

**21ST ANNUAL REPORT
2010-2011**

KESAR PETROPRODUCTS LIMITED

21th Annual Report 2010 - 2011

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

BANKERS Bank of India
ICICI Bank

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

**REGISTRAR &
TRANSFER AGENTS** M/s. Sharex Dynamic(India) Private Limited,
Unit No. 1, Luthra Industrial Premises,
Safed Pool, Andheri – Kurla Road,
Andheri (East)
Mumbai 400 072
(Telephone Nos. : 28515606 / 28515644)
(e-mail : sd_india@gmail.com
(Web: sharexindia.com)

**REGISTERED OFFICE
AND FACTORY** D-7/1, M.I.D.C., Lote Parshuram,
Taluka Khed,
District Ratnagiri,
Maharashtra

21st ANNUAL GENERAL MEETING

Date : 02nd March, 2012
Day : Friday
Time : 12.00 Noon.
Place : Plot No. D – 7/1, MIDC
Industrial Area Lote Parshuram,
Taluka Khed, District
Ratnagiri -415722 Maharashtra.

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KESAR PETROPRODUCTS LIMITED

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of KESAR PETROPRODUCTS LIMITED will be held on Friday, the 2nd March, 2012 at 12.00 Noon 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 31st March, 2011 and the audited Profit and Loss Account for the year ended on that date.
- 2) To appoint a Director Mr. Nazirsaheb Sayyed who retires by rotation and offer himself for re-appointment.
- 3) To appoint the Statutory Auditors and to fix their remuneration.

B) SPECIAL BUSINESS:

- 1) To consider and if thought fit to pass with or without modifications the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Ajay Sharma be and is hereby appointed as a Director of the company."
- 2) To consider and if thought fit to pass with or without modification/s the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Sunil Atmaram Sawant be and is hereby appointed as a Director of the company."

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

Mumabi
Date : 6th February, 2012

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 Tuesday, the 21st February, 2012 to Friday, the 2nd March, 2012 (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.

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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. Ajay Sharma and Mr. Sunil Sawant, have given their consents for being appointed as a Director of the Company.

7. **EXPLANATORY STATEMENT**

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No.4

The Board of directors in their meeting held on 10th May, 2011 inducted Mr. Ajay Sharma as an Additional Director of the Company. Pursuant to section 260 of the Companies Act, 1956, Mr. Ajay shall hold office up to the date of this Annual General Meeting. It has therefore become necessary to confirm his appointment as a director. The Directors recommend the passing of this resolution by members.
None of the Directors is interested in the said resolution.

Item No.5

The Board of directors in their meeting held on 10th May, 2011 inducted Mr. Sunil Atmaram Sawant as an Additional Director of the Company. Pursuant to section 260 of the Companies Act, 1956, Mr. Sunil shall hold office up to the date of this Annual General Meeting. It has therefore become necessary to confirm his appointment as a director. The Directors recommend the passing of this resolution by members.
None of the Directors is interested in the said resolution.

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

Mumbai
Date : 6th February, 2012

NAZIRSAHEB SAYYED
DIRECTOR

KESAR PETROPRODUCTS LIMITED

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors have pleasure in presenting their 21st Annual Report and the audited accounts for the financial year ended on 31st March, 2011.

FINANCIAL RESULTS

	2010-2011	2009-2010
	(Rs.)	(Rs.)
Total Turnover	21,50,40,930	14,12,96,217
Manufacturing and Other Expenses	21,45,96,291	13,83,07,467
Profit / (Loss) before interest and depreciation	4,44,639	29,88,750
Interest	371	9,43,619
Profit / (Loss) after interest	4,44,268	20,45,131
Depreciation and Misc. Expenses written off	39,75,958	37,78,600
Profit / (Loss) after interest And Depreciation	(60,24,077)	(17,33,469)
Provision for Tax	-	-
Profit / (Loss) after Tax	(60,24,077)	(17,33,469)
Balance Profit / (Loss) brought forward from Previous Year	97,79,798	1,15,13,267
Balance Loss in the Account		
Add; Reserve on Reconstruction as per BIFR order		--
Balance Profit Carried to the Balance Sheet	37,55,721	97,79,798

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

The Company started its activity in the Cuprous Chloride field. Total 539.5 tons of cuprous was sold for the year 2010-11. The Company's turnover of Rs. 2150.41 lacs included dealings of Cuprous Chloride and other chemicals during the year under report.

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

There are several contentious issues arising from and out of the several Orders passed by the BIFR after its principal Order in 2007 and these have been the subject matter of legal cases pending before the Appellate Authority for Industrial And Financial Reconstruction, the Hon'ble High Courts at Delhi and Bombay. These matters being sub judice, the Company has not acknowledged the financial implications thereof as debts and therefore no provisions have been made.

The Company has also initiated 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 failed to handover possession thereof to the new promoters and management of the company.

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 16th April, 2008, and the said applications are 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.

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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 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. 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. Nazirsaheb Sayyed 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.

During the year under report, Mr. Ajay Sharma and Mr. Sunil Sawant were appointed by the Board as Additional directors on 10.05.2011. Their appointment is valid upto the date of this Annual General Meeting. They have furnished their consents for the appointment of Directors.

Mr. Ram Gopal S Naria & Mr. Shankarlal Sharma, have ceased to be director w.e.f. 13.05.11 & 26.05.11 respectively, The board placed on record their appreciation of the valuable contribution made by them during the tenure as Directors.

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 31st March, 2011, and of the profit of the Company for the said period ended 31st March, 2011.
- 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.

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.

KESAR PETROPRODUCTS LIMITED

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 : 06th February, 2012

NAZIRSAHEB SAYYED
CHAIRMAN

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) 2010 - 11	(Rs. in lacs) 2009 - 10
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

	2010 - 11	2009 - 10	
Electricity:			
Unit Amount (Rs. in Lacs)	3.06	3.04	
Total Amounts (Rs. in Lacs)	4.19	4.45	
Rate / Unit	3.72	3.32	
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	0.15	N.A
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

Mumbai
Date : : 06th February, 2012

NAZIRSAHEB SAYYED
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 31st March, 2011.

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	Category	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	4	4
2.	Mr. Ajay Sharma	Non-Executive	Nil	4	Nil
3.	Mr. Sunil A. Sawant	Non-Executive	Nil	4	Nil

3. Board Meetings, Committee meetings and the 21st Annual General Meeting:

During the year 2010-11, 7 Board Meetings and 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 31st December, 2010. 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. Shankerlal B. Sharma (upto 26.05.11), Mr. Ram Gopal S. Naria (upto 13.05.11), 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 :

- 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 2010-11, the Audit Committee Meetings were held on 30.04.2010, 30.07.2010, 30.11.2010, 31.01.11. All the members of the Committee were present thereat.

KESAR PETROPRODUCTS LIMITED

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, 2011.

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 30.06.2010, 30.09.2010, 30.11.10, and 31.03.2011 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 31st March, 2011 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, 2011. **Mr. H.P. Bohra** was continued as the Compliance Officer for the F.Y. 2010-11.

4. ANNUAL GENERAL MEETING

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

Year	Location	Date	Time
2010-2011	Plots Nos. D-7/1, MIDC Industrial Estate, Lote Parshuram, Taluka Khed, District Ratnagiri, MAHARASHTRA	02.03.2012	12.00 Noon.
2009-2010	Same as above	31.12.2010	12.00 Noon
2008-2009	Same as above	30.04.2010	02.30 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, 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. 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 'Asian Age' 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)

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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 Securitisation And Reconstruction Private Limited has taken over the possession of the Company's factory situated at Lote Parshuram District, Ratnagiri, Maharashtra. at the behest of State Bank Of India, under the SARFASI Act, 2002.

The Company is engaged in the business of manufacture and sale of chemicals and cuprous chloride. The Company became a BIFR Company. 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

21th Annual General Meeting

Date & Time	Friday, 02 nd March, 2012 at 12.00 Noon
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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-	Tuesday, the 21 st February, 2012 to Friday, the 2 nd March, 2012 (both days inclusive)
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11. **DIVIDEND PAYMENT DATE** : NotApplicable

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

KESAR PETROPRODUCTS LIMITED

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, 2011)

Category		No. of Equity shares held	Percentage of shareholding
Promoters			
1	Indian Promoters	70,25,728	96.68
2	Foreign Promoters	NIL	NIL
3	Persons acting in Concert	NIL	NIL
B Non-Promoters Holding			
1 Institutional Investors			
A	Mutual Funds and UTI , Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non- Government Institutions)	1,223	0.02
B	FII's	NIL	NIL
2. Others			
A	Private Corporate Bodies	20,624	0.28
B	Clearing Members (Shares in Transit)	113	0.00
C	NRIs/OCBs/Foreign Nationals	10,137	0.14
D	Indian Public	2,09,492	2.88
TOTAL		72,67,317	100.00

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 : 06th February, 2012

**NAZIRSAHEB SAYYED
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, 2011, 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: 06th February, 2012**

**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 31st March, 2011 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 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 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
 - f. During the year the company has undertaken trading business. The company had been restructured under a scheme sanctioned by the BIFR and the company has given full effect to the said order 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).*

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- g. (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 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 31st March, 2011 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 company has not provided for any losses on account of devaluation, expiration, obsolescence and damages in the stocks. The inventories have been valued and ascertained as certified by the management.
- (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 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 31st March, 2011.
- 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 : 6th February, 2012

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 31st March, 2011.

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 however the management has not provided for any losses on account of devaluation, expiration, obsolescence and damages in the stocks.

KESAR PETROPRODUCTS LIMITED

- (c) As informed to us by the management, the company is maintaining proper records for inventory and the physical verification of stock was however the management has not provided for any losses on account of devaluation, expiration, obsolescence and damages in the stocks.
- 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 there under.
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 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 31/03/2011 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
TOTAL AMOUNT	4,05,19,037

** Canara Bank has refuted the jurisdiction of the BIFR and have disputed the awarded rebate in claims as sanctioned by the BIFR in its order dated 17th 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.*

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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 31st March, 2011, 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: 6th February, 2012

Sayed Khan
Proprietor

KESAR PETROPRODUCTS LIMITED

BALANCE SHEET AS AT 31st MARCH 2011

PARTICULARS	SCHEDULE	AS AT 31-Mar-2011 Rs.	AS AT 31-Mar-2010 Rs.
SOURCES OF FUNDS			
<u>SHAREHOLDERS FUNDS</u>			
Share Capital	A	72,673,170	72,673,170
Reserves & Surplus	B	6,755,721	12,779,798
		79,428,891	85,452,968
<u>BORROWED FUNDS</u>			
Secured Loans	C	40,519,037	105,036,547
Unsecured Loans	D	19,187,233	9,882,012
		59,706,270	114,918,559
		139,135,161	200,371,527
APPLICATION OF FUNDS			
<u>FIXED ASSETS</u>			
Gross Block	E	95,693,120	90,943,120
Less : Depreciation		9,581,366	5,605,408
Net Block		86,111,754	85,337,712
<u>INVESTMENTS</u>			
	F	475	475
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Inventories	G	48,210,254	46,061,746
Cash & Bank Balances	H	240,266	533,554
Sundry Debtors	I	-	155,639,879
Loans, Advances and Deposits	J	3,829,593	5,024,385
		52,280,113	207,259,564
Less : Current Liabilities & Provisions	K	165,789	93,248,408
Net Current Assets		52,114,324	114,011,156
Misc. Exp.(To the extent not w. off.)	L	908,608	1,022,184
		139,135,161	200,371,527
		139,135,161	200,371,527
Notes forming the parts of accounts	Q		

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

**SAYEED KHAN
PROPRIETOR
PLACE: MUMBAI
DATED : 6th FEBRUARY, 2012**

DIRECTOR

DIRECTOR

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	SCHEDULE	Year ended 31-Mar-2011 Rs.	Year ended 31-Mar-2010 Rs.
INCOME			
Sales of Products & Other Income	M	215,040,930	141,296,217
Increase / Decrease in Stocks	N	-	-
		<u>215,040,930</u>	<u>141,296,217</u>
EXPENDITURE			
Manufacturing Expenses	O	214,596,291	138,307,467
Interest	P	371	943,619
Depreciation		3,975,958	3,778,600
Prior Period Adjustment : Interest (Previous year)		2,492,387	-
		<u>221,065,007</u>	<u>143,029,686</u>
Profit / (Loss) for the year before Tax		(6,024,077)	(1,733,469)
Provision for Income Tax		-	-
Profit / (Loss) for the year after Tax		(6,024,077)	(1,733,469)
Add: Balance B/fd. from previous year		<u>9,779,798</u>	<u>11,513,267</u>
Amount available for appropriation		3,755,721	9,779,798
Balance Transferred to Balance Sheet		<u>3,755,721</u>	<u>9,779,798</u>
Earning Per Share (Face Value Rs. 10/-) - Basic (In Rs.)		<u>(0.83)</u>	<u>(0.24)</u>
- Diluted (In Rs.)		<u>(0.83)</u>	<u>(0.24)</u>
Nos of Equity Shares of Rs. 10/- each fully paid up		<u>7,267,317</u>	<u>7,267,317</u>

Notes forming the parts of accounts

Q

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

**SAYEED KHAN
PROPRIETOR
PLACE: MUMBAI
DATED : 6th FEBRUARY, 2012**

DIRECTOR

DIRECTOR

KESAR PETROPRODUCTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	AS ON 31-Mar-2011 Rs.	AS ON 31-Mar-2010 Rs.
<u>SCHEDULE - 'A'</u>		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
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
<u>ISSUED, SUBSCRIBED AND PAID UP</u>		
72,67,317 Equity Shares of Rs. 10/- each (Previous year 67,67,317 equity shares of Rs. 10/- each)	72,673,170	72,673,170
<u>SHARE APPLICATION MONEY RECEIVED</u>		
TOTAL Rs.	72,673,170	72,673,170
<u>SCHEDULE - 'B'</u>		
<u>RESERVES & SURPLUS</u>		
Capital Subsidy from SICOM	3,000,000	3,000,000
Profit & Loss A/c		
Opg. Balance	9,779,798	11,513,267
Less : Loss during the year	(6,024,077)	(1,733,469)
	3,755,721	9,779,798
Add: Reserve on Reconstruction	-	-
Balance as on 31st March 2011	3,755,721	9,779,798
TOTAL Rs.	6,755,721	12,779,798
<u>SCHEDULE - 'C'</u>		
<u>SECURED LOANS</u>		
(i) (a) Term Loans from Banks & Financial Institutions	-	-
(b) Interests accrued & Due on above	-	-
(ii) (a) Borrowings from Banks	1,415,000	1,415,000
(b) Interests accrued & Due on above	-	-
(iii) (a) Other Secured Loans	39,104,037	39,104,037
(b) Bill Discounting Facility	-	64,517,510
(Refer Note B-2 of Schedule Q)		
TOTAL Rs.	40,519,037	105,036,547
<u>SCHEDULE - 'D'</u>		
<u>UNSECURED LOANS</u>		
External Commercial Borrowings	6,762,250	6,762,250
Ex-Directors/Shareholders/Others	9,305,221	-
Sales Tax Liability/Deferred Tax Liability	3,119,762	3,119,762
TOTAL Rs.	19,187,233	9,882,012

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SCHEDULE "E" -

FIXED ASSETS AS AT 31st MARCH, 2011

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION						NET BLOCK	
	AS ON 01/04/2010	ADDITIONS	DELETIONS	AS ON 31/03/2011	UPTO 01/04/2010	RATE %	ADDITIONS	DEDUCTIONS	UPTO 31/03/2011	AS ON 31/03/2011	AS ON 31/03/2010
Land (Leasehold)	1,093,867	57,133.00	-	1,151,000	13,014	0.00%	-	-	13,014	1,137,986	1,080,853
Buildings - Plant	9,155,941	478,219.00	-	9,634,160	484,197	3.34%	321,781	-	805,978	8,828,182	8,671,744
Buildings - Non Plant	13,038,579	681,011.00	-	13,719,590	322,241	1.63%	223,629	-	545,871	13,173,719	12,716,338
Plant & Machinery	66,874,227	3,492,871.00	-	70,367,098	4,683,145	4.75%	3,342,437	-	8,025,582	62,341,516	62,191,082
Furniture & Fixtures	229,279	11,975.00	-	241,254	19,287	6.33%	15,271	-	34,558	206,696	209,992
Factory & Office Equipments	251,227	13,122.00	-	264,349	55,024	16.21%	42,851	-	97,875	166,474	196,203
Vehicles	300,000	15,669.00	-	315,669	28,500	9.50%	29,989	-	58,489	257,180	271,500
Capital Work in Progress	-	-	-	-	-	0.00%	-	-	-	-	-
TOTAL Rs.	90,943,120	4,750,000	-	95,693,120	5,605,408		3,975,958	-	9,581,366	86,111,754	85,337,712
PREVIOUS YEAR	90,943,120	-	-	90,943,120	1,826,808		3,778,600	-	5,605,408	85,337,712	89,116,312

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 in Stock	45,710,254	43,561,746
TOTAL Rs.	48,210,254	46,061,746

KESAR PETROPRODUCTS LIMITED

<u>PARTICULARS</u>	AS ON 31st March, 2011 Rs.	AS ON 31st March, 2010 Rs.
<u>SCHEDULE 'H'</u>		
<u>CASH & BANK BALANCES</u>		
Cash in hand	122,291	119,401
Bank Balance - Bal. With scheduled Bank		
1) In Current Account	117,975	414,153
TOTAL Rs.	240,266	533,554
<u>SCHEDULE 'I'</u>		
<u>SUNDRY DEBTORS</u>		
(Unsecured , considered good)		
1) Debt Outstanding for more than 6 months	-	59,537,536
2) Others	-	96,102,343
TOTAL Rs.	-	155,639,879
<u>SCHEDULE 'J'</u>		
<u>LOANS,ADVANCES & DEPOSITS</u>		
(Unsecured, considered good)		
Advances, Loans & Advances	2,064,840	-
Advances recoverable in Cash or in kind	344,215	3,617,847
Balances with Government Departments	1,420,538	1,406,538
TOTAL Rs.	3,829,593	5,024,385
<u>SCHEDULE - 'K'</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
A. CURRENT LAIBILITIES		
Sundry Creditors	76,360	93,181,979
B. PROVISIONS		
Other Liabilities & Provisions	89,429	66,429
TOTAL Rs.	165,789	93,248,408
<u>SCHEDULE -'L'</u>		
MISC. EXP. (To the extent of not w. off. or adjusted)		
Deferred Revenue Expenses	908,608	1,022,184
TOTAL Rs.	908,608	1,022,184

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<u>PARTICULARS</u>	AS ON 31st March, 2011 Rs.	AS ON 31st March, 2010 Rs.
<u>SCHEDULE - 'M'</u>		
<u>SALES & OTHER INCOME</u>		
Income from Operations	214,885,190	141,171,236
Other Income	155,740	124,981
TOTAL Rs.	215,040,930	141,296,217
<u>SCHEDULE - 'N'</u>		
<u>INCREASE / DECREASE IN STOCKS</u>		
STOCKS AS ON 31.03.2011		
Work - in - progress	1,080,569	1,080,569
Finished Goods	-	-
	<u>1,080,569</u>	<u>1,080,569</u>
LESS:		
STOCKS AS ON 31.03.2010		
Work - in - progress	1,080,569	1,080,569
Finished Goods	-	-
	<u>1,080,569</u>	<u>1,080,569</u>
TOTAL Rs.	-	-
<u>SCHEDULE - 'O'</u>		
<u>MANUFACTURING EXPENSES</u>		
Raw Materials & Traded Goods Consumed	212,953,992	135,627,096
Manufacturing & Administrative Expenses	1,477,823	2,421,220
Audit Fees	25,000	20,000
Salaries & Wages	25,900	125,575
Preliminary Expenses	113,576	113,576
TOTAL Rs.	214,596,291	138,307,467
<u>SCHEDULE - 'P'</u>		
<u>INTEREST & FINANCE CHARGES</u>		
Interests on Working Capital	371	943,619
TOTAL Rs.	371	943,619

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SCHEDULE - Q

A). STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

I) BASIS OF PREPARATION OF ACCOUNTS:

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".

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.

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) 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.
- b) 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) 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.

During the year no production operations have been undertaken by the company. In view of the same, we anticipate a significant reduction in the valuation of the Stocks of Materials, Stores, Spares and Packing Materials of the company as valued by the management due to expiration of its useful life, obsolescence and damages. However the management has not provided for any diminution or devaluation in the values of the same. The above devaluation could not be quantified by us and in our opinion the value of the stock remains overstated and the losses remain equivalently understated as shown in the report due to the same.

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.

IX) 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.

X) 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.

XI) CENVAT BENEFIT

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

XII) GOVERNMENT GRANTS

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

XIII) 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 31st 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 23rd 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 26th March, 2007 sanctioned a Rehabilitation Scheme. The BIFR has issued a final order (SS-07) dated 17th 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.

Canara Bank has refuted the jurisdiction of the BIFR and have disputed the awarded rebate in claims as sanctioned by the BIFR in its order dated 17th 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..

KESAR PETROPRODUCTS LIMITED

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 loan has been paid off by the company during the year.
- c. Other Secured Loans from M/s. Malvika Harbopharma (P) Ltd and M/s. Shreyas Intermediates Limited are secured by a 1st 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 is secured by a 2nd 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
- e. Loans from Canara Bank is secured by a 2nd 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 has 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. Contingent Liabilities

	As at 31st March	
	2011 Rupees .	2010 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
f. Claim by one old director for his salary	18,00,000	18,00,000

* 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.

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** 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.

*** The erstwhile directors claim remains pending disposal with the BIFR.

5. As the company's plant remains under closure for most of the year, physical verification of inventory and Fixed assets have not been done.
6. 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.
7. 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.
8. 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.
9. 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".
10. 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

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

		As at 31st March	
		2011	2010
A).	Licensed & Installed Capacity: (As verified & certified by the management) Bisphenol - A		
	Licensed Capacity (MT)	20000	20000
	Installed Capacity (MT)	1800	1800
	Actual Capacity (MT)	14	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 2011	As at 31st March 2010
		%	%
		Rupees	Rupees
	Raw Materials		
	Imported	-	-
	Indigenous	-	-
	Total	-	-
	Stores & Spares		
	Imported	-	-
	Indigenous	-	-
	Total	-	-
E).	Turnover and Stock of Bisphenol - A :		
		As at 31st March 2011	As at 31st March 2010
		Qty (MT)	Value (Rs)
	Sale	539.5	-
		-	-
F).	Raw Materials Consumed:		
		As at 31st March 2011	As at 31st March 2010
		Qty (MT)	Value (Rs)
	Copper etc	539.5	-
		-	-

12. 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.

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

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14. Earnings Per Share:
- | | Year Ended 31st March | |
|---|-----------------------|-------------|
| | 2011 . | 2010. |
| <u>Before Restructuring</u> | | |
| a). Profit/(Loss) available to Shareholders | (60,24,077) | (17,33,469) |
| b). Number of Equity Shares | 72,67,317 | 72,67,317 |
| c). Earnings per Share Basic & Diluted | (0.83) | (0.24) |
| d). Face Value per Equity Shares | 10.00 | 10.00 |
15. Balance Sheet abstract and Company's General Business Profile as required by Schedule – VI (Part IV) is annexed herewith
16. Disclosures as per Clause 49 of the Listing Agreement
- | | As at 31st March 2011 | As at 31st March 2010 |
|---------------------------|-----------------------|-----------------------|
| a) Directors Remuneration | Nil | Nil |
| b) Directors Sitting Fees | Nil | Nil |
17. 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 Q

**For Sayeed Khan & Associates
Chartered Accountants**

**Sayeed Khan
Proprietor**

For & on behalf of the Board of Directors

Director

Director

Place : Mumbai

Date : 6th February, 2012

KESAR PETROPRODUCTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

(Rs. In Lacs)

	AS AT 31-Mar-2011	AS AT 31-Mar-2010
A) CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	(60.24)	(17.33)
ADJUSTMENTS FOR :		
DEPRECIATION	39.76	37.79
INTERESTS PAID	24.92	9.44
DEFERRED EXPENSES	1.14	1.14
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5.58	31.04
ADJUSTMENTS FOR :		
(INCREASE)/DECREASE IN CURRENT ASSETS	1546.86	(1,639.54)
(INCREASE)/DECREASE IN CURRENT LIABILITIES	(930.84)	930.28
CAPITAL RESERVE ON NET CURRENT ASSETS	-	-
(INCREASE)/DECREASE IN NET CURRENT ASSETS	616.03	(709.26)
CASH GENERATED FROM OPERATIONS	621.61	(678.24)
NET CASH FROM OPERATING ACTIVITIES	621.61	(678.24)
B) CASH FLOW FROM INVESTING ACTIVITIES :		
ADDITIONS TO FIXED ASSETS	(47.50)	-
INTERESTS PAID	(24.92)	(9.44)
PRELIMINARY EXPENSES INCURRED	-	-
NET CASH USED IN INVESTING ACTIVITIES	(72.42)	(9.44)
C) CASH FLOW FROM FINANCING ACTIVITIES		
(INCREASE)/DECREASE IN SHARE CAPITAL	0.00	50.00
(INCREASE)/DECREASE IN BORROWINGS	(552.12)	642.24
NET CASH USED IN FINANCING ACTIVITIES	(552.12)	692.24
NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS	(2.94)	4.56
CASH & CASH EQUIVALENTS (OPENING BALANCE)	5.34	0.78
CASH & CASH EQUIVALENTS (CLOSING BALANCE)	2.40	5.34

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, 2011 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: 6th February, 2012

Sayeed Khan
Proprietor

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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
KESAR PETROPRODUCTS LIMITED

NAZIRSAHEB SAYYED
Director

AJAY SHARMA
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 **21st ANNUAL GENERAL MEETING**
at 12.00 Noon on Friday, the 2nd March, 2012 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 2012.

Affix
Revenu
Stamp of
Rs. 1/-

- Note :
1. A member entitled to attend and vote at the meeting is entitled to appoint 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 **21st ANNUAL GENERAL MEETING** of the Company
at 12.00 Noon on Friday, the 2nd March, 2012 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