

**DIRECTORS**

Mr. Nazirsaheb Sayyed (w.e.f. 31<sup>st</sup> December,2010)  
Mr. Ajay Sharma ( w.e.f. 10th May, 2011)  
Mr. Sunil A. Sawant ( w.e.f. 10<sup>th</sup> May, 2011)

**BANKERS**

Bank of India  
Axis Bank Limited

**AUDITORS**

Sayed Khan & Associates  
Chartered Accountants

**REGISTRAR & TRANSFER AGENTS**

M/s. System Support Services  
09, Shivai Industrial Estate,  
Near Parke Davis  
89, Andheri - Kurla Road  
Sakinaka, Mumbai - 400 072.  
Tel Nos.: 28500835 (5 lines)  
E-mail: syss72@yahoo.com

**REGISTERED OFF. & FACTORY**

D-7/1, MIDC,  
Lote Parshuram, Taluka Khed,  
District: Ratnagiri – 415722  
Maharashtra

**23<sup>rd</sup> ANNUAL GENERAL MEETING**

Date : 30<sup>th</sup> September, 2013  
Day : Monday  
Time : 11.00 A.M.  
Place : D-7/1, MIDC,  
Lote Parshuram, Taluka Khed,  
District: Ratnagiri – 415722  
Maharashtra

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# **KESAR PETROPRODUCTS LIMITED**

Registered Office: D-7/1, M.I.D.C., Lote Parshuram, Taluka Khed, District Ratnagiri, Maharashtra- 415722

## **NOTICE**

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting of KESAR PETROPRODUCTS LIMITED will be held on Monday, the 30<sup>th</sup> September, 2013 at 11.00 a.m. at the registered office of the Company at D-7/1, M.I.D.C., Lote Parshuram, Taluka Khed, District Ratnagiri, Maharashtra-415722 to transact the following business:

### **A) ORDINARY BUSINESS:**

- 1) To receive and adopt the Directors' Report and the audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the audited Profit and Loss Account for the year ended on that date.
- 2) To appoint a Director Mr. Sunil Atmaram Sawant who retires by rotation and offer himself for re-appointment.
- 3) To appoint the Statutory Auditors and to fix their remuneration.

**By Order of the Board  
for KESAR PETROPRODUCTS LIMITED**

**Mumbai  
Date : 5<sup>th</sup> September, 2013**

**NAZIRSAHEB SAYYED  
DIRECTOR**

### **NOTES:**

1. Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy form to be effective must be duly executed and signed and must be lodged at the company's registered office at least 48 hours before the time of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 23<sup>rd</sup> September, 2013 to Monday, the 30<sup>th</sup> September, 2013 (both days inclusive).
3. All matters in connection with the Shares of the Company may be addressed to the Company's Registrars & Transfer Agents viz. M/s. SYSTEM SUPPORT SERVICE, 209, Shivai Industrial Estate, Near Parke Davis 89, Andheri - Kurla Road, Sakinaka, Mumbai- 400 072. Members are requested to quote their respective folio numbers / D.P / I.D. numbers and also notify the change of address, if any, to the Company's Registrars & Transfer Agents.
4. Shareholders desiring information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.

**By Order of the Board  
for KESAR PETROPRODUCTS LIMITED**

**Mumbai  
Date : 5<sup>th</sup> September, 2013**

**NAZIRSAHEB SAYYED  
DIRECTOR**

# KESAR PETROPRODUCTS LIMITED

## DIRECTORS' REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting their 23<sup>rd</sup> Annual Report and the audited accounts for the financial year ended on 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

	<u>2012-2013</u> (Rs.)	<u>2011-2012</u> (Rs.)
Total Turnover & Other Income	44,46,43,266	15,83,11,720
Manufacturing and Other Expenses	42,81,84,520	15,77,13,374
Profit / (Loss) before interest and depreciation	65,02,712	5,98,346
Interest	7,174	3,178
Profit / (Loss) after interest	64,95,538	5,95,168
Depreciation and Misc. Expenses written off	41,71,972	40,95,958
Profit / (Loss) after interest And Depreciation	23,23,566	(35,00,790)
Provision for Tax	3,87,247	-
Profit / (Loss) after Tax	19,36,319	(35,00,790)
Balance Profit / (Loss) brought forward from Previous Year	2,54,931	37,55,721
Balance Profit Carried to the Balance Sheet	<u>21,91,250</u>	<u>2,54,931</u>

### DIVIDEND

Your Company is a sick industrial undertaking under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 and the Company's factory has been closed in view of the losses. Your Directors therefore do not recommend payment of Dividend for the year.

### OPERATIONS OF THE COMPANY

During the year, the Company has undertaken production of CPC Crude and cuprous chloride. Some of the production was undertaken done on job work basis. The Company is trying to initiate and streamline the operations cycle of the plant by bringing about structural and strategic alterations in the plant and also by investing funds and resources for upgrading and tapping the production capabilities of the Company.

### STATUS OF ISSUES FROM THE ORDER DATED 17<sup>TH</sup> AUGUST, 2007 OF THE BOARD FOR FINANCIAL AND INDUSTRIAL RECONSTRUCTION (BIFR)

There are several contentious issues arising as a result of several orders passed by the BIFR after its principal Order in 2007 and these have been the subject matter of legal cases pending before various appellate authorities, being the Appellate Authority for Industrial And Financial Reconstruction, the Hon'ble High Courts at Delhi and Bombay and the Hon'ble Supreme Court of India. These matters remain sub-judice. One of the Orders passed by the AAIFR is to raise the payout to the ECB from Rs. 90.00 lacs (approx) to Rs. 360 lacs (approx). The incoming management has contended that the scheme cannot be revised and hence the EWM has to make this payout. The High Court has reverted this matter to BIFR which is examining this. In the meantime one of the secured lenders has contended that if the scheme can be revised it is the secured lenders which should get more. Thus they are claiming this

amount of enhancement from the EWM. The Company has not acknowledged the financial implications of the Court Orders if any which may come.

The Company has been compelled to initiate separate legal proceedings with respect to re-possession of the statutory records including the Books of Accounts and the Company's premises at 7, Nagin Mahal, Churchgate, Mumbai, before the BIFR, from the erstwhile promoters of the company, who have maliciously failed to handover possession thereof to the new promoters and management of the company.

These apart, it has come to the knowledge of the management that there are Advance Licenses which the Erstwhile Management (EWM) had got issued from the DGFT, which are still remaining open and have deliberately not been closed/forfeited with ulterior and malignant purposes. The outcome of the licenses is unascertainable due to absence of the underlying records and liability therein, as and when it arises, shall be recovered from the EWM. The management estimates the value of the pending advance license liability at Rs. 9,66,78,150/- which apparently is un-surrendered. The total advance licenses issued are estimated at Rs. 13.74 Cr approx. since 1997 which are estimated to be pending for forfeiture.

The Canara Bank being second charge holders continues to spend moneys on litigation claiming that they have become first charge/only charge holders. The management has time and against brought to the notice that there is ROC which governs the status of charges. They refuse to look at any credible established Governance and have their own rules. They have tried to initiate action under SAARFESIA against all established rules. The Company is proceeding against them to stop their uncalled for activities.

#### **LISTING OF THE NEW EQUITY SHARES ON THE BOMBAY STOCK EXCHANGE LIMITED (BSE)**

The Company has made applications to the BSE, for listing of the Equity Shares allotted on 16<sup>th</sup> April, 2008, and the said applications are pending with the authorities. The Company's Equity Shares continue to be listed on the BSE, but have been suspended from trading since June, 2006. The company has made all the compliances under the listing agreement including compliances under corporate Governance, so far in order to revoke the suspension of listing of company's shares on BSE Ltd. The matter remains pending with BSE Ltd & the management is expecting a positive response in the matter.

The dematerialization process for the shares issued consequent upon the reduction of capital has been completed by Central Depository Services (India) Limited. The said process by the National Securities Depository Limited is expected to be completed soon. The Listing approval for the shares issued on reduction of capital as also the new capital issued to the new promoters would follow after the two depositories inform the BSE of this process.

The Company has paid the requisite Annual Listing Fees, to the above Exchanges. The Company is in the process of fulfilling all the obligations of Corporate Governance requirements for lifting the suspension on trading in the Shares of the Company on BSE.

#### **COMPULSORY DEMATERIALISATION OF COMPANY'S SHARES**

The Company's Equity Shares were compulsorily dematerialized and as such the Company's Shares continue to be traded in the electronic form as per the relevant SEBI guidelines. The process of dematerialization of the Shares issued consequent upon the reduction of Share Capital, in 2008, has been completed in Central Depository Services (India) Limited; the said process is underway with the National Securities Depository Limited and is expected to be completed shortly.

#### **DIRECTORS**

Mr. Sunil Atmaram Sawant retires by rotation at the ensuing Annual General Meeting; offer himself for re-appointment, and a resolution to this effect has been proposed in the Notice of Annual General Meeting.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA), which was introduced by the Companies (Amendment) Act, 2000 our Directors' confirm:

- a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed except for AS 15 for accounting for retirement benefits, as in the opinion of the management no employee remains eligible for such gratuity and retirement benefits on its payroll as on the date of the report, hence the management has not made any provision of the same during the year..
- b) 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 as on 31<sup>st</sup> March, 2013, and of the loss of the Company for the said period ended 31<sup>st</sup> March, 2013.
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the Directors have prepared the annual accounts on the going concern basis.

## **CORPORATE GOVERNANCE**

The Company has complied with all the requirements of Corporate Governance, as applicable to the Company, during the period under report, as per the amended Listing Agreement with the Bombay Stock Exchange. The Report on Corporate Governance together with the Auditor's Report thereon, is annexed hereto in accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange.

## **AUDITORS**

M/s. Sayeed Khan & Associates, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, retire at ensuing Annual General Meeting and are eligible for re-appointment.

## **AUDITORS REPORT**

In their report, the auditors have made certain observations. The response of the management is presented herein below:-

1. The auditors have made observations about the non-provision of interests and exchange losses on its External Commercial Borrowings (ECB). The management opines that the same remains uncalled for in light of the payout being in INR as per Court Order. Also the management has sought the recovery of the same from the Erstwhile Management in its plea with the Hon'ble High Court which has reverted the case back to Hon'ble BIFR which is examining the issue.
2. The auditors have made observations about the non-provision of gratuity and retirement benefits for the company's employees. The management opines that the same remains uncalled for as the company has no employees drawing such remuneration so as to qualify for retirement or other benefits. All the old employees have been retired as per Court Order which the new management has paid.
3. The auditors have made observations about the management's incapacity to provide the records prior to January 2008. The management regrets to expresses its distress and anguish in the matter. The company has been taken over by the new promoters under the scheme promulgated by the BIFR to rehabilitate sick companies. However the erstwhile management mischievously sabotaged the scheme and hindered its operations by resorting to unethical conduct, thus depriving the management the smooth flow of records and transmission of peaceful possession of the property of the company. The company has witnessed blatant plunder at the hands of the erstwhile management. Hence the management expresses its helplessness in this issue. The management has initiated all legal procedures to recover the records, books and all other properties of the company however the same still remains elusive.
4. The auditors have made observations about the management's incapacity to appoint a Cost Accountant. The management has undertaken to employ Cost Accountant at its factory, however the financial constraints do not permit the management to increase its offer of remuneration and hence the management remains open to employ a Cost Accountant at a reasonable fees.
5. The auditors have made observations about the initiation of recovery proceedings by M/s Invent Assets Reconstruction Company Limited (IARCL). IARCL is the 2<sup>nd</sup> charge holder in respect of the company's assets. The above recovery procedure has been initiated by IARCL under the

sanction by the 1<sup>st</sup> charge holder M/s. Malvika Harbopharma Private Limited. The management remains committed to its core for reviving the company and all the directors remain very enthusiastic on the prospects of the company and its products. The management is very optimistic and is looking forward with fervor towards a turnaround in the company's finances in the immediate year. The management remains committed to its lenders and is keen on maintaining cordial and fruitful relations with all of them.

## **EMPLOYEES**

The relations between the management and its employees have been cordial. Your Directors place on record their appreciation of the efficient and loyal services rendered by the employees of the Company at all levels.

The Company did not have any employees whose remuneration attracts the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## **ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

Information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings, is enclosed as an Annexure to this report.

## **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the support received from the Company's Bankers, Shareholders and other stake holders and look forward to their support and goodwill.

**By Order of the Board  
for KESAR PETROPRODUCTS LIMITED**

**Mumbai**  
**Date : 5<sup>th</sup> September, 2013**

**NAZIRSAHEB SAYYED  
CHAIRMAN**

## **CFO & CEO/ DIRECTOR CERTIFICATION**

We, Nazirsaheb Sayyed & Sunil Sawant, the Directors of Kesar Petroproducts Ltd., to the best of our knowledge and belief, certify that:-

- We have viewed the Balance Sheet & Profit & Loss Account and all the schedules and notes on accounts, as well as the cash flow statements, and Directors Report.
- Based on our knowledge & information, these statements do not contain any untrue statement of a material facts or omit to state any material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the statement made.
- Based on our knowledge & information, the financial statements, and other financial information included in this report, present in all material respect, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flow of the company as of, and for, the periods presented in the report, and are in compliance with existing accounting standards and/or applicable laws and regulations.
- To the best of our knowledge and belief, no transactions entered into by the Company during the financial year are fraudulent, illegal or violative of the Company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of the Internal Control Systems of the company pertaining to Financial Reporting the same have disclosed to the auditors and the Audit Committee. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- We have indicated to Auditors and the Audit committee that:
  1. There have been no significant changes in internal control over Financial reporting during the year under reference;
  2. There have been no significant changes in Accounting Policies during the year requiring disclosure in the notes to the Financial Statements; and
  3. We are not aware of any instance during the year of significant fraud with involvement therein of the Management or an employee having a significant role in the company's internal control system over Financial Reporting.

Sd/-  
Nazirsaheb Sayyed  
Director

Sd/-  
Sunil Sawant  
Director

Place:- Mumbai  
Date: - 5th September, 2013

**ANNEXURE "A" - DISCLOSURE OF PARTICULARS RULES, 1988**

Information required under the Companies (Disclosure of particulars in the Report of the Board of Directors), Rules 1988.

**CONSERVATION OF ENERGY**

Since the Company has stopped its operations, this provision is not applicable

**TECHNOLOGY ABSORPTION:**

Since the Company has stopped its operations, this provision is not applicable

**FOREIGN EXCHANGE EARNINGS AND OUTGO : (Rs. in Lacs) (Rs. in Lacs)**

	<b>2012 - 13</b>	<b>2011 - 12</b>
1. Total Foreign Exchange earned	1,291.41	NIL
2. Total Foreign Exchange used	NIL	NIL

**FORM A**  
**(See Rule 2)**

Form for disclosure of particulars with respect to conservation of energy etc.

**Power and fuel consumption**

	<b>2012 – 13</b>	<b>2011 – 12</b>
<b>Electricity:</b>		
Unit Amount (Rs. in Lacs)	N.A.	0.75
Total Amounts (Rs. in Lacs)	N.A.	4.21
Rate / Unit	N.A.	5.60

**Furnace Oil / Brickket :**

Quantity	N.A.	N.A.
Total Amount	N.A.	N.A.
Rate / Unit	N.A.	N.A.

**Consumption per unit of Production**

1. Electricity	Unit/Kg	N.A.	0.21
2. Furnace Oil	ltrs per kg.	N.A.	N.A

**FORM B (See Rule 2)****TECHNOLOGY ABSORPTION:**

Please see point B above

**By Order of the Board**  
**for KESAR PETROPRODUCTS LIMITED**

**NAZIRSAHEB SAYYED**  
**CHAIRMAN**

Place:- Mumbai

Date:- 5<sup>th</sup> September, 2013



## CORPORATE GOVERNANCE

The Board of Directors of the Company supports the broad principles of Corporate Governance. Given below is the Report on Corporate Governance in respect of the year ended 31<sup>st</sup> March, 2013.

**1. Company's Philosophy on Code of Governance**

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. All employees are guided by the Company's policies on important issues, including our relationship with consumers, shareholders and Government.

**2. Composition of Board**

The Board comprises three Non-executive Directors. Accordingly, the composition of the Board is in conformity with the Listing Agreements with the Stock Exchanges. Mr. Nazirsaheb Sayyed, a Director, is the non-executive Chairman of the Board. All the Directors retire by rotation as per the provisions of the Companies Act, 1956. The composition of the Board and other relevant details relating to Directors are given below:

Sr. No	Name of Director	Designation	No. of other Directorships	No. of Memberships of Board Committees	No. of Board Committees of which the Director is a Chairperson
1.	Mr. Nazirsaheb Sayyed	Non-Executive	Nil	3	3
2.	Mr. Ajay Sharma	Non-Executive	Nil	3	Nil
3.	Mr. Sunil A. Sawant	Non-Executive	Nil	3	Nil

**3. Board Meetings, Committee meetings and the 23<sup>rd</sup> Annual General Meeting:**

During the year 2012-13, 9 Board Meetings, 4 Meetings of the Audit Committee and 4 meetings of the Investors' Grievances Committee were held. No meeting of the Remuneration Committee was held. The last Annual General Meeting of the Company was held on 29<sup>th</sup> September, 2012. All the Directors were present at all the Board meetings and at all the General meetings.

**A. AUDIT COMMITTEE**

The Audit Committee constituted by the Board of Directors consists of Directors namely, Mr. Nazirsaheb Sayyed (from 31.12.10), Mr. Ajay Sharma (from 10.05.11) and Mr. Sunil A. Sawant (from 10.05.11). The constitution of Audit Committee meets with the requirements of the Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The terms of reference of the Audit Committee include:

- a) reviewing financial statements and pre-publication announcements before submission to the Board.
- b) ensuring compliance of internal control systems and follow-up action on internal audit reports.
- c) apprising the Board on the impact of accounting policies, auditing standards and legislation.
- d) holding periodical discussions with Statutory Auditors on the scope and content of the audit.
- e) reviewing the Company's financial and risk management policies.

During the financial year 2012-13, the Audit Committee Meetings were held on 30.04.2012, 12.07.2012, 05.11.2012 & 08.02.2013. All the members of the Committee were present there at.

#### **B. Remuneration Committee**

The Committee did not hold any meeting as there was no agenda. The remuneration policy is directed towards rewarding performance. It is aimed at attracting and retaining talent. The Company's incentive plan is linked to performance and achievement of the Company's objectives. No remuneration was paid / payable to Directors of the Company during the year ended March 31, 2013.

#### **C. Shareholders'/Investors' Grievance Committee**

The Shareholders'/Investors'/Grievance Committee consist of three Directors namely Mr. Nazirsaheb Sayyed, Mr. Ajay Sharma and Mr. Sunil A. Sawant & they are the members. The Committee held four meetings on, 30.06.2012, 12.07.2012, 05.11.2012, 08.02.2013 and considered, inter alia, Shareholders'/investors' complaints relating to non-receipt of certificates after transfer, delay in confirmation/ rejection of requests for DEMAT of Shares, etc. During the financial year ended 31<sup>st</sup> March, 2013 no complaints were received from shareholders/ investors. The Company has acted upon all valid share transfers received during the financial year. There were no pending transfers as on March 31, 2013. Mrs. Manali More is appointed as a compliance officer w.e.f. 03.08.2012 in place of Mr. Bohra.

#### **4. ANNUAL GENERAL MEETING**

The last three Annual General Meeting of the Company was held as under:

Year	Location	Date	Time
2011-12	Plots Nos. D-7/1, MIDC Industrial Estate, Lote Parshuram, Taluka Khed, District Ratnagiri, MAHARASHTRA	29.09.2012	11.00 A.M.
2010-11	Same as above	02.03.2012	12.00 Noon
2009-10	Same as above	31.12.2010	12.00 Noon

#### **5. DISCLOSURES**

- a) Disclosure on materially significant related party transaction i.e. transaction of the company of material nature with its promoters, the Directors or Management or relatives etc. that may have potential conflicts with the interest of the company.

The Company has received all relevant disclosures; there is no conflict of interest. There was no transaction with any parties in which Directors of the Company were interested that may have potential conflict with the interest of company at large.

- b) Details of non-compliance by the company penalties, strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authority or any matter related to capital market during the last three years.

NIL - The Company has complied with all the requirements of the regulatory authorities on capital markets and no penalty / stricture was imposed on the Company in the last three years.

#### **6. MEANS OF COMMUNICATION**

- a) The Company does not send its quarterly report to each household of shareholders.
- b) The quarterly and full year results are published in 'Business Standard' in English and 'Daily Sagar' in Marathi.
- c) These results together with the Company's official statement are also displayed on SEBI's website.
- d) Presentations are also made from time to time to analysts and institutional investors.

#### **7. MANAGEMENT DISCUSSION AND ANALYSIS**

(within the limits set by the Company's competitive position)

The Company is engaged in the business of manufacture and trading of chemicals and cuprous chloride. The Company became a BIFR Company since 2007. Invent Assets Securitization and Reconstruction Private Limited has taken over the possession of the Company's factory situated at Lote Parshuram District, Ratnagiri, Maharashtra. under the SARFASI Act, 2002. The new management has taken over the Company since January, 2008 and has restarted the business. The Old Management continues to create immense hurdles in the conduct of the business. They have as yet not handed over the office at 7, Nagin Mahal, Churchgate, Mumbai and have also not handed over the statutory records and books. The Management is agitating before the BIFR to take possession of the same. One of the second charge holders also is agitating for increasing the OTS. The first charges on the Company exist.

This second charge holder has challenged the very essence of the scheme and has asked for the rescinding of the scheme of rehabilitation. The case is going on in the Court.

## **8. SHAREHOLDERS' INFORMATION**

23<sup>rd</sup> Annual General Meeting

Date & Time	Monday, 30 <sup>th</sup> September, 2013 at 11.00 a.m.
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## **9. FINANCIAL CALENDAR**

The Company follows April - March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter except for the last quarter, for which the results are generally declared in June as permitted by the Listing Agreement.

## **10. DATES OF BOOK CLOSURE**

Book Closure dates-	Monday, the 23 <sup>rd</sup> September, 2013 to Monday, the 30 <sup>th</sup> September, 2013 (both days inclusive)
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**11. DIVIDEND PAYMENT DATE** : Not Applicable

## **12. LISTING OF EQUITY SHARES**

The Company's Equity Shares continued to be listed on the Mumbai Stock Exchange. The Company has paid annual listing fees. The trading in the shares of the company has been suspended on the BSE.

## **13. STOCK CODE**

Bombay Stock Exchange Limited (Physical) : Code: 524174  
Bombay Stock Exchange Limited (Demat): Code: INE 133C01017

## **14. MARKET PRICE DATA**

The Company's Shares have been suspended from trading and hence there is no data available for the monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited.

## **15. REGISTRAR AND SHARE TRANSFER AGENTS**

M/s. System Support Services  
09, Shivai Industrial Estate, Near Parke Davis, 89, Andheri - Kurla Road, Sakinaka,  
Mumbai - 400 072.  
Tel No. 28500835, Email id: syss72@yahoo.com

## **16. SHARE TRANSFER SYSTEM**

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company; the Board Committee attends to share transfer formalities at least once in 15 days. Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants etc.

Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

**17. THE SHAREHOLDING PATTERN AND DISTRIBUTION OF SHAREHOLDING OF EQUITY SHARES (AS AT MARCH 31, 2013)**

Category		No. of Equity shares held	Percentage of shareholding
<b>A</b>	<b>Promoters</b>		
1	Indian Promoters	7000001	96.32
2	Foreign Promoters	NIL	NIL
3	Persons acting in Concert	NIL	NIL
<b>B</b>	<b>Non-Promoters Holding</b>		
<b>1</b>	<b>Institutional Investors</b>		
A	Mutual Funds and UTI, Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	951	0.01
B	FII's	NIL	NIL
<b>2.</b>	<b>Others</b>		
A	Private Corporate Bodies	43,617	0.60
B	NRI's/OCB's/Foreign Nationals	10136	0.14
C	Indian Public	212612	2.93
<b>TOTAL</b>		<b>72,67,317</b>	<b>100.00</b>

**18. PLANT LOCATION**

The Company's Plants are located at: Plots Nos. D-7/1, MIDC Industrial Estate, Lote Parshuram, Taluka Khed, District : Ratnagiri, MAHARASHTRA

**19. CODE OF CONDUCT**

As required by Clause 49 I (D) of the Listing Agreement, the Company has formulated a Code of Conduct for all Directors and Senior Management of the Company and the same has been adopted by the Board. All the Directors and Senior Management Personnel have affirmed compliance with the said Code of Conduct.

**20. ADDRESS FOR CORRESPONDENCE**

For assistance regarding dematerialization of shares, share transfers, transmissions, change of addresses, or any other query relating to shares, please write to :

**Registrar & Transfer Agents**

M/s. System Support Services  
09, Shivai Industrial Estate,  
Near Parke Davis, 89,  
Andheri - Kurla Road, Sakinaka,  
Mumbai - 400 072.

**OR**

**The Company At**

Plots Nos. D-7/1 MIDC, Midclote Industrial Estate,  
Lote Parshuram, Taluka Khed,  
District: Ratnagiri - 415722

**By Order of the Board  
for KESAR PETROPRODUCTS LTD**

**Mumbai**

**Date : 5<sup>th</sup> September, 2013**

**NAZIRSAHEB SAYYED  
DIRECTOR**

## AUDITORS' REPORT

To  
The Members  
Kesar Petroproducts Limited

1. We have audited the attached Balance Sheet of **KESAR PETROPRODUCTS LIMITED**, as at 31<sup>st</sup> March, 2013 and also the Profit & Loss Account and Cash Flow of the Company for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principle used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order 2003, issued by the Central Government on India in terms of section 227 (4A) of the Companies Act, 1956 (The Act) and on the basis of such checks as we considered appropriate and according to the informations and explanations given to us during the course of audit, we enclose herein the annexures a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Without qualifying our opinion, we draw attention to the following notes to the financial statements;
  - i. The company has not provided for any interest payable and/or exchange gain/loss and any revision in the waivers and the outstanding balances thereby remaining payable on External Commercial Borrowings, Financial Institutions. Due to this, the loans and losses remain understated by amounts of such interests, exchange loss/gain, provisions of doubtful & irrecoverable advances and receivables. The High Court has ordered a stay on the provision of Interest and repayment of the ECB amount and hence the company has not made any provisions towards the same. The said ECB Loan is repayable in Rupee terms as per the explanations provided by the management (*Refer Note: B-1,2 & 3 of Note 24*).
  - ii. No provisions have been made by the company for liability towards Gratuity and Leave Encashments payable to employees on retirement as in the normal course of business, the same is accounted for on cash basis. Also in the opinion of the management no employee remains eligible for such gratuity and retirement benefits on its payroll as on the date of the report, hence the management has not made any provision of the same during the year.
  - iii. The company has not obtained any confirmations for the balances for Secured Loans from Financial Institutions, Banks, Unsecured Loans, Sundry Debtors, Sundry Creditors, Advances Recoverable, Loans & Advances. All the balances therefore are as per the books of accounts and the same remain subject to reconciliations and confirmations if any. (*Refer Note: B-1,2 & 3 of Note 24*)
5. Further to our comments in the annexure referred to above, we report that :
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit *subject to the fact that the earlier years, no proper takeover of accounts or operations of the company could be effected upon and as per the managements explanations due to sabotage and personnel irresponsibility, the books of accounts for all the earlier periods ie prior to January 2008 have been lost. Hence detailed examination of the accounts and the records of the earlier periods could not be undertaken by*

*us and the audit has been conducted based upon the available records on hand which was presented by the management before us. (Refer Note: B-1, 2, & 3 of Note 24).*

- b. In our opinion, except for the non-provision of *interest payable and/or exchange gain/loss and any revision in the waivers and the outstanding balances thereby remaining payable on External Commercial Borrowings, Financial Institutions and losses on account of provisions for doubtful and irrecoverable Advances and Receivables* the Company has kept proper books of account as required by Law, so far as appear from our examination of the books. *(Refer Note: B-1, 2, & 3 of Note 24).*
- c. The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with the books of account.
- d. In our opinion, *except for non-compliance with provisions of AS 15* the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed Under Section 211 (3C) of the Companies Act, 1956.
- e. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion, and to the best our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - a). In the case of Balance Sheet of the state of affairs of the Company as on 31<sup>st</sup> March, 2013.
  - b). In the case of the Profit & Loss Account of the Loss for the year ended on that date.

For Sayeed Khan & Associates  
Chartered Accountants

Place : Mumbai  
Date : 5<sup>th</sup> September, 2013

Sayeed Khan  
Proprietor

**Statement referred to in paragraph 3 of the Auditors Report of even date to the members of M/s. KESAR PETROPRODUCTS LIMITED on the accounts for the year ended 31<sup>st</sup> March, 2013.**

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:-

- 1 (a) In our opinion, the record of fixed assets maintained by the Company has been duly updated to show full particulars and situation of the fixed assets;  
(b) We are informed that the physical verification of the fixed assets has been duly carried out by the management of the company during the year;  
(c) During the year the company has not disposed of any substantial, major part of its fixed assets
- 2 (a) We are informed that the inventories of the company has been subjected to physical verification by the management.  
(b) In our opinion and according to the information and explanations given to us, the company has verified its inventory for identification and valuations of its inventory.  
(c) As informed to us by the management, the company is maintaining proper records for inventory and the physical verification of stock was duly conducted at regular intervals. Having regards to the size of the operations of the company and the nature of the stocks held, the discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the book of accounts.
- 3 As per the information furnished, during the year the company has not granted or taken any loans, secured or unsecured, to or from any companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 hence clause 3 (b), 3 (c), 3 (d), 3 (e), 3 (f) & 3 (g) are not applicable to the company.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of it business with regards to the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, no other major weaknesses have been noticed in the internal controls and there is no continuing failure for the same.
- 5 (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that needed to be entered into the registers maintained u/s 301 of the Companies Act, 1956 have been duly entered.  
(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the registers maintained u/s 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of any party during the year.
6. The company has during the year accepted interest free loans from Shareholders. Subject to the same we report that the company has complied with the provisions of section 58A of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. The company has not appointed a Cost auditor pursuant to the order made by the Central government for the maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956 is respect of the company's products.
9. (a) According to the information and explanations given to us and the records examined by us, the company is regular in depositing with the appropriate authorities undisputed statutory dues, Employees Provident Fund and Sales Tax.  
(b) *According to the records of the company there are no dues of Sales Tax, Income Tax, Customs, Wealth Tax, Excise Duty Cess which have not been deposited on account of*

*dispute except pending cases against the company for the period 1998-2002 under the Finance Act, 1994 (Chapter – V Service Tax Act) pending before the High Court involving a demand of Rs. 83,43,444/-. Also the company had been served with an order u/s 271 (1) (c) & subsequent demand u/s 156 under the Income Tax Act, 1961 for the periods; AY 2002-03 for Rs. 48,54,045/-, AY 2003-04 for Rs. 9,09,236/-, AY 2004-05 for Rs. 32,73,733/-, AY 2007-08 for Rs. 1,92,07,921/-. The total amount of outstanding demand with the Income Tax Department totals to Rs. 2,82,44,935/-. The company has preferred an appeal with the Commissioner of Income Tax (Appeals) challenging the above penal levies.*

10. The accumulated losses as at the end of the year do not exceed fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year

11. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Secured loans due payable by the company as at 31/03/2013 upon giving due effect to the BIFR Order of Restructuring dated 17/08/2007 are as per the details tabulated hereunder:-

Name of the Institution/Purpose	Amount in Rs
Secured Loans For Fixed Assets	1,45,00,000
Other Secured Loans	2,46,04,037
Canara Bank *	14,15,000
<b>TOTAL AMOUNT</b>	<b>4,05,19,037</b>

*\* Canara Bank has refuted the jurisdiction of the BIFR and has disputed the awarded rebate in claims as sanctioned by the BIFR in its order dated 17<sup>th</sup> August 2007. The company has preferred a plea with the High Court of Mumbai for the same and the above disputed amounts have not been considered by the management in the preparation of the accounts.*

12. Based on our examination of the record and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. Clause (xiii) of the Order is not applicable to the company as the company is not a Chit Fund Company or Nidhi or Mutual Benefit Fund or Society.

14. During the year the company has no transactions in respect of dealing in shares, securities, debentures and other investments. All shares, debentures and other securities have been held by the company in its own name.

15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

16. According to the information and explanations given to us, no Term Loans were raised during the year.

17. Based on our examination of the Balance Sheet of the company as at 31<sup>st</sup> March, 2013, we find that the company has not used funds raised on short term basis for long term investments.

18. The company has not made any preferential allotment of shares during the year.

19. During the year covered by our audit report the company has not issued any secured debentures.

20. The company has not raised money by public issues during the year covered by our audit.



21. As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Sayeed Khan & Associates  
Chartered Accountants

Place : Mumbai  
Date : 5<sup>th</sup> September, 2013

Sayeed Khan  
Proprietor

# KESAR PETRO PRODUCTS LIMITED

## BALANCE SHEET AS AT 31st MARCH 2013

PARTICULARS	NOTE	AS AT 31-Mar-2013 Rs.	AS AT 31-Mar-2012 Rs.
<b><u>I). EQUITY &amp; LIABILITIES</u></b>			
<b><u>1) SHAREHOLDERS FUNDS</u></b>			
(a) Share Capital	<b>1</b>	72,673,170	72,673,170
(b) Reserves & Surplus	<b>2</b>	5,191,250	3,254,931
		<b>77,864,420</b>	<b>75,928,101</b>
<b><u>2). NON CURRENT LIABILITIES</u></b>			
(a) Long Term Borrowings	<b>3</b>	47,281,287	47,281,287
(b) Deferred Tax Liabilities (Net)		3,119,762	3,119,762
		<b>50,401,049</b>	<b>50,401,049</b>
<b><u>3). CURRENT LIABILITIES</u></b>			
(a) Short Term Borrowings	<b>4</b>	10,882,056	11,680,246
(b) Trade Payables	<b>5</b>	130,945,123	223,990
(c) Other Current Liabilities	<b>6</b>	76,140	144,110
(d) Short Term Provisions	<b>7</b>	5,572,160	13,339
		<b>147,475,479</b>	<b>12,061,685</b>
		<b>275,740,948</b>	<b>138,390,835</b>
<b><u>II). ASSETS</u></b>			
<b><u>1) NON CURRENT ASSETS</u></b>			
(a) Fixed assets			
Tangible Assets	<b>8</b>	79,720,626	83,752,272
(b) Long Term Loans & Advances	<b>9</b>	1,848,493	1,795,057
(c) Other Non-Current Assets	<b>10</b>	681,456	795,032
		<b>82,250,574</b>	<b>86,342,361</b>
<b><u>2) CURRENT ASSETS</u></b>			
(a) Current Investments	<b>11</b>	475	475
(b) Inventories	<b>12</b>	31,934,181	47,943,520
(c) Trade Receivables	<b>13</b>	45,167,599	1,223,440
(d) Cash & Cash Equivalents	<b>14</b>	112,659,063	511,199
(e) Short Term Loans & Advances	<b>15</b>	3,729,055	2,369,840
		<b>193,490,373</b>	<b>52,048,474</b>
		<b>275,740,948</b>	<b>138,390,835</b>

AS PER OUR REPORT OF EVEN DATE  
For SAYEED KHAN & ASSOCIATES  
CHARTERED ACCOUNTANTS

SAYEED KHAN  
PROPRIETOR  
PLACE: MUMBAI  
DATED : 5th SEPTEMBER 2013

DIRECTOR

DIRECTOR

# KESAR PETRO PRODUCTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

PARTICULARS	NOTE	Year ended 31-Mar-2013 Rs.	Year ended 31-Mar-2012 Rs.
I). Revenue from Operations	<b>16</b>	443,811,059	158,311,720
II). Other Income	<b>17</b>	832,207	-
<b>III). Total Revenue ( I + II )</b>		444,643,266	158,311,720
IV). Expenses			
Purchase of Stock	<b>18</b>	412,175,181	155,683,800
Change in Inventories	<b>19</b>	16,009,339	266,734
Employee Benefit Expenses	<b>20</b>	2,123,780	67,742
Finance Cost	<b>21</b>	7,174	3,178
Depreciation and Amortisation Expenses	<b>22</b>	4,171,972	4,095,958
Other Expenses	<b>23</b>	7,832,254	1,695,098
<b>Total Expenses</b>		442,319,700	161,812,510
<b>V). Profit before Exceptional &amp; Extraordinary Items &amp; Tax ( III - IV )</b>		2,323,566	(3,500,790)
VI). Exceptional Items / Extraordinary Items		-	-
<b>VII). Profit before Tax ( V - VI )</b>		2,323,566	(3,500,790)
VIII). Tax Expense			
1). Current Tax		387,247	-
2). Deferred Tax		-	-
<b>IX). Profit/(Loss) for the year ( VII - VIII )</b>		1,936,319	(3,500,790)
<b>X). Earning per equity share</b>			
1). Basic		0.27	(0.48)
2). Diluted		0.27	(0.48)

AS PER OUR REPORT OF EVEN DATE  
For SAYEED KHAN & ASSOCIATES  
CHARTERED ACCOUNTANTS

SAYEED KHAN  
PROPRIETOR  
PLACE: MUMBAI  
DATED : 5th SEPTEMBER 2013

DIRECTOR

DIRECTOR

# **KESAR PETRO PRODUCTS LIMITED**

## **NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013**

PARTICULARS	AS ON 31-Mar-2013 Rs.	AS ON 31-Mar-2012 Rs.
<b><u>NOTE - '1'</u></b>		
<b><u>i) SHARE CAPITAL</u></b>		
<b><u>AUTHORISED</u></b>		
3,50,00,000 Equity Shares of Rs.10/- each (Previous year 3,50,00,000 equity shares of Rs. 10/- each)	350,000,000	350,000,000
	350,000,000	350,000,000
<b><u>ISSUED, SUBSCRIBED AND PAID UP</u></b>		
72,67,317 Equity Shares of Rs. 10/- each (Previous year 72,67,317 equity shares of Rs. 10/- each)	72,673,170	72,673,170
	72,673,170	72,673,170
<b>TOTAL Rs.</b>	72,673,170	72,673,170

**ii) PAR VALUE PER SHARE - RS. 10/-**

**iii) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period:**

Outstanding as at beginning of the year	72,67,317	72,67,317
Change during the year	NIL	NIL
Outstanding as at end of the year	72,67,317	72,67,317

**iv) The details of Shareholders holding more than 5% of shares**

Name of the Shareholders	As at 31st March 2013		As at 31st March 2012	
	No of Shares	% held	No of Shares	% held
DINESH SHARMA HUF	3000000	41.28	3000000	41.28
SHREYAS SHARMA	1750000	24.08	0	0
SHRUTI SHARMA	1750000	24.08	0	0
SHREYAS INTERMEDIATES LTD	0	0	3500000	48.16
RAJKUMAR	500000	6.88	500000	6.88

**NOTE - '2'**

**RESERVES & SURPLUS**

Capital Subsidy from SICOM	3,000,000	3,000,000
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	254,931	3,755,721
Add / Less : Profit / Loss during the year	1,936,319	(3,500,790)
	2,191,250	254,931
Balance as on 31st March	2,191,250	254,931

<b>TOTAL Rs.</b>	5,191,250	3,254,931
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**NOTE - '3'**

**LONG TERM BORROWING**

**SECURED LOANS**

Other Loans & Advances

(a) Canara Bank	1,415,000	1,415,000
(b) Other Secured Loans	39,104,037	39,104,037

**UNSECURED LOANS**

Other Loans & Advances

(a) External Commercial borrowing	6,762,250	6,762,250
(b) Others	-	-

<b>TOTAL Rs.</b>	47,281,287	47,281,287
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**NOTE - '4'**

**SHORT TERM BORROWINGS**

**Unsecured**

Loans Repayable on demand	10,882,056	11,680,246
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<b>TOTAL Rs.</b>	10,882,056	11,680,246
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**NOTE - '5'**

**TRADE PAYABLES**

Micro Small and Medium Enterprise	-	-
Others	130,945,123	223,990

<b>TOTAL Rs.</b>	130,945,123	223,990
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**NOTE - '6'**

**OTHER CURRENT LIABILITIES**

Other payables	76,140	144,110
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<b>TOTAL Rs.</b>	76,140	144,110
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**NOTE - '7'**

**SHORT TERM PROVISION**

Provision for Employee Benefits	-	-
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Others - Taxes	5,572,160	13,339
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<b>TOTAL Rs.</b>	5,572,160	13,339
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**NOTE '9'**

**LONG TERM LOANS AND ADVANCES**

Advance Income tax	154,725	101,289
Balance with Government Authorities	1,693,768	1,693,768

<b>TOTAL Rs.</b>	1,848,493	1,795,057
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**NOTE '10'**

**OTHER NON CURRENT ASSETS**

Unamortized Expenses	681,456	795,032
<b>TOTAL Rs.</b>	<b>681,456</b>	<b>795,032</b>
<b>NOTE '11'</b>		
<b>CURRENT INVESTMENTS</b>		
Others Current Investment	475	475
<b>TOTAL Rs.</b>	<b>475</b>	<b>475</b>
<b>NOTE '12'</b>		
<b>INVENTORIES</b>		
(As per inventory certified & valued by the management)		
Raw Materials	31,373,317	105,628
Stores & Spares	560,864	728,083
Other Goods in Stock	-	47,109,809
<b>TOTAL Rs.</b>	<b>31,934,181</b>	<b>47,943,520</b>
<b>NOTE '13'</b>		
<b>TRADE RECIEVABLES</b>		
Outstanding for less than 6 months from the due date	45,167,599	1,223,440
Outstanding for More than 6 months from the due date	-	-
<b>TOTAL Rs.</b>	<b>45,167,599</b>	<b>1,223,440</b>
<b>NOTE - '14'</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Balance with banks	112,446,575	280,445
Cash on Hand	212,488	230,754
<b>TOTAL Rs.</b>	<b>112,659,063</b>	<b>511,199</b>
<b>NOTE - '15'</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
Others Loans & Advances Recoverable	3,729,055	2,369,840
<b>TOTAL Rs.</b>	<b>3,729,055</b>	<b>2,369,840</b>
<b>NOTE - '16'</b>		
<b>Revenue from operations</b>		
Sale of products	437,547,711	156,794,200
Sale of Services - Job Work	6,244,400	1,515,200
Other Operating Revenues	18,948	2,320
	443,811,059	158,311,720
<b>TOTAL Rs.</b>	<b>443,811,059</b>	<b>158,311,720</b>
<b>NOTE - '17'</b>		
<b>Other Income</b>		
Interest income from Banks	865	-
Other Non- operating Incomes		
- Rental Incomes from Lease	736,512	-
- Exchange Rate Fluctuations & Discounts	94,830	
<b>TOTAL Rs.</b>	<b>832,207</b>	<b>-</b>
<b>NOTE - '18'</b>		
<b>PURCHASE OF STOCK</b>		

Purchases	412,175,181	155,683,800
<b>TOTAL Rs.</b>	<b>412,175,181</b>	<b>155,683,800</b>
<b><u>NOTE - '19'</u></b>		
<b><u>CHANGE IN INVENTORIES</u></b>		
Stock in Trade		
Opening Balance	47,943,520	48,210,254
Less: Closing Stock	(31,934,181)	(47,943,520)
<b>TOTAL Rs.</b>	<b>16,009,339</b>	<b>266,734</b>
<b><u>NOTE - '20'</u></b>		
<b><u>EMPLOYEE BENEFIT EXPENSES</u></b>		
Salaries & Wages	2,123,430	67,742
Staff Welfare	350	-
<b>TOTAL Rs.</b>	<b>2,123,780</b>	<b>67,742</b>
<b><u>NOTE - '21'</u></b>		
<b><u>FINANCE COSTS</u></b>		
Interest Expenses	-	3,178
Bank Charges	7,174	-
<b>TOTAL Rs.</b>	<b>7,174</b>	<b>3,178</b>
<b><u>NOTE - '22'</u></b>		
<b><u>DEPRECIATION &amp; AMORTIZATION EXPENSES</u></b>		
Depreciation for the year	4,058,396	3,982,382
Amortizations for the year	113,576	113,576
<b>TOTAL Rs.</b>	<b>4,171,972</b>	<b>4,095,958</b>
<b><u>NOTE - '23'</u></b>		
<b><u>OTHER EXPENSES</u></b>		
Discounts Allowed	1,240,596	-
Electricity & Water	1,406,467	892,526
Stores & Spares, Other Factory Expenses	261,240	44,225
Repairs & Maintenance:		
- Buildings	95,919	-
- Machinery	23,346	-
Fees, Subscriptions & Registrations	580,204	316,123
Insurance	5,562	-
Interest on delay payment of vat	10,266	
Printing & Stationery	31,439	19,950
Postage, Telephone & Telex	94,749	5,000
Travelling & Conveyance	24,650	-
Advertisement & Publicity	96,736	89,296
Legal & Professional Fees	591,707	282,000
Auditors Remuneration	35,000	35,000
Transport & Handling	2,697,241	-
Commissions Paid	517,062	-
Office Expenses	120,070	10,978
<b>TOTAL Rs.</b>	<b>7,832,254</b>	<b>1,695,098</b>

## **NOTE - 24**

### **A). STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1. BASIS OF PREPARATION OF ACCOUNTS:**

- a. The company had been referred to the BIFR for a Rehabilitation Scheme in the year 2005-2006 and accordingly has been restructured and has commenced commercial production in the year 2009-2010. The accounts of the company have been prepared on "Going Concern Basis".
- b. The accounts have been prepared on historical cost basis ignoring changes, if any, in the purchasing power of money and on accounting principles of going concern. All revenues and expenses are accounted on accrual basis. Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles.

#### **2. METHOD OF ACCOUNTING:**

The accounts of the company have been prepared on accrual basis of accounting except for encashment of leave salary and gratuity, which are accounted for on cash basis. The same is not in consonance with the provisions of AS-15 "Accounting for Retirement Benefits in Financial Statements" issued by the Institute of Chartered Accountants of India.

#### **3. FIXED ASSETS:**

- a. Tangible Fixed Assets are stated at their historical costs less depreciation and upon provision of Impairment Losses duly recognized as per the provisions of AS28 issued by the Institute of Chartered Accountants of India. Cost of Acquisition or construction is inclusive of taxes and other incidental expenses up to date, the assets are put to use.
- b. Modifications or cost of improvements to the existing Plant & Machinery is capitalized if it increases its useful life as well as capacity of the plant. All other replacement costs are charged to the Profit & Loss Account.

#### **4. DEPRECIATION**

1. Depreciation on Plant & Machinery, Buildings has been provided on SLM basis for the period of use at the rates prescribed in Schedule XIV to the Companies Act, 1956. Plant & Machinery is treated as a continuous process plant, since the same is required and designed to operate throughout the year.
2. In the case of other Fixed assets, depreciation is provided on Written Down Value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

#### **5. INVESTMENTS**

Investments are all long term and are stated at costs.

#### **6. VALUATION OF INVENTORY**

The Stocks of Materials, Stores, Spares and Packing Materials are valued at cost based on weighted average method. Stock-in -Process and Finished Goods are valued at cost or net realizable values, whichever is lower.

#### **7. RETIREMENT BENEFITS:**

The company has various schemes of Retirement Benefits such as Provident Fund, Gratuity, Leave Encashment. The liability for gratuity and Leave Encashment has however not been actuarially determined and the company continues to account for such liability on actual payment basis.

#### **8. REVENUE RECOGNITION**

The company recognizes revenue on sale of product, net of discounts and applicable taxes viz VAT, Sales Tax CST etc, when the product is shipped to customer ie. when the risk and rewards of the ownership is passed on to the customer. The income from services is



recognized net of taxes. The Turnover for the year includes Sale Value of Goods & Services excluding rebates & discounts.

## 9. FOREIGN CURRENCY TRANSACTIONS

The transactions of involving Foreign Exchange on revenue account, for foreign travel, imports, exports income / loss are accounted at exchange rate prevailing on the date of transaction and unsettled transactions are translated at the rate prevailing at the year end. Any income or expense on account of exchange difference on transaction is recognized in the Profit & Loss Account, except ion the case where they relate to acquisition of Fixed Assets. Premium on forward contract is also accounted for in proportions over the period of contract.

<u>Details of Foreign Exchange Flows</u>	Year Ended 31 <sup>st</sup> March	
	2013	2012
	<u>Rupees</u>	<u>Rupees</u>
CIF Value of Imported Goods	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil
Payment of Dividend on Equity Sh in Foreign Currency	Nil	Nil
Earnings in Foreign Currency (FOB)	<u>Nil</u>	<u>Nil</u>

## 10. EXPENDITURE ON BENEFITS OF ENDURING NATURE

Revenue Expenditure on retrenchment expenses including expenses related thereto whose benefits are to be received in coming years are treated as deferred expenditure and such expenditures are amortized over a period of 10 years.

## 11. CENVAT BENEFIT

Cenvat benefit is accounted for on accrual basis on purchase of raw materials and Capital Goods

## 12. GOVERNMENT GRANTS

Revenue grants are recognized in the Profit & Loss Accounts. Capital Grants are credited to Capital Reserves.

## 13. PAYMENTS MADE TOAUDITORS

<u>Summary of Payments</u>	Year Ended 31 <sup>st</sup> March	
	2013	2012
	<u>Rupees</u>	<u>Rupees</u>
Towards Audit Fees	<u>35,000</u>	<u>35,000</u>

## 14. CONTINGENT LIABLILITIES

<u>Details of Contingent Liabilities</u>	As at 31 <sup>st</sup> March	
	2013	2012
	<u>Rupees in Lacs</u>	<u>Rupees in Lacs</u>
a. Guarantee given by the company's Bankers and Counter guaranteed by the company	Nil	Nil
b. Claims against the company not acknowledged as Debts *	Nil	Nil
c. Service Tax demand under dispute **	83.43	83.43
d. Custom Duty payable in respect of goods imported against Advance License pending Export Obligations ***	967.00	58.65
e. Interest and penalties under Employees PF & Misc Provisions Act, 1952	3.64	3.64
f. Claim by one of the Erstwhile Directors as Salary *****	18.00	18.00

- \* A claim appealed against by the company is pending in the High Court in respect of ECB Dues. In the absence of the detailed records and evidences, we are unable to provide a view on the quantum and volume of the Contingent Liabilities of the company, however in the opinion of the management, the same does not qualify for reporting hereunder.
- \*\* Against the order passed by the CESTAT in favour of the company, the revenue has preferred an Appeal before the High court challenging the said order.
- \*\*\* During the year the company has been served with an intimation by the DGFT for a claim pending in respect of goods imported against Advance License pending Obligation amounting to Rs. 967.00 Lacs. The company is in the process of quantifying and assessing its obligations with regards to the same.
- \*\*\*\* The erstwhile directors claim remains pending disposal with the BIFR.
- \*\*\*\*\* During the earlier years the company had been served with an order u/s 271 (1) (c) & subsequent demand u/s 156 under the Income Tax Act, 1961 for the aforementioned periods; AY 2002-03 for Rs. 48,54,045/-, AY 2003-04 for Rs. 9,09,236/-, AY 2004-05 for Rs. 32,73,733/-, AY 2007-08 for Rs. 1,92,07,921/-. The company has preferred an appeal with the *Commissioner of Income Tax (Appeals)* challenging the above penal levies.

## 15. EARNINGS PER SHARE

<u>Computation of Basic &amp; Diluted EPS</u>	Year Ended 31 <sup>st</sup> March	
	<u>2013</u>	<u>2012</u>
a). Profit /(Loss) after Tax as per P&L Account	19,36,319	(35,00,790)
b). Number of Equity Shares of Rs. 10/- each	72,67,317	72,67,317
c). Basic EPS	0.27	(0.48)
d). Diluted EPS	0.27	(0.48)
e). Face Value per Equity Shares	<u>10.00</u>	<u>10.00</u>

## B). NOTES TO ACCOUNTS

### 1. Absence of Detailed Books of Accounts and documents prior to January 2008

As at 31<sup>st</sup> March, 2004, the company's Net Worth was completely eroded and it had become a sick industrial unit within the meaning of clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, (SICA) 1985. A reference was made to the Board for Industrial and Financial Reconstruction (BIFR) in 2004 and the company has been declared sick on 23<sup>rd</sup> December, 2005. A proposal for revival of the company along with the settlement of the dues of the creditors and change in management was duly made to the Board of Industrial & Financial Restructuring. The Honourable bench of BIFR has in its meeting held on 26<sup>th</sup> March, 2007 sanctioned a Rehabilitation Scheme. The BIFR has issued a final order (SS-07) dated 17<sup>th</sup> August, 2007.

However the earlier management had withheld the statutory records on the company and refused to hand over the administrative office of the company situated at 7, Nagin Mahal, Churchgate, Mumbai which was the administrative office of the company since 1992 or earlier and existed as the office when the reference was made to the BIFR under Form A. Due to the above circumstances, the records prior to January 2008 could not be acquired by the management and the management remains unable to ascertain whether any valuable assets have been lost by the company, exception being the factory premises and the staff colony at Lote, the control and possession thereof being retained by the current management. The Churchgate office premises has been illegally held back by the old

managers and the company has sought legal recourse and has made an application to the BIFR for acquiring the rightful possession and claim to the above premises. The appeal hearing remains awaited as on date.

*With respect to its dues, Canara Bank has refuted the jurisdiction of the BIFR and has disputed the awarded rebate in claims as sanctioned by the BIFR in its order dated 17<sup>th</sup> August 2007. The company has preferred a plea with the High Court of Mumbai for the same and the above disputed amounts have not been considered by the management in the preparation of the accounts.*

## **2. Secured Loans**

- a. Loans from Financial Institutions assigned to the New Promoters are secured by equitable mortgage of immovable assets (excluding Housing Colony), hypothecation of all the company's moveable assets, (except Book Debts), both present & future, personal guarantees of the then Managing Director and a charge upon the assets of the company as per the Deeds of Assignment duly entered into by the company which exceed over Rs. 6500.00 Lacs in favour of the Secured Lenders per se.
- b. Cash Credits including FCNR (B) Loans, Export Packing Credit, Letter of Credit, Guarantee Facilities and Working Capital Term Loans are secured by hypothecation of stocks, book debts and personal guarantees of the then Managing Director, all ranking pari-passu with each other. Substantial proportion of the loans have been paid off by the company.
- c. Other Secured Loans from M/s. Malvika Harbopharma (P) Ltd are secured by a 1<sup>st</sup> charge upon all the Fixed Assets including the Housing Colony which is to the tune of approx 200 Crores including the interest & revocation of OTS amount, if any and by personal guarantee of the Director, Mr. Sanjay Bagrodia.
- d. Loans from M/s. Invent Assets Reconstruction Company Limited are secured by a 2<sup>nd</sup> charge upon all the Fixed Assets which is to the tune of approx 10 Crores including the interest and by personal guarantee of the Director, Mr. Sanjay Bagrodia.  
*During the year, the M/s. Invent Assets Reconstruction Company Limited (IARCL) has initiated recovery procedure under the provisions of the Securitisation & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 wherein it has taken possession of the Residential Colony located at Lote, Ratnagiri. The possession by IARCL has been in consultation with the 1<sup>st</sup> charge holders M/s. Malvika Harbopharma Private Limited who retain the say in all the settlement of dues of the said loans.*
- e. Loans from Canara Bank is secured by a 2<sup>nd</sup> charge upon all the Fixed Assets which is to the tune of approx 3.93 Crores including the interest and by personal guarantee of the Director, Mr. Sanjay Bagrodia

## **3. Unsecured Loans**

The company had taken External Commercial Borrowings (ECB) of Rs.18,03,24,250/-. However under the scheme of restructuring as sanctioned by the honourable bench of BIFR, the total outstanding amount of the ECB was revised and a rebate of 95% on the outstandings totaling to Rs. 17,13,08,250/- has been availed by the company thereby reducing the ECB dues to Rs. 90,16,000/-

*The ECB Lenders had approached the Appellate Authority for Industrial & Financial Reconstruction (AAIFR) and an order was duly passed by the AAIFR dated 29/04/2008 directing the company to reduce the waiver from 95% to 80% of the outstanding amounts thereby reducing the rebates by and the dues enhancing by Rs. 2,70,48,650/-. The company has preferred an appeal with the High Court against the said order with the contention that the said sums due payable to the ECB to be borne exclusively by the erstwhile management*

*on its own account. The management has not provided for the above reduction in the waivers awarded by the AAIFR in respect of the ECB Dues in the preparation of the Financial Statements and the outstanding in respect of ECB remains understated by the same to the tune of Rs. 270.48 Lacs. In the absence of the relevant supporting documents and evidences, it is not possible for us to verify the said dues payable to the ECB by the company.*

4. The company has Deferred Tax Liabilities (DTL) on account of Unabsorbed Depreciation and Brought Forward Business Losses and amount claimable u/s 43B of the Income Tax Act, 1961. In view of the management, the above DTL would materialized in the year in which the company realized taxable profits and no tax would be due on account of setoff of the DTL. Hence no provisions have been made for additional DTL during the year.
5. The balances reflected in the accounts of Sundry Debtors, Loans and Advances, secured loans from financial institutions and bank and sundry creditors are subject to confirmation/reconciliation and the consequential adjustment, if any. As the company's Account/facilities with balance confirmation for the period thereafter from such lenders under secured loan is not yet received.
6. There are no dues to enterprise as defined under clause (m) of section 2 of the Micro, Small & Medium Enterprises Development Act, 2006 remaining outstanding for more than 45 days as at 31<sup>st</sup> March, 2013 which having been identified by the management and relied upon by the auditors.
7. As the company's business activities fall within a single segment ie. Chemicals, the disclosure requirement of Accounting Standard – 17 on Segment Reporting as issued by the Institute of Chartered Accountants of India is not applicable. During the year the company has undertaken trading and manufacturing of Chemical & Intermediates Goods, which are within the above described segment.
8. Disclosure regarding parties and transactions as required by AS – 18 issued by the Institute of Chartered Accountants of India are as under:-
  - A. NAME OF RELATED PARTY AND THEIR RELATIONSHIP
    - i). Associate Company  
Nil
    - ii). Directors  
Shri Nazirsaheb M.Sayyed  
Shri Ajay Sharma  
Shri Sunil Sawant
    - iii). Relatives of Key Managerial Personnel  
Nil
  - B. TRANSACTIONS WITH RELATED PARTY:  
The company has not entered into any transactions with related party within the meaning of Accounting Standard 18 "Related Parties Disclosure".
9. Test as required under Accounting Standard – 28 relating to Impairment of Assets have been carried out, however the values of the Fixed Assets have been revalued and the carrying costs of the Fixed Assets have been duly reduced as per the schedule of Restructuring as sanctioned by the Honourable Bench of BIFR during the earlier years. The values so arrived are equivalent to

the recoverable values of the assets in accordance with the Accounting Standard – 28 relating to Impairment of Assets (*Refer Note: B-1, 2 & 3 of Note 24*)

10. The Sales Tax incentives Scheme 1993 of SICOM provides that the unit should work for 35 years or during the currency of the Sales Tax Benefits/other benefits drawn/availed of under the 1993 Scheme by way of incentives there under, whichever longer. Accordingly, the Sales Tax benefits of Rs. 264.97 Lacs (PY Rs. 264.97 Lacs) availed till 30/09/2003 by the company is subject to compliance of the terms and conditions of the said scheme. The company has opted for Deferral Scheme of Sales Tax liability w.e.f. 01/07/2003. Accordingly the sales tax liability of Rs. 31.20 Lacs (PY Rs. 31.20 Lacs) shall be repayable after Ten years in five equal annual installments.

11. The figures of the previous years have been regrouped/rearranged wherever necessary and the figures are rounded off to the nearest rupee

**Signature to Notes 1 to 24**

**For Sayeed Khan & Associates  
Chartered Accountants**

**For & on behalf of the Board of Directors**

**Sayeed Khan**

**Director**

**Director**

**Proprietor**

**Place : Mumbai**

**Date : 5<sup>th</sup> September, 2013**

**KESAR PETROPRODUCTS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013**

( Rs. In Lacs )		
	AS AT 31-Mar-2013	AS AT 31-Mar-2012
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	23.24	(35.01)
<b>ADJUSTMENTS FOR :</b>		
DEPRECIATION & AMORTIZATIONS	41.72	40.96
INTERESTS PAID	0.07	0.03
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>65.03</b>	<b>5.98</b>
<b>ADJUSTMENTS FOR :</b>		
(INCREASE)/DECREASE IN CURRENT ASSETS	(297.34)	(12.91)
(INCREASE)/DECREASE IN CURRENT LIABILITIES	1,354.14	2.15
(INCREASE)/DECREASE IN NET CURRENT ASSETS	1,056.80	(10.76)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1,121.82</b>	<b>(4.78)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,121.82</b>	<b>(4.78)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
ADDITIONS TO FIXED ASSETS	(0.27)	(16.23)
INTERESTS PAID	(0.07)	(0.03)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(0.34)</b>	<b>(16.26)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(INCREASE)/DECREASE IN SHARE CAPITAL	0.00	-
(INCREASE)/DECREASE IN BORROWINGS	0.00	23.74
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>23.74</b>
<b>NET INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>1,121.49</b>	<b>2.70</b>
<b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>5.11</b>	<b>2.41</b>
<b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>1,126.60</b>	<b>5.11</b>

**AUDITORS' CERTIFICATE**

We have verified the above Cash Flow Statement of KESAR PETROPRODUCTS LTD. derived from the audited financial Statements for the year ended 31st March, 2013 and found the same to be drawn in accordance therewith and with the requirements of clause 32 of the listing agreements with the Stock Exchanges.

**For SAYEED KHAN & ASSOCIATES  
CHARTERED ACCOUNTANTS,**

**SAYEED KHAN  
PROPRIETOR  
PLACE: MUMBAI  
DATED : 5th SEPTEMBER 2013**

# 22ND ANNUAL REPORT 2011 - 2012

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Detail

Registration No.  State Code

Balance Sheet Date     
Date Month Year

### II. Capital Raised During the year (Amount in Rs.Thousands).

Public Issue  Rights Issue

Bonus Issue  Private Placement

On Amalgamation

### III. Position of Mobilisation & Deployment of Funds (Amount in Rs.Thousands).

Total Liabilities  Total Assets

**Sources of Funds (Amount in Rs.Thousands).**

Paid-Up Capital  Reserve & Surplus

Secured Loans  Unsecured Loan

### Application of Funds (Amount in Rs.Thousands).

Net Fixed Assets  Investments

Net Current Assets  Misc. Expenditure

Accumulated Losses  Preoperative Exp's

### IV. Performance of the Company : (Amount in Rs.Thousands).

Turnover  Total Expenditure

Profit/Loss Before Tax  Profit After Tax

Earning Per Share ( In Rupees )

### V. Generic Names of Three Principal Products / Service of Company

Item Code No.

Product Description

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS  
FOR KESAR PETROPRODUCTS LTD.

Nazirsaheb Sayyed  
Director

AJAY SHARMA  
Director