruia has been appointed as an Additional Director in the category of Independent Director by the Board of Directors as recommended by the Nomination & Remuneration Committee at their meeting held on 30.04.2018. His term of appointment is upto the conclusion of this meeting.

Shri A S Ruia was Director in the Company from 23.03.1985 to 19.03.2015 as per the Companies Act, 1956, and thereafter, he was the Independent Director of the Company from 19.3.2015 to 29.04.2016 as per the Companies Act, 2013 and as such he had completed his 1st term as Independent Director of the Company. His appointment as an Independent Director has been proposed as a Special Resolution for your approval as the proposed appointment is for the second Term of 5 years and also that his age is 75 years. Considering his vast experience in Sugar & Spirits Industries and also his past association with the Company since 1985, his appointment would be in the interest of the Company.

Pursuant to Section 149 of the Companies Act 2013 and SEBI (LODR) Regulations, 2015 as amended, Shri A S Ruia will hold office as an Independent Director for the 2nd term of 5 (five) consecutive years from 30.04.2018 till conclusion of the 88th Annual General Meeting of the Company as and when held.

The Company has received from Shri A S Ruia, (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) Intimation in Form DIR-8 that he is not disqualified under section 164(2) of the Act in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014; and (iii) Declaration that he meets the criteria of Independence as provided in Section 149(6) of the Act.

In the opinion of the Board, Shri A S Ruia fulfils the conditions for his appointment as an Independent Director as specified in the Act and SEBI (LODR) Regulations, 2015 as amended from time to time, and hence, the Board recommends for his appointment.

Copies of the draft letter for appointment of Shri A S Ruia, as the Independent Director setting out the terms and conditions is available for inspection at the Registered Office of the Company.

Annual Report 2017-2018

Shri A S Ruia, is interested in the resolution set out at No.4 of the Notice with regard to his appointment. The relatives of Shri A S Ruia, may be deemed to be interested in the resolutions set out at No.4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company or his relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution.

Brief resume of Shri A S Ruia, nature of his expertise in specific functional areas and names of companies in which he holds Directorship and Membership / Chairmanship of Board Committees, shareholding and relationship between Directors inter-se is given below:

Name of the Director	Shri Anilkumar S. Ruia
Date of Birth	17.12.1943
Date of Appointment on the Board	30.04.2018
Qualification	Sr. Cambridge
Expertise in Functional Area	Shri A S Ruia was on the Board as Director from 25.3.1985 to 19.03.2015. He is an Industrialist and is highly respected for his knowledge and experience in sugar & distillery industry.
Number of Shares held in the Company	1000
List of Directorship held in other Companies	Kesar Terminals & Infrastructure Ltd. Kesar Multimodal Logistics Ltd. The Kolhapur Sugar Mills Ltd. Ruarco Investments Pvt. Ltd. Ruia & Ruia Pvt. Ltd.
Chairman/Member of the Committees of the Boards of Companies in which he / she is Director	Chairman of: (1) Audit Committee; and Nomination & Remuneration Committee of Kesar Enterprises Ltd.; (2) Audit Committee; and Stakeholders Relationship Committee of Kesar Terminals & Infrastructure Ltd.; (3) Audit Committee of Kesar Multimodal Logistics Ltd Member of: (1) Stakeholders Relationship Committee; & CSR Committee of Kesar Enterprises Ltd.; (2) Nomination & Remuneration Committee of Kesar Terminals & Infrastructure Ltd.; (3) Nomination & Remuneration Committee of Kesar Multimodal Logistics Ltd

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

Items No.5: Appointment of Shri D J Shah as a Whole-Time Director

Pursuant to the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 & the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Articles of Association of the Company and subject to approval of the Members of the Company and keeping in view the vast expertise and knowledge of Shri D J Shah, the Board of Directors had reappointed Shri D J Shah as a Whole-Time Director designated as "Director & Company Secretary", in his professional capacity, for a period of 3 years from 27.01.2018 to 26.01.2021.

The remuneration to Shri D J Shah was approved by the Nomination & Remuneration Committee and also by the Board of Directors of the Company at their meeting held on 14.12.2017 subject to approval of the Shareholders of the Company.

As per the recently amended Companies Act, 2013, the Company is required to obtain prior approval of the Lender Banks as the Company has been in default in repayment of its debts including interest thereon. Since, it was unlikely to get such approval from the Banks, Shri D J Shah resigned as Whole-Time Director with effect from 30.04.2018, which was accepted by the Board of Directors of the Company. Shri D J Shah has returned his remuneration for the period from 27.1.2018 to 31.03.2018 and has not drawn any remuneration for the month of April 2018 as per the Companies Act, 2013. However, the Nomination & Remuneration Committee and the Board of Directors have continued his services as the Company Secretary with his earlier designation "Sr. Vice President (Legal) & Company Secretary".

The Company had received from Shri D J Shah - (i) Consent to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) Intimation in Form DIR-8 that he is not disqualified under section 164(2) of the Act in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014.

A brief profile of Shri D J Shah is as under:

INFORMATION ABOUT THE APPOINTEE - SHRI D J SHAH:	
DIN	03095028
Birth Date	12.07.1955
Nationality	Indian
Board Reappointed	On 14.12.2017 for 3 years from 27.01.2018
Resignation	As Whole-Time Director with effect from 30.04.2018.
Qualification	B.Com.; Diploma in Financial Management (DFM); Fellow Company Secretary (FCS-5410);
Experience	He has been with the Company since 23.12.1993. He has about 34 years of experience in Secretarial & Legal, Administration and Personnel Department.
Relationship	Key Managerial Personnel
Shareholding	500 Shares Equity Shares
Relationship with other Director	Nil
List of other Directorship	Nil

The proposed Special Resolution is to ratify the appointment of Shri D J Shah as Whole-Time Director for the period 27.01.2018 to 30.04.2018 without payment of remuneration for the said period.

Save and except Shri D J Shah and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at No.5 of the Notice.

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

Registered Office:

Oriental House,
7, Jamshedji Tata Road,
Churchgate,
Mumbai – 400 020
13th June, 2018

By Order of the Board of Directors

D J SHAH

Sr. Vice President (Legal) & Company Secretary

Annual Report 2017-2018

DIRECTORS' REPORT

To
The Shareholders,
Kesar Enterprises Ltd.

Dear Members,

Your Directors present to you the 83rd Annual Report and audited Statement of Accounts for the year ended 31st March, 2018. The Company has adopted for the first time the Indian Accounting Standards (IND-AS) from 01.04.2017 with transition date 01.04.2016.

FINANCIAL RESULTS:

(Rs. In Lakh)

	2017-18	2016-17
Profit / (Loss) before interest, depreciation & taxation	1,464.13	6,575.29
Less: Interest and Finance Charges	4,316.66	4,052.42
Profit / (Loss) before Depreciation & taxation (Cash Loss)	(2,852.53)	2,522.87
Less: Depreciation	1,819.14	1,897.64
Less: Taxation (Deferred Tax)		9.05
Profit / (Loss)	(4,671.67)	616.18
Other Comprehensive Income	(688.04)	178.38
Items that will not be reclassified to profit or loss	(5359.71)	794.56

For the Financial Year 2017-18, there is a loss of Rs.5,359.71 lakh as against a profit of Rs.794.56 lakh in the previous year.

During the year under review, the Company has incurred huge cash loss due to mismatch between high Sugar Cane Price and low Sugar Sales realisation. 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 financial year 2017-18.

WORKING OF THE DIVISIONS

Sugar Division

The crushing for the Season 2017-18 started on 03.11.2017 i.e. 10 days earlier as compared to 13.11.2016 in the previous season and ended on 30.04.2018 as against 10.03.2017 i.e. 51 days later than the previous season.

During the season, the plant crushed 105.99 lakh quintals of sugarcane in 179 days as against 65.08 lakh quintals in 118 days in the previous season. Crushing was higher by 40.91 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 at 10.63% as against 10.81% 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 11.27 lakh quintals as against 7.04 lakh quintals in the previous season.

For the Season 2017-18, the Central Government had announced a Fair & Remunerative Price [FRP] of sugarcane at Rs.260/- a quintal at a base recovery of 9.50%. The UP Government had announced a State Advised Price (SAP) of sugarcane of Rs.315/- (normal variety) a quintal as against Rs.305/- a quintal in the previous season. The said price was to be paid to the farmers within 14 days.

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.