

**19TH  
ANNUAL REPORT  
2008 - 2009**

**KESAR PETROPRODUCTS LIMITED**

# 19th Annual Report 2008 - 2009

## **BOARD OF DIRECTORS**

Mr. S.L. Sharma  
Mrs. Manali More (Upto 27.08.2009)  
Mr. Ramgopal S. Naria (From 16.06.2009)  
Mr. Raj Kumar S. Sharma (From 30.06.2009)  
Mr. Dinesh Sharma (Upto 16.06.2009)

## **REGISTERED OFFICE & FACTORY**

Plot No. D - 7/1, MIDC Industrial Area,  
Lote Parshuram, Taluka Khed,  
District Ratnagiri 415 722

## **BANKERS**

Bank of India  
Bank of Rajasthan Ltd.

## **AUDITORS**

M/s. Sayeed Khan & Associates  
Chartered Accountants, Mumbai

## **REGISTRARS & TRANSFERAGENTS**

M/s. Sharex Dynamic (India) Private Limited  
17/B, Dena Bank Building,  
2<sup>nd</sup> Floor, Horniman Circle,  
Fort, Mumbai - 400 001

## **19th ANNUAL GENERAL MEETING**

Date : 30<sup>th</sup> April, 2010  
Day : Friday  
Time : 2.30 P.M.  
Place : D - 7/1, MIDC  
Lote Parshuram, Taluka Khed  
District Ratnagiri  
Maharashtra

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# KESAR PETROPRODUCTS LIMITED

## NOTICE

**NOTICE** is hereby given that the Nineteenth Annual General Meeting of KESAR PETROPRODUCTS LIMITED will be held at 2.30 P.M. on Friday, 30<sup>th</sup> April, 2010 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, 2009 and the audited Profit and Loss Account for the year ended on that date.
- 2) To appoint a Director in place of Mr. R.G. Naria who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint the Statutory Auditors and to fix their remuneration.

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

**Mumabi  
Date : 25<sup>th</sup> March, 2010**

**S. L. SHARMA  
CHAIRMAN**

### **NOTES :**

1. A 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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 23<sup>rd</sup> April, 2010 to Friday, 30<sup>th</sup> April, 2010 (both days inclusive).
4. All matters in connection with the Shares of the Company may be addressed to the Company's Registrars & Transfer Agents viz. M/s. Sharex Dynamic (India) Private Limited, Unit No. 1, Luthra Industrial Premises, Safed Pool, Andheri - Kurla Road, Andheri (East), 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.
5. 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.
6. **ADDITIONAL INFORMATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**  
Mr. R.G. Naria, aged about 57 years, is B.Com., and has more than 30 years experience in the fields of Accountancy, Management & Financial Consultancy. He is not a Director of any Company nor is he a partner of any firm.

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## DIRECTORS' REPORT

To:  
The Shareholders,

Your Directors have pleasure in presenting their 19<sup>th</sup> Annual Report and the audited accounts for the financial year ended on 31<sup>st</sup> March, 2009.

FINANCIAL RESULTS	2008-2009	2007-2008
	(Rs.)	(Rs.)
Total Turnover	18,82,28,806	2,00,700
Manufacturing and Other Expenses	19,00,37,734	14,29,478
Profit / (Loss) before interest and depreciation	(18,08,928)	(12,28,778)
Interest	-	-
Profit / (Loss) after interest	(18,08,928)	(12,28,778)
Depreciation and Misc. Expenses written off	18,26,808	120
Profit / (Loss) after interest And Depreciation	(36,35,736)	(12,28,898)
Provision for Tax	-	-
Profit / (Loss) after Tax	(36,35,736)	(12,28,898)
Balance (Loss) brought forward from Previous Year	(48,82,49,382)	(48,70,20,484)
(Loss) Carried to the Balance Sheet	<u>(49,18,85,118)</u>	<u>(48,82,49,382)</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 during the year.

### **AUDITED ACCOUNTS**

The erstwhile management finalized and signed the Accounts for the year ended 31<sup>st</sup> March, 2007 on 11<sup>th</sup> September, 2007 and the Statutory Auditors viz. M/s. Contractor, Nayak & Kishnadwala, Mumbai, signed their Report on 11<sup>th</sup> September, 2007. The new management was furnished with a zerox copy of the said documents in October, 2007, by the Operating Agency. The new management noticed that the said BIFR Order dated 17<sup>th</sup> August, 2007 was not given effect to and the audited Accounts furnished to the new management by the Operating Agency did not therefore give a true and fair view as per the provisions of the Companies Act, 1956 and SICA. The new Chairman's discussion with the Statutory Auditors and lengthy correspondence did not yield any new direction on the statutory compliances by the said Auditors; the said Auditors, in a rare indication of questionable intent and with scant regard of the statutory and legal provisions including the Accounting Standards issued by the Institute of Chartered Accountants of India, resigned as the Statutory Auditors on 2<sup>nd</sup> June, 2008. Your Directors are therefore of the Opinion that the said audited Accounts for the year ended 31<sup>st</sup> March, 2007, in their present form, cannot be considered to give a true and fair view of the affairs of the Company as at 31<sup>st</sup> March, 2007. The audited Accounts of this year also would be subject to the correctness of the Accounts of 2006-2007 and 2007 - 2008. The new management has also been handicapped by the erstwhile promoters and Directors not handing over the Books and the Statutory Records of the Company. The Company has initiated the due legal process in this regard.

# KESAR PETROPRODUCTS LIMITED

## OPERATIONS OF THE COMPANY

The Production is on and there are 36 employees in the Company. The management is trying its best despite all grievous impediments to run the Company.

## ISSUE AND ALLOTMENT OF NEW EQUITY SHARES

In terms of the Order dated 17<sup>th</sup> August, 2007 of the Board of Industrial and Financial Reconstruction (BIFR) the Board issued and allotted 5,00,000 new Equity Shares of Rs. 10/- each, at par for cash to a Director of the Company on 10<sup>th</sup> September, 2009.

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

The Company has made application to the BSE, for listing of the Equity Shares allotted on 16<sup>th</sup> April, 2008, and the said application is pending. The Company's Equity Shares continue to be listed on the BSE, but have been suspended from trading, since June, 2006, on account of, inter alia, non-compliance of the corporate governance requirements. The Company has paid the requisite Annual Listing Fees for the past 2 years, to the above Exchange. 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.

## DIRECTORS

Mr. R.G. Naria retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

## 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.
- 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, 2009, and of the profit of the Company for the said period ended 31<sup>st</sup> March, 2009.
- 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 not 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.

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### EMPLOYEES

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

The Company's operations and factory had remained closed since the Company became a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985; hence 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, has not been furnished.

### ACKNOWLEDGEMENT

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

By Order of the Board  
for KESAR PETROPRODUCTS LIMITED

Mumbai  
Date : 25<sup>th</sup> March 2010

S.L SHARMA  
CHAIRMAN

# KESAR PETROPRODUCTS LIMITED

**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) 2008- 09	(Rs. in lacs) 2007 - 08
1. Total Foreign Exchange earned	NIL	NIL
2. Total Foreign Exchange used	NIL	NIL

**FORM A  
(See Rule 2)**

Form for disclosure of particulars with respects conservation of energy etc.

**Power and fuel consumption**

	2008 - 09	2007 - 08
<b>Electricity:</b>		
Unit Amount (Rs. in Lacs)	N.A.	N.A.
Total Amounts (Rs. in Lacs)	N.A.	N.A.
Rate/Unit	N.A.	N.A.
<b>Furnace Oil / Brickket :</b>		
Quantity	N.A.	N.A.
Total Amount	N.A.	N.A.
Rate/Unit	N.A.	N.A.
<b>Consumption per unit of Production</b>		
1. Electricity	Unit/Kg	N.A.
2. Furnace Oil	Ltrs per kg.	N.A.

**FORM B (See Rule 2)**

**TECHNOLOGY ABSORPTION:**

Please see point B above

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

**Mumbai  
Date : 25<sup>th</sup> March 2010**

**S.L SHARMA  
CHAIRMAN**

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## ANNEXURE 'B'

### 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, 2009.

#### 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 of Directors has a mix of Executive and Non-executive Directors. 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. S.L.Sharma, 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	Category	No. of other Directorships	No. of Memberships of Board Committees	No. of Board Committees of which the Director is a Chairperson
1.	Mr. Dinesh Sharma	Non-Executive	2	5	5
2.	Mr. S.L.Sharma	Non-Executive	2	5	Nil
3.	Mrs. Manali More	Non-Executive	Nil	5	Nil

#### 3. Board Meetings, Committee meetings and the 18<sup>th</sup> Annual General Meeting:

During the year 2008-2009, 4 Board Meetings and 4 Meetings each of the Audit Committee and the Investors' Grievances Committee. No meeting of the Remuneration Committee was held. The last Annual General Meeting of the Company was held on 9<sup>th</sup> September, 2008. All the Directors were present at all the Board meetings and at all the General meetings. The Board meetings were held on 29.04.2008, 31.07.2008, 31.12.2008 and 31.01.2009 and all the Directors were present at the said meetings.

#### A. Audit Committee

The Audit Committee constituted by the Board of Directors consists of three Directors namely Mr. Dinesh Sharma, Mr. S.L. Sharma and Mrs. Manali More. 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:

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

During the financial year 2008-09, the Audit Committee Meetings were held on 29.04.2008, 31.07.2008, 31.12.2008, and 31.01.2009. All the members of the Committee were present thereat.



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## 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, 2009.

## C. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors'/Grievance Committee consist of three Directors. Mr. Dinesh Sharma, Mr. S.L. Sharma, Mrs. Manali More are the members. The Committee held four meetings on 30.06.2008, 30.09.2008, 31.12.2008 and 20.03.2009 at quarterly intervals, 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, 2009 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, 2009. Mr. Ashok Bothra continues to be the Compliance Officer of the Company.

## 4. ANNUAL GENERAL MEETING

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

Year	Location	Date	Time
2006-2007	Plots Nos. D-7/1, MIDC Industrial Estate, Lote Parshuram, Taluka Khed, District Ratnagiri, MAHARASHTRA	09.09.2008	10.30 a.m.
2005-2006	Same as above	30.09.2006	11.00 A.M.
2004-2005	Same as above	28.09.2005	3.00 P.M.

## 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, structure 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. The quarterly results are published in newspapers and are available / accessible on the SEBI website under the SEBI's EDIFAR (Electronic Data Filing Information And Retrieval) guidelines.
- b) The quarterly and full year results are published in 'The Free Press Journal' and 'Tarun Bharat.' 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 investo

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## 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 sale of chemicals and fine chemicals. The Company became a BIFR Company and thereafter there was no business that was undertaken. The Company has therefore not started any business activity. The discussion on financial performance of the Company is covered in the Directors' Report. The Company is making all out efforts to re-start the business of the Company. The company did not have any employees as on 31<sup>st</sup> March, 2009.

## 8. SHAREHOLDRES' INFOPMATION

19<sup>th</sup> Annual General Meeting

Date & Time	Friday, 30 <sup>th</sup> April, 2010 at 2.30 P.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 general declared in June as permitted by the Listing Agreement.

## 10. DATES OF BOOK CLOSURE

Book Closure dates- (Already over)	Friday, 23 <sup>rd</sup> April, 2010 to Friday, 30 <sup>th</sup> April, 2010 (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 Company's Shares continue to be traded 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. Sharex Dynamic (India) Private Limited, Unit No. 1, Luthra Industrial Premises, Andheri - Kurla Road, Safed Pul, Andheri (East), Mumbai 400 072. Telephone No. 022 - 28515606 / 28515644.  
E-mail: sd\_india@gmail.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

# KESAR PETROPRODUCTS LIMITED

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, 2009)

Category		No. of Equity shares held	Percentage of shareholding
<b>A Promoters</b>			
1	Indian Promoters	65,00,000	96.05
2	Foreign Promoters	NIL	NIL
3	Persons acting in Concert	NIL	NIL
<b>B Non-Promoters Holding</b>			
<b>1 Institutional Investors</b>			
A	Mutual Funds and UTI, Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non- Government Institutions)	26,650	0.40
B	FII's	NIL	NIL
<b>2. Others</b>			
A	Private Corporate Bodies	21,728	0.32
B	Clearing Members (Shares in Transit)	114	0.00
C	NRIs/OCBs/Foreign Nationals	10,457	0.15
D	Indian Public	2,08,338	0.16
<b>TOTAL</b>		<b>67,67,317</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. 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. Sharex Dynamic (India) Private Limited,  
Unit No. 1, Luthra Industrial Premises,  
Andheri - Kurla Road, Safed Pul,  
Andheri (East), Mumbai 400 072.

**OR**

### The Company At

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

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

Mumbai  
Date : 25th March, 2010

**S.L. SHARMA  
CHAIRMAN**

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## AUDITORS REPORT ON CORPORATE GOVERNANCE REPORT OF THE BOARD

To  
The Board of Directors  
KESAR PETROPRODUCTS LIMITED  
Plots Nos. D-7/1, MIDC Industrial Estate,  
Lote Parshuram, Taluka Khed,  
District : Ratnagiri,  
MAHARASHTRA

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Kesar Petroproducts Limited ("the Company"), for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

*In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SAYEED KHAN & ASSOCIATES**  
Chartered Accountants

PLACE : MUMBAI  
Date: 25th March, 2010

SAYEED KHAN  
Proprietor

# KESAR PETROPRODUCTS LIMITED

## 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, 2009 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. 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 during the year, 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 and menace 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 & 4 of Schedule Q).*
  - 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 & 4 of Schedule Q).
  - 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 (Refer clause g (ii) below)* 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, 2009 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, 2009 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
  - f. The company's production process is inoperative since 18<sup>th</sup> August, 2004 and the plant is under closure since 18<sup>th</sup> November, 2004. The company has been restructured under a scheme sanctioned by the BIFR and during the year the company has given full effect to the said order and resultantly the Net worth of the company has become positive and the accumulated losses of the company has been duly covered up and the company has also made a reference to the BIFR for a discharge under the said Rehabilitation charge and declaration of financial solvency & viability has been sought by the management in its application to the Board. (Refer Note: B-1 & 2 of Schedule Q)
- g. (l) 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

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Borrowings, Financial Institutions and losses on account of provisions for doubtful and irrecoverable Advances and Receivables. Due to this, the loans and losses remain understated by amounts of such interests, exchange loss/gain, provisions of doubtful & irrecoverable advances and receivables. (Refer Note: B-1, 2, 3 & 4 of Schedule Q).

- (ii) The company has not translated the External Commercial Borrowings at the rates prevailing as at 31<sup>st</sup> March, 2009 as per the provisions of AS-11 "Accounting for Effects of changes in Foreign Exchange Rates" issued by the Institute of Chartered Accountants of India. The company has not quantified the amount for the same. (Refer Note: B-1, 2, 3 & 4 of Schedule Q).
  - (iii) No provisions have been made by the company for liability towards Gratuity and Leave Encashments payable to employees on retirement since the same 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.
  - (iv) 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 & 4 of Schedule Q)
  - (v) The inventories have been valued at after due recognition of losses due to obsolescence and damages therein, being duly valued and certified by the management and as sanctioned by the BIFR Order.
  - (vi) The company has not appointed a full time secretary as required u/s 383A of the Companies Act, 1956.
- h. In our opinion, and to the best of 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, 2009.
  - 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 : 25<sup>th</sup> March, 2010

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, 2009.**

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 off 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 due account for losses due to obsolescence and damages therein.  
(c) As informed to us by the management, the company is maintaining proper records for inventory and the

## KESAR PETROPRODUCTS LIMITED

physical verification of stock was undertaken and losses due to obsolescence and damages have been duly accounted for.

- 3 (a) 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 its 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 thereunder.
7. *The company did not have an internal audit system during the year*
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956 in 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 CESTAT involving a demand of Rs. 83,43,444/-*
10. The company had accumulated losses exceeding 50% of its net worth, however during the year, upon giving due effect to the restructuring order issued by the BIFR dated 17/08/2007 the company's net worth has been valued at Rs. 805.33 Lacs and the earlier years accumulated losses have been duly restructured under the scheme of restructuring as provided in the said order. *(Refer Note: B-1 & 2 of Schedule Q)*
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 31/03/2009 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	Amount in Rs
Canara Bank	14,15,000
<b>TOTAL AMOUNT</b>	<b>14,15,000</b>

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.

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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, 2009, 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: 25.03.2010**

**Sayeed Khan**  
**Proprietor**



# KESAR PETROPRODUCTS LIMITED

## BALANCE SHEET AS AT 31st MARCH 2009

PARTICULARS	SCHEDULE	AS AT 31-Mar-2009 Rs.	AS AT 31-Mar-2008 Rs.
<b>SOURCES OF FUNDS</b>			
<b><u>SHAREHOLDERS FUNDS</u></b>			
Share Capital	A	67,673,170	311,945,197
Reserves & Surplus	B	14,513,267	(246,458,177)
		82,186,437	65,487,020
<b><u>BORROWED FUNDS</u></b>			
Secured Loans	C	1,415,000	3,875,551
Unsecured Loans	D	49,280,049	10,176,012
		50,695,049	14,051,563
		132,881,486	79,538,583
<b>APPLICATION OF FUNDS</b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	E	90,943,120	450,143,511
Less : Depreciation		1,826,808	373,700,391
Net Block		89,116,312	76,443,120
<b><u>INVESTMENTS</u></b>			
	F	475	475
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
Inventories	G	39,847,520	2,500,000
Cash & Bank Balances	H	77,457	(18,670)
Sundry Debtors	I	-	-
Loans, Advances and Deposits	J	2,924,745	1,400,538
		42,849,722	3,881,868
Less : Current Liabilities & Provisions	K	220,783	1,637,640
<b>Net Current Assets</b>		42,628,939	2,244,228
Misc. Exp. (To the extent not w. off. )	L	1,135,760	850,760
		132,881,486	79,538,583
<b>Notes forming the parts of accounts</b>	Q		

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

**SAYEED KHAN  
PROPRIETOR**

**S.L.SHARMA  
DIRECTOR**

**RAJKUMAR  
DIRECTOR**

**PLACE: MUMBAI  
DATED : 25th MARCH, 2010**

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## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

PARTICULARS	SCHEDULE	Year ended 31-Mar-2009 Rs.	Year ended 31-Mar-2008 Rs.
<b>INCOME</b>			
Sales of Products & Other Income	M	188,228,806	200,700
Increase / Decrease in Stocks	N	-	-
		<u>188,228,806</u>	<u>200,700</u>
<b>EXPENDITURE</b>			
Manufacturing Expenses	O	190,037,734	1,429,478
Interest	P	-	-
Depreciation		1,826,808	120
		<u>191,864,542</u>	<u>1,429,598</u>
Profit / (Loss) for the year before Tax		(3,635,736)	(1,228,898)
Provision for Income Tax		-	-
Profit / (Loss) for the year after Tax		(3,635,736)	(1,228,898)
Add: Balance B/fd. from previous year		(488,249,382)	(487,020,484)
Amount available for appropriation		(491,885,118)	(488,249,382)
Balance Transferred to Balance Sheet		<u>(491,885,118)</u>	<u>(488,249,382)</u>
Earning Per Share ( Face Value Rs. 10/- ) - Basic ( In Rs.)		<u>(0.54)</u>	<u>(0.05)</u>
- Diluted ( In Rs.)		<u>(0.54)</u>	<u>(0.05)</u>
Nos of Equity Shares of Rs. 10/- each fully paid up		<u>6,767,317</u>	<u>26,731,735</u>
		<u>Post Restructuring</u>	<u>Pre Restructuring</u>
Notes forming the parts of accounts	Q		

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

SAYEED KHAN  
PROPRIETOR

S.L.SHARMA  
DIRECTOR

RAJKUMAR  
DIRECTOR

PLACE: MUMBAI  
DATED : 25th MARCH, 2010

# KESAR PETROPRODUCTS LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-03-2009

PARTICULARS	31-Mar-2009 Rs.	31-Mar-2008 Rs.
<b>SCHEDULE - 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
3,50,00,000 Equity Shares of Rs.10/- each	350,000,000	350,000,000
(Previous year 3,50,00,000 equity shares of Rs. 10/- each)	350,000,000	350,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
67,67,317 Equity Shares of Rs. 10/- each	67,673,170	267,317,350
(Previous year 2,67,31,735 equity shares of Rs. 10/- each)		
Less : Calls in arrears	-	(37,000)
(Pursuant to scheme of Restructuring sanctioned by the Board of Industrial & Financial Restructuring order dated 17/08/2007)		
<b>SHARE APPLICATION MONEY RECEIVED</b>	-	44,664,847
<b>TOTAL Rs.</b>	67,673,170	311,945,197

### **SCHEDULE - 'B'** **RESERVES & SURPLUS**

Capital Subsidy from SICOM	3,000,000	3,000,000
Reserve on Reconstruction	-	238,791,205
Profit & Loss A/c		
Opp. Balance	(488,249,382)	(487,020,484)
Less : Loss during the year	(3,635,736)	(1,228,898)
	(491,885,118)	(488,249,382)
Add: Reserve on Reconstruction	503,398,385	-
Balance as on 31st March 2009	11,513,267	(488,249,382)
<b>TOTAL Rs.</b>	14,513,267	(246,458,177)

### **SCHEDULE - 'C'** **SECURED LOANS**

(i) (a) Term Loans from Banks & Financial Institutions	-	-
(b) Interests accrued & Due on above	-	-
(ii) (a) Borrowings from Banks	1,415,000	3,875,551
(b) Interests accrued & Due on above	-	-
<b>TOTAL Rs.</b>	1,415,000	3,875,551

### **SCHEDULE - 'D'** **UNSECURED LOANS**

External Commercial Borrowings	6,762,250	6,762,250
Ex-Directors/Shareholders	294,000	294,000
Others	39,104,037	-
Sales Tax Liability/Deferred Tax Liability	3,119,762	3,119,762
<b>TOTAL Rs.</b>	49,280,049	10,176,012

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## SCHEDULE "E"

### FIXED ASSETS AS AT 31st MARCH 2009

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	AS ON	ADDITIONS	DELETIONS	AS ON	UPTO	RATE	ADDITIONS	DEDUCTIONS	UPTO	AS ON	AS ON
	01/04/2008			31/03/2009						01/04/2008	31/03/2009
Land (Leasehold)	1,093,867	-	-	1,093,867	-	0.00%	13,014	-	13,014	1,080,853	1,093,867
Buildings - Plant	9,155,941	-	-	9,155,941	-	3.34%	178,388	-	178,388	8,977,553	9,155,941
Buildings - Non Plant	11,538,579	1,500,000	-	13,038,579	-	1.63%	109,713	-	109,713	12,928,866	11,538,579
Plant & Machinery	54,374,227	12,500,000	-	66,874,227	-	4.75%	1,506,619	-	1,506,619	65,367,608	54,374,227
Furniture & Fixtures	129,279	100,000	-	229,279	-	6.33%	4,774	-	4,774	224,505	129,279
Factory & Office Equipments	151,227	100,000	-	251,227	-	16.21%	14,300	-	14,300	236,927	151,227
Vehicles	-	300,000	-	300,000	-	9.50%	-	-	-	300,000	-
Capital Work in Progress	-	-	-	-	-	0.00%	-	-	-	-	-
<b>TOTAL Rs.</b>	<b>76,443,120</b>	<b>14,500,000</b>	<b>-</b>	<b>90,943,120</b>	<b>-</b>		<b>1,826,808</b>	<b>-</b>	<b>1,826,808</b>	<b>89,116,312</b>	<b>76,443,120</b>
PREVIOUS YEAR	554,721,590	-	104,578,079	450,143,511	373,700,271		120	-	373,700,391	76,443,120	181,021,319

## SCHEDULE - 'F'

### TRADE INVESTMENTS

#### QUOTED SHARES

SCRIP NAME	NOS OF SHARES	475	475
SPIC ORG	100		

**TOTAL Rs.**

**475**

**475**

## SCHEDULE - 'G'

### INVENTORIES

(As per inventory certified & valued by the management)

Raw Materials	114,251	114,251
Catalysts	546,348	546,348
Packaging Materials	1,395	1,395
Fuel	29,354	29,354
Stores & Spares	728,083	728,083
Stock in Process - BPA	1,080,569	1,080,569
Traded Goods	37,347,520	

**TOTAL Rs.**

**39,847,520**

**2,500,000**

# KESAR PETROPRODUCTS LIMITED

<b>PARTICULARS</b>	<b>AS ON 31st March, 2009 Rs.</b>	<b>AS ON 31st March, 2008 Rs.</b>
<b>SCHEDULE 'H'</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand	72,376	32,076
Bank Balance - Bal. With scheduled Bank		
1) In Current Account	5,081	(50,746)
2) In Fixed Deposit	-	-
Margin Money with Banks	-	-
<b>TOTAL Rs.</b>	<b>77,457</b>	<b>(18,670)</b>
<b>SCHEDULE 'I'</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
1) Debt Outstanding for more than 6 months	-	-
2) Others	-	-
<b>TOTAL Rs.</b>	<b>-</b>	<b>-</b>
<b>SCHEDULE 'J'</b>		
<b>LOANS, ADVANCES &amp; DEPOSITS</b>		
(Unsecured, considered good)		
Advances recoverable in Cash or in kind	1,524,207	-
Deposits	-	-
Income Tax Deducted at source	50,985	50,985
Balances with Government Departments	1,349,553	1,349,553
<b>TOTAL Rs.</b>	<b>2,924,745</b>	<b>1,400,538</b>
<b>SCHEDULE - 'K'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LAIBILITIES</b>		
Sundry Creditors	127,116	171,810
<b>B. PROVISIONS</b>		
Other Liabilities & Provisions	93,667	1,465,830
<b>TOTAL Rs.</b>	<b>220,783</b>	<b>1,637,640</b>
<b>SCHEDULE - 'L'</b>		
<b>MISC. EXP. ( To the extent of not w. off. or adjusted )</b>		
Deferred Revenue Expenses	1,135,760	850,760
<b>TOTAL Rs.</b>	<b>1,135,760</b>	<b>850,760</b>

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<u>PARTICULARS</u>	AS ON 31st March, 2009 Rs.	AS ON 31st March, 2008 Rs.
<b><u>SCHEDULE - 'M'</u></b>		
<b><u>SALES &amp; OTHER INCOME</u></b>		
Income from Operations	188,135,756	-
Other Income	93,050	200,700
<b>TOTAL Rs.</b>	<b>188,228,806</b>	<b>200,700</b>
<b><u>SCHEDULE - 'N'</u></b>		
<b><u>INCREASE / DECREASE IN STOCKS</u></b>		
STOCKS AS ON 31.03.2009		
Work - in - progress	1,080,569	-
Finished Goods	-	-
	<u>1,080,569</u>	<u>-</u>
LESS:		
STOCKS AS ON 31.03.2008		
Work - in - progress	1,080,569	-
Finished Goods	-	-
	<u>1,080,569</u>	<u>-</u>
<b>TOTAL Rs.</b>	<b>-</b>	<b>-</b>
<b><u>SCHEDULE - 'O'</u></b>		
<b><u>MANUFACTURING EXPENSES</u></b>		
Raw Materials & Traded Goods Consumed	188,918,523	-
Manufacturing & Administrative Expenses	1,102,666	1,412,933
Excise Duty & Sales Tax Paid	-	-
Insurance	-	-
Audit Fees	16,545	16,545
Salaries & Wages	-	-
Preliminary Expenses	-	-
<b>TOTAL Rs.</b>	<b>190,037,734</b>	<b>1,429,478</b>
<b><u>SCHEDULE - 'P'</u></b>		
<b><u>INTEREST &amp; FINANCE CHARGES</u></b>		
Interest on Term Loans	-	-
Interests on Working Capital	-	-
<b>TOTAL Rs.</b>	<b>-</b>	<b>-</b>

# KESAR PETROPRODUCTS LIMITED

## SCHEDULE - Q

### A). STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### I) BASIS OF PREPARATION OF ACCOUNTS:

The production process is in-operative since 18<sup>th</sup> August, 2004 and the plant is under closure since 18<sup>th</sup> November, 2004. The Net Worth of the company as at 31<sup>st</sup> March, 2004 had been 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, 1985 (SICA). 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. The Board had appointed State Bank of India as the Operating Agency. Subsequently the Board issued a show cause notice on 28<sup>th</sup> April, 2006 that considering all the factors, why the company should not be wound up under section 20 of the SICA. In response, one of parties submitted a proposal for revival of the company along with the settlement of the dues of the creditors and change in management. 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. The effect of the same has been duly considered in preparation of the accounts. (Refer Note: B-1 & 2 of Schedule Q). The accounts of the company has been prepared on "Going Concern Basis"

#### II) 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

#### III) FIXED ASSETS:

- (a) 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.

#### IV) DEPRECIATION

- a) Leasehold land is amortized over the lease period
- b) 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.
- c) 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.

#### V) INVESTMENTS

Investments which are all long term are stated at costs.

#### VI) VALUATION OF INVENTORY

- a) 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.

#### VII) 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.

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## VIII) REVENUE RECOGNITION

Sales Turnover for the year includes Sale Value of Goods, Excise Duty and excludes rebates, discounts.

### I) 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 in 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.

### II) 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 5 years.

### III) CENVAT BENEFIT

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

### IV) GOVERNMENT GRANTS

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

### V) CONTINGENT LIABILITIES

Contingent Liabilities are disclosed by way of note to the accounts.

## 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 during the year, 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 and menace the books of accounts for the periods prior to January 2008 have been lost. Hence detailed examination of the accounts and the records 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.*

### 2. Secured Loans

- a. Loans from Financial Institutions are secured by equitable mortgage of immovable assets (excluding Housing Colony) and hypothecation of all the company's moveable assets, (except Book Debts), both present & future, and personal guarantees of the then Managing Director. However the same have been duly paid off during the year.
- 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 loan has been paid off by the company during the year.



## KESAR PETROPRODUCTS LIMITED

### 3. Unsecured Loans

The company has taken External Commercial Borrowings (ECB) of Rs. 18,03,24,250/-. It had been agreed by the lenders, that the amount shall be repaid in Foreign Currency equal to Rupee amount, at the time of the Original borrowings, provided the company repays the Loans and interest on due dates. Hence the Loan Liability of the ECB had been reflected at the original borrowed amounts. Further the interest payable on ECB was waived by the lender upto 31<sup>st</sup> March 2005, which had been revoked by the lenders and opted for conversion of their outstandings into equity shares of the company as per the loan agreement. The company had made a request for waiver of the interest for the year 2005-06 and 2006-07. 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 were shareholders of the company as on the date of filing of the reference to the BIFR. Further during the procedures of the BIFR, the ECB was duly represented by Mr. Sanjay Barodia and Mr. J.C. Dargar, (erstwhile directors of the company). In March 2007, Mr. J.C. Dargar, as representative of the ECB, presented an application to the BIFR for settling the ECB dues at Rs. 360.72 Lacs as against Rs. 90.16 Lacs. However, BIFR passed the Final Rehabilitation order on 17<sup>th</sup> August, 2007, which has been duly given effect to in preparation of the accounts.

No files or correspondences have been handed over to the management by the erstwhile management nor the company has ever been approached directly by the ECB at any time during the year. 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. Contingent Liabilities

	As at 31st March	
	2009	2008
	Rupees	Rupees
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**	83,43,444	83,43,444
d. Custom Duty payable in respect of goods imported against Advance License pending Export Obligations	58,65,191	58,65,191
e. Interest and penalties under Employees PF & Misc Provisions Act, 1952	3,64,405	3,64,405

\* A claim appealed against by the company is pending in the High Court in respect of ECB Dues as detailed in Note 4 above. 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 Commissioner of Central Excise (Appeals) in favour of the company, the revenue has gone into Appeal before the CESTAT challenging the said order and for restoring the order of the Additional Commissioner, Central Excise.

5. As the company's plant is under closure, physical verification of inventory and Fixed assets have not been done.

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6. 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.
7. Due to closure of the unit, the goods could not be manufactured during the year. At this stage, the management is not in a position to ascertain the further deterioration, if any, in the value of the stock however pursuant to the scheme of Restructuring the company has revalued its Stock to Rs. 25,00,000/- to account for any depletions and deteriorations therein. (Refer Note: B-1 & 2 of Schedule Q)
8. The company's employees have filed cases in the Labour Court for their legal dues. The Honourable Labour Court had directed the company to pay dues as per the Industrial Dispute Act, which worked out to Rs. 39,97,490/-. Out of this Rs. 9,57,496/- had been paid to some of the employees and debited to the Profit & Loss Account during the earlier year. However as per the scheme of Restructuring sanctioned by the Honourable Bench of the BIFR, the company has made a provision of Rs. 31,04,000/- towards the same. The liability towards the same has been paid off in full by the company during the year. (Refer Note: B-1 & 2 of Schedule Q)
9. The company has deferred Tax Liabilities (DTL) on account of Depreciation. The company has also Deferred Tax Liabilities (DTL) on account of Unabsorbed Depreciation and Brought Forward Losses and amounts claimable u/s 43B of the Income Tax Act, 1961. In the view of the company, in the year in which the DTL would materialize, no tax would actually become payable on account of setoff. Hence, no provision has been made for DTL.
10. As the company's business activities fall within a single segment ie. Chemicals Bisphenol – A, 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 of Chemical & Intermediates Goods, which are within the above described segment.
11. 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 Shankarlal B. Sharma  
Shri Ramgopal S. Naria  
Shri Rajkumar Sharma
- 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".

12. 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 year. 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 of Schedule Q)

## KESAR PETROPRODUCTS LIMITED

13. Information pursuant to Provision (ii) of Schedule VI- to the Companies Act, 1956

	As at 31st March			
	2009	2008		
A). Licensed & Installed Capacity: (As verified & certified by the management)				
Bisphenol - A				
Licensed Capacity (MT)	20000	20000		
Installed Capacity (MT)	10000	10000		
Actual Capacity (MT)	NIL	NIL		
B). CIF Value of Imports:				
i). Raw Material & Catalyst	NIL	NIL		
ii). Stores & Spares	NIL	NIL		
C). EXPENDITURES IN FOREIGN CURRENCY:				
i). Travelling Expenses	NIL	NIL		
D). Values of Imported & Indigenous Raw Materials consumed:				
	As at 31st %	March 2009 Rupees	As at 31st %	March 2008 Rupees
<b>Raw Materials</b>				
Imported	-	-	-	-
Indigenous	-	-	-	-
Total	-	-	-	-
<b>Stores &amp; Spares</b>				
Imported	-	-	-	-
Indigenous	-	-	-	-
Total	-	-	-	-
E). Turnover and Stock of Bisphenol - A :				
	As at 31st Qty (MT)	March 2009 Value (Rs)	As at 31st Qty (MT)	March 2008 Value (Rs)
Sale	-	-	-	-
Opening Stock	-	-	-	-
Closing Stock	-	-	-	-
F). Raw Materials Consumed:				
	As at 31st Qty (MT)	March 2009 Value (Rs)	As at 31st Qty (MT)	March 2008 Value (Rs)
Phenol	-	-	-	-
Acetne	-	-	-	-
Misc Chemicals	-	-	-	-
Total	-	-	-	-

14. 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 instalments.

15. The Company does not have a full time secretary as required under section 383A of the Companies Act, 1956.

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## 16. Earnings Per Share:

Year Ended 31st March  
2009                      2008

### Before Restructuring

a). Profit/(Loss) available to Shareholders	(36,35,796)	(12,28,898)
b). Number of Equity Shares	67,67,317	2,67,31,735
c). Earnings per Share Basic & Diluted	(0.54)	(0.05)
d). Face Value per Equity Shares	10.00	10.00

17. Balance Sheet abstract and Company's General Business Profile as required by Schedule – VI (Part IV) is annexed herewith

18. Disclosures as per Clause 49 of the Listing Agreement

	As at 31st March 2009	As at 31st March 2008
a) Directors Remuneration	Nil	Nil
b) Directors Sitting Fees	Nil	Nil

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

## Signature to Schedule A to O

For Sayeed Khan & Associates  
Chartered Accountants

For & on behalf of the Board of Directors

Sayeed Khan  
Proprietor

S.L.SHARMA  
Director

RAJKUMAR  
Director

Place : Mumbai  
Date : 25.03.2010

# KESAR PETROPRODUCTS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

(Rs. In Lacs)

	AS AT 31-Mar-2009	AS AT 31-Mar-2008
<b>A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	(36.36)	(12.29)
<b>ADJUSTMENTS FOR :</b>		
DEPRECIATION	18.27	0.00
DEFERRED EXPENSES	0.00	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(18.09)</b>	<b>(12.29)</b>
<b>ADJUSTMENTS FOR :</b>		
(INCREASE)/DECREASE IN CURRENT ASSETS	(388.71)	488.13
(INCREASE)/DECREASE IN CURRENT LIABILITIES	(14.17)	(22.27)
CAPITAL RESERVE ON NET CURRENT ASSETS	-	(330.81)
(INCREASE)/DECREASE IN NET CURRENT ASSETS	(402.88)	135.05
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(420.97)</b>	<b>122.76</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(420.97)</b>	<b>122.76</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
ADDITIONS TO FIXED ASSETS	(145.00)	-
PRELIMINARY EXPENSES INCURRED	(2.85)	(8.51)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(147.85)</b>	<b>(8.51)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
(INCREASE)/DECREASE IN SHARE CAPITAL	203.35	446.65
(INCREASE)/DECREASE IN BORROWINGS	366.43	(561.13)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>569.78</b>	<b>(114.48)</b>
<b>NET INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>0.97</b>	<b>(0.23)</b>
<b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>(0.19)</b>	<b>0.04</b>
<b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>0.78</b>	<b>(0.19)</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, 2009 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

Place: Mumbai  
Date: 25th March, 2010

Sayeed Khan  
Proprietor

# 19th Annual Report 2008 - 2009

## 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 / (Loss) 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 SHREYAS INTERMEDIATES LTD

S. L. SHARMA  
 Director

RAJKUMAR  
 Director

# KESAR PETROPRODUCTS LIMITED

## KESAR PETROPRODUCTS LIMITED

Plot No. D - 7/1, MIDC Industrial Area, Lote Parshuram, Taluka Khed, District Ratnagiri 415 722.

### PROXY FORM

Folio No. / DP/ID No.

No. of Shares Held :

I/We .....

of .....

in the District of .....

being a member / members of the above named Company hereby appoint .....

of .....

in the district of .....

as/my/our Proxy to vote for me/us on my/our behalf at the **19th ANNUAL GENERAL MEETING** at 2.30 P.M. on Friday, 30<sup>th</sup> April, 2010 at the registered office of the Company at D-7/1, M.I.D.C., Lote Parshuram, Taluka Khed, District Ratnagiri, Maharashtra 415722

Signed this ..... day of ..... 2010.

Affix  
Revenu  
Stamp of  
Rs. 1/-

- Note :
1. A member entitled to attend and vote at the meeting is entitled to a point a proxy and vote instead of himself.
  2. A proxy need not be a member.
  3. This proxy form duly completed should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the Commencement of the meeting.

## KESAR PETROPRODUCTS LIMITED

Plot No. D - 7/1, MIDC Industrial Area, Lote Parshuram, Taluka Khed, District Ratnagiri 415 722

### ATTENDANCE SLIP

Folio No. / DP/ID No.

No. of Shares Held :

(Please present this slip at the entrance of the Meeting Venue)

I/We hereby record my presence at the **19th ANNUAL GENERAL MEETING** of the Company at 122 - 125 at 2.30 P.M. on Friday, 30<sup>th</sup> April, 2010 at the registered office of the Company at D-7/1, M.I.D.C., Lote Parshuram, Taluka Khed, District Ratnagiri, Maharashtra 415722. at any adjournment thereof.

NAME OF THE SHAREHOLDER : .....

NAME OF THE PROXY : .....

SIGNATURE OF THE MEMBER / PROXY : .....

Note : To be signed and handed over at the Meeting Venue.

**BOOK-POST**

*If undelivered, please return to :*  
**KESAR PETROPRODUCTS LIMITED**  
Plot No. D - 7/1, MIDC Industrial Area,  
Lote Parshuram, Taluka Khed,  
District Ratnagiri 415 722