

# **KESAR TERMINALS & INFRASTRUCTURE LIMITED**

*A Public Limited Company Incorporated on 21st day of January, 2008 under the provisions of the Companies Act, 1956,*

*Registered Office: Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai-400 020*

*Phone : 2202 04 05, 2285 17 37*

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## Information Memorandum

*Incorporated as a Public Limited Company on 21st day of January, 2008 under the name and style “KESAR TERMINALS & INFRASTRUCTURE LIMITED” under the provisions of the Companies Act, 1956, in the state of Maharashtra.*

### INFORMATION MEMORANDUM FOR LISTING OF 52,53,113 EQUITY SHARES OF RS.10/- EACH

#### GENERAL RISKS

“Investment in equity and equity-related securities involve a degree of risk and investors should not invest in any equity shares unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

#### ABSOLUTE RESPONSIBILITY OF THE COMPANY

The Company confirms that this Information Memorandum contains all information with regard to Kesar Terminals & Infrastructure Limited, which is material and that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.”

**I. DEFINITIONS, ABBREVIATIONS AND INDUSTRY RELATED TERMS**

Act	The Companies Act, 1956
Articles	Articles of Association of Kesar Terminals and Infrastructure Ltd.
Board	Board of Directors of Kesar Terminals and Infrastructure Ltd
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
MCA	Ministry of Corporate Affairs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time
Directors	Directors on the Board of Kesar Terminals and Infrastructure Ltd
DP	Depository Participant
Equity Shares	Fully paid-up Equity shares of 10/- each of the Company
Equity Shareholders	Equity Shareholders of the Company
Information Memorandum	This Information Memorandum
IT Act	Income Tax Act, 1961 and subsequent amendments thereto
MOA	Memorandum of Association of Kesar Terminals and Infrastructure Ltd
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
RBI	Reserve Bank of India
Registrar & Share Transfer Agent / Registrars	Sharex Dynamic (India) Pvt. Ltd., Unit -1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai – 400072. - Tel No. 28515606 & 28515644
ROC	Registrar of Companies at Mumbai, Maharashtra
Scheme	Scheme of Arrangement for Demerger of Storage Undertaking / Division known as Distillers' Trading Corporation [DTC] of Kesar Enterprises Ltd. [KEL] into the Kesar Terminals and Infrastructure Limited with effect from the <b>Appointed Date 1.1.2009</b> under Sections 391 to 394 of the Companies Act, 1956.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 with amendments from time to time
SEBI Guidelines	Extant Guidelines for issue of capital and disclosure issued by the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
KEL or Transferor Company	Kesar Enterprises Limited a Public Limited Company incorporated under the Companies Act, 1956
KTIL or the Company	Kesar Terminals and Infrastructure Limited, a Public Limited Company incorporated under the Companies Act, 1956.

**LISTING**

The Equity Shares of Kesar Terminals & Infrastructure Limited shall be listed on Bombay Stock Exchange Limited [BSE] and The National Stock Exchange of India Ltd. [NSE].

**SHARE TRANSFER AGENT:**

**Sharex Dynamic (India) Pvt. Ltd.,**

Unit -1, Luthra Industrial Premises,

Andheri Kurla Road,

Safed Pool, Andheri (East),

Mumbai – 400072.

Tel No. 28515606 & 28515644

## GENERAL INFORMATION

### Authority for Listing

The Hon'ble High Court, Bombay vide its Order dated 12.3.2010 approved the Scheme of Arrangement for Demerger of Storage Undertaking / Division known as Distillers' Trading Corporation [DTC] of Kesar Enterprises Ltd. [KEL] into the Company with effect from the **Appointed Date 1.1.2009** under Sections 391 to 394 of the Companies Act, 1956. The Equity Shares of the Company issued pursuant to the Scheme as well as its existing shares shall, subject to applicable regulations, be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

The aforesaid Order of the Hon'ble High Court, Bombay was filed by the Company with the Registrar of Companies (ROC), Maharashtra, on 29.3.2010 and, therefore, the '**Effective Date**' of the Scheme is **29.3.2010**.

### Eligibility Criterion

The Company has received relaxation from strict enforcement of Clause (b) to sub Rule (2) and (7) of Rule 19 of the Securities Contracts (Regulation) Rules from the Securities Exchange Board of India [SEBI] vide its letter bearing Ref No. CFD/DIL/SM/23612/2010 dated 14.10.2010. The Company submits this Information Memorandum, containing information about itself in line with the disclosure requirements applicable for public issue.

### Prohibition by SEBI

The Company, its Directors, its Promoters, other Companies promoted by the Promoters and Companies with which the Company's Directors are associated as Directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

**Caution**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone, placing reliance on any other source of information, would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

**Disclaimer Clause of BSE**

As required, a copy of this Information Memorandum has been submitted to BSE. BSE has agreed in-principal vide its letters dated 7.5.2009 and 6.8.2010 to grant listing to the equity shares of the Company and by virtue of that approval BSE's name has been included in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- take any responsibility for the financial or other soundness of this Company, its Promoters, its Management or any Scheme or Project of this Company; and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Disclaimer Clause of NSE**

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has agreed in-principal vide its letters dated 15.5.2009 and 30.8.2010 to grant listing to the equity shares of the Company and by virtue of that approval NSE's name has been included in this Information Memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Information Memorandum has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that this Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its Management or any Scheme or Project of this Company. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Filing**

Copies of this Information Memorandum have been filed with BSE and NSE in due compliance.

**Listing**

Applications have been made to BSE & NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company had received the in-principle approval from BSE & NSE for listing of the shares.

The Company has already taken steps for the completion of necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above.

**Demat Credit**

The transferor Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form having ISIN No.INE096L01017.

<b>Registered Office</b> Oriental House, 6th Floor, West Wing 7, Jamshedji Tata Road, Churchgate, Mumbai – 400020. Tel.: 22042396/22020405 Fax: 22876162 Website: <a href="http://www.kesarinfra.com">www.kesarinfra.com</a> Email : <a href="mailto:headoffice@kesarindia.com">headoffice@kesarindia.com</a>	<b>Head Office</b> Oriental House, 6th Floor, West Wing 7, Jamshedji Tata Road, Churchgate, Mumbai – 400020. Tel.: 22042396/22020405 Fax: 22876162 Website: <a href="http://www.kesarinfra.com">www.kesarinfra.com</a> Email : <a href="mailto:jayanto@kesarindia.com">jayanto@kesarindia.com</a>
<b>Share Transfer Agent</b> Sharex Dynamic (India) Pvt. Ltd. Unit -1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai – 400072 Tel No. 28515606 & 28515644	<b>Bankers of the Company</b> Allahabad Bank Industrial Finance Branch, Allahabad Building, 37, M.S. Marg, Fort, Mumbai 400 023  Yes Bank Ltd. Mittal Chambers, Nariman Point, Mumbai 400 021
<b>Statutory Auditors</b> Haribhakti & Co. 42, Free Press House, 215 Nariman Point, Mumbai 400 021  Tel.66391101-41 Fax 22856237	<b>Compliance Officer</b> Shri J. K. Devgupta Oriental House, 6th Floor, West Wing 7, Jamshedji Tata Road, Churchgate, Mumbai – 400020. Tel.: 22042396/22020405 Fax: 22876162 Website: <a href="http://www.kesarinfra.com">www.kesarinfra.com</a> Email : <a href="mailto:jayanto@kesarindia.com">jayanto@kesarindia.com</a>
<b>Dy Company Secretary</b> Shri Bhautesh Shah Oriental House, 6th Floor, West Wing 7, Jamshedji Tata Road, Churchgate, Mumbai – 400020. Tel.: 22042396/22020405 Fax: 22876162 Website: <a href="http://www.kesarinfra.com">www.kesarinfra.com</a> Email : <a href="mailto:bhauteshshah@kesarindia.com">bhauteshshah@kesarindia.com</a>	

Investors can contact the Compliance Officer in case of any share transfer or other related problem.

**CAPITAL STRUCTURE****A. Pre Scheme of Arrangement**

<b><u>Authorised Share Capital</u></b>	
60,00,000 Equity Shares of Rs.10/- each	6,00,00,000
<b><u>Issued, Subscribed &amp; Paid-up Capital</u></b>	
5,00,000 Equity Shares of Rs.10/- each	50,00,000

**B. Post Scheme of Arrangement**

<b><u>Authorised Share Capital</u></b>	
1,25,00,000 Equity Shares of Rs.10/- each	12,50,00,000
25,00,000 Redeemable Preference Shares of Rs.10/- each	2,50,00,000
<b><u>Issued, Subscribed &amp; Paid-up Capital</u></b>	
52,53,113 Equity Shares of Rs.10/- each	5,25,31,130

In terms of the Scheme of Arrangement for Demerger, the Company has allotted on 1.6.2010, 47,53,113 Equity Shares of Rs.10/- each fully paid-up aggregating to Rs.4,75,31,130/- to every member of KEL, whose name appeared in the Register of Members of KEL as on the Record Date i.e. 14.5.2010, for every 10 Equity Shares held in KEL, 7 Equity Shares of the Company either in dematerialized or physical form.

**C. Shareholding Pattern of the Company Pre & Post Demerger**

		<b>PRE DEMERGER</b>		<b>POST DEMERGER</b>	
	<b>Category of Shareholder</b>	<b>No of Equity Shares</b>	<b>%</b>	<b>No of Equity Shares</b>	<b>%</b>
<b>A. 1</b>	<b>Promoter &amp; its Group - Indian</b>				
a	Individual / HUF	6	0.001	8,75,268	16.662
b	Central / State Government	---	---	---	---
c	Bodies Corporate	4,99,994	99.999	22,38,962	42.622
d	Financial Institutions / Banks	---	---		
e	Any Other (specify)	---	---	---	---
	<b>Sub-Total-A(1)</b>	<b>5,00,000</b>	<b>100.000</b>	<b>31,14,230</b>	<b>59.284</b>
<b>2</b>	<b>Foreign – Individuals (Non Resident) Foreign Individuals</b>	---	---	---	---
a	Resident) Foreign Individuals				
b	Bodies Corporate	---	---	---	---
c	Institutions	---	---	---	---
d	Any Other (specify)	---	---	---	---
	<b>Sub-Total-A(2)</b>	---	---	---	---
	<b>Total Shareholding Promoter &amp; Group Total (A)=A(1)+A(2)</b>	<b>500000</b>	<b>100.000</b>	<b>31,14,230</b>	<b>59.284</b>

<b>B. 1</b>	<b>Public Shareholding – Institutions</b>				
a	Mutual Funds	---	---	840	0.016
b	Financial Institutions / Banks	---	---	762	0.015
c	Central / State Government	---	---	---	---
d	Venture Capital Fund	---	---	---	---
e	Insurance Companies	---	---	5,33,310	10.152
f	Foreign Institutional Investors	---	---	---	---
g	Foreign Venture Capital Investors	---	---	---	---
h	Any Other (specify)	---	---	---	---
	<b>Sub-Total-B(1)</b>	---	---	<b>5,34,912</b>	<b>10.183</b>
<b>2</b>	<b>Non-Institutions</b>				
a	Bodies Corporate	---	---	3,36,039	6.397
b	Individual Shareholders holding nominal Share Capital	---	---	9,76,242	18.584
	i) upto Rs.1 Lac				
	ii) above Rs.1 Lac	---	---	1,58,152	3.010
c	Any Other (specify)				
	Clearing Members	---	---	61,592	1.172
	Overseas Corporate Bodies	---	---	---	---
	Non Resident Indians	---	---	71,946	1.370
	<b>Sub-Total-B(2)</b>	---	---	<b>16,03,971</b>	<b>30.533</b>
	<b>Total (B)=B(1)+B(2)</b>	---	---	<b>21,38,883</b>	<b>40.716</b>
	<b>Total (A+B)</b>	---	---	<b>52,53,113</b>	<b>100</b>
C	Shares held by Custodians and against which Depository Receipts have been issued	---	---	---	---
	<b>Grand Total(A+B+C)</b>	<b>5,00,000</b>	<b>100.000</b>	<b>52,53,113</b>	<b>100</b>

**D. LIST OF THE PERSONS / ENTITIES COMPRISING PROMOTER GROUP**

<b>Sr.No.</b>	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
1	Kesar Corporation Pvt Ltd	14,15,503	26.946
2	Kesar Enterprises Ltd. (KEL)	4,99,994	9.518
3	Harsh Rajnikant Kilachand	4,08,633	7.779
4	Indian Commercial Company Pvt Ltd	1,62,584	3.095
5	Madhavi Harsh Kilachand	1,45,860	2.777
6	Rohan Harsh Kilachand	1,32,357	2.520
7	Rohita Harsh Kilachand	1,31,476	2.503
8	Duracell Investments And Finance Pv	1,00,240	1.908
9	Seel Investment Pvt Ltd	53,535	1.019
10	Rajnikant A Kilachand	50,775	0.967
11	India Carat Private Ltd	7,106	0.135
12	Shreemati Ambalal Kilachand	6,133	0.117
13	Amrish Rajnikant Kilachand	21	0.000
14	Ramila Rajnikant Kilachand	7	0.000
15	Harsh Rajnikant Kilachand [As Nominee of KEL]	1	0.000
16	Madhavi Harsh Kilachand [As Nominee of KEL]	1	0.000
17	Anil Sushilkumar Ruia [As Nominee of KEL]	1	0.000
18	Jayanto Kumar Devgupta [As Nominee of KEL]	1	0.000
19	Vipul Jaychand Doshi [As Nominee of KEL]	1	0.000
20	Devendra Jitendra Shah [As Nominee of KEL]	1	0.000
	<b>TOTAL</b>	<b>31,14,230</b>	<b>59.284</b>

The above 59.284% of Promoter Group include 9.518% of KEL, the erstwhile Holding Company and the balance 49.766% owned by the Promoters of KEL, which remains unchanged.

**E. List of Top 10 Shareholders of the Company and number of Equity Shares held by them:**

<b>Sr. No.</b>	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
1	Kesar Corporation Pvt Ltd	14,15,503	26.946
2	Kesar Enterprises Ltd.	4,99,994	9.518
3	Harsh Rajnikant Kilachand	4,08,633	7.779
4	National Insurance Company Ltd	2,86,090	5.446
5	The Oriental Insurance Co. Ltd.	2,47,220	4.706
6	Indian Commercial Company Pvt Ltd	1,62,584	3.095
7	Pacific Corp. Services Ltd.	1,57,795	3.004
8	Madhavi Harsh Kilachand	1,45,860	2.777
9	Rohan Harsh Kilachand	1,32,357	2.520
10	Rohita Harsh Kilachand	1,31,476	2.503
	<b>TOTAL</b>	<b>35,87,512</b>	<b>68.294</b>

Except as mentioned elsewhere, and as provided under the Scheme, there are no other interests of the above shareholders in Kesar Terminals & Infrastructure Limited.

As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.

There has been no further issue of capital except as stated above whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court till listing of the Equity Shares allotted as per the Scheme.

There shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.

The Company has about 5327 members as on the date of allotment of shares.

**SCHEME OF ARRANGEMENT**

Considering the growth and long term profitability potential of Storage Business, Demerger of Storage Undertaking / Division of KEL into KTEL as a going concern took place in order to have focused management attention, different skill sets and resource requirements for the said business and to unlock greater value for the shareholders in future and allow a focused strategy in operations.

**The main features of the Scheme**

- I. TRANSFER OF UNDERTAKING:** With effect from the Appointed Date 1.1.2009 without any further act, instrument or deed:
- a. the Storage Undertaking of KEL stands transferred to the Company as a going concern and all estate, rights, titles and interests and authorities including accretions and appurtenances thereto such as dividends, or other benefits receivable become that of the Company;
  - b. all Liabilities of the Storage Undertaking stand transferred to the Company so as to become the debts, liabilities, duties and obligations of the Company. It shall not be necessary to obtain consent of any third party or other person.
  - c. all the Employees of the Storage Undertaking stand transferred to the Company with all their accrued liabilities so as to become as the employees of the Company.
  - d. all consents, permissions, licenses, certificates, clearances, authorities, leases, tenancy, assignments, allotments, powers of attorney given by, issued to or executed in favour of KEL in relation to the Storage Undertaking stand transferred to the Company and the Company shall be bound by the terms thereof. The Company can make applications to and obtain relevant approvals from the concerned Government Authorities as may be necessary in this behalf.
  - e. Loans raised and used from Allahabad Bank by KEL for the operations of Storage Undertaking shall be deemed to have been raised and used by the Company and the Company shall discharge and satisfy the same.
  - f. All movable / immovable assets of Storage Undertaking of KEL shall be transferred by KEL, and shall become the property of the Company.
  - g. the existing securities / charges created over assets of the Storage Undertaking by KEL in favour of IDBI Trusteeship Services Ltd. on behalf of Allahabad Bank shall

continue in favour of IDBI Trusteeship Services Ltd. on behalf of Allahabad Bank and stands transferred to the Company.

## **II LEGAL PROCEEDINGS:**

- (a) all suits, claims, actions and proceedings by or against the Storage Undertaking of KEL, if any, pending shall be continued and be enforced by or against the Company.
- (b) The Company undertakes to have all legal or other proceedings initiated by or against the Storage Undertaking of KEL, if any, transferred to its name and to have the same continued, prosecuted and enforced by or against the Company.

## **III. ISSUE OF SHARES AND SECURITIES BY THE RESULTING COMPANY:**

- (a) In consideration of the transfer of the Storage Undertaking, within 90 days from the date of sanction of this Scheme, the Company has issued and allotted 47,53,113 Equity Shares of Rs.10/- each aggregating to Rs.4,75,31,130/- to every member of KEL, as on the Record Date i.e. 14.5.2010, for every 10 Equity Shares of Rs.10/- each held in KEL, 7 Equity Shares of Rs.10/- each of the Company either in dematerialized or physical form. After the said allotment, the paid-up Share Capital of the Company is 52,53,113 Equity Shares of Rs.10 each aggregating to Rs.5,25,31,130/-.
- (b) The said new Equity Shares issued and allotted by the Company shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank for voting rights and all other respects pari passu with the existing Equity Shares of the Company.
- (c) Equity shares of the Company will be listed on NSE & BSE.
- (d) For the purpose of Income Tax as per the expert opinion received by KEL :
  - (i) The cost of acquisition of the shares of the Company in the hands of the shareholders of KEL shall be the amount which bears to the cost of acquisition of shares held by the shareholder in KEL the same proportion as the net book value of the assets transferred in KEL to the Company bears to the net worth of KEL immediately before the Demerger hereunder.
  - (ii) The period for which the share(s) in KEL were held by the shareholders shall be included in determining the period for which the shares in the Company have been held by the respective shareholder.

- (e) The shares allotted shall remain frozen in the depositories system with NSDL / CDSL till listing is given by BSE and NSE.
- (f) There shall be no change in the shareholding pattern or control in the Company between the record date and the listing which may affect the status of this approval.

#### **IV. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY:**

- (a) The Company has recorded the assets and liabilities (including the portion of the Loan obtained for the Storage Undertaking from the Allahabad Bank) comprised in the Storage Undertaking transferred to and vested in the Company at the same value appearing in the books of KEL as on the closure of 31.12.2008.
- (b) The Company has credited the Share Capital Account in its books of account with the aggregate face value of the new equity shares issued to the shareholders of KEL.
- (c) On allotment of shares by the Company, the existing shareholding of KEL in the Company shall be continued as an integral part of this Scheme and hence no reduction in the Share Capital has taken place.

**HISTORY OF THE COMPANY**

The Company was incorporated as a public limited Company on 21.1.2008 under the name and style “KESAR TERMINALS & INFRASTRUCTURE LIMITED” under the provisions of the Companies Act, 1956,

The Hon'ble High Court, Bombay sanctioned the Scheme on 12.3.2010. The Appointed Date is 1.1.2009. The Effective Date is 29.3.2010. On 1.6.2010, the Company allotted 47,53,113 Equity Shares of Rs.10/- fully paid-up to the Shareholders of KEL for consideration other than cash, which resulted into cessation of Holding-Subsidiary relationship between KEL and the Company as the post arrangement % shareholding of KEL reduced from 100% to 9.518%.

**MAIN OBJECTS OF THE COMPANY**

To carry on the business of tanking, warehousing, storage of liquid or solid hazardous or Non-hazardous goods, cargo, materials, articles, things and to do all types of port related activities and to do all types of infrastructure development & construction activities like roads, dams, bridges and conventional & non-conventional, renewable & non-renewable energy generation such as wind, solar, hydro, tidal, thermal, geo-thermal and any other form of energy that may be permitted, fossil fuel based units and their sale, transmission & distribution, wheeling and transportation of goods over land, air, sea or any other water bodies, either alone or jointly with any persons, government or local or other bodies and to act as owner, contractor, builder, operator, producer, refiner, trader, exporter, importer, agent in respect of the above activities.

**BUSINESS**

The Company is engaged in the business of tanking, warehousing, storage of liquid hazardous or non hazardous goods, cargo, materials, articles, things. The future plan of the Company is to do the business of tanking, warehousing, storage of liquid or solid, hazardous or non hazardous goods, cargo, materials, Container Freight Station (CFS), Inland Container Depot (ICD), Multi Model Hub (MMH) and Cold Storage in Inland locations at various places and all types of port related activities at Kandla & Pipavav in Gujarat and at Kakinada in Andhra Pradesh and other places

**LOCATION**

The Company is having Storage Terminals at Kandla. The Company has purchased land at Pipavav, Gujarat and also has leased land at Kakinada, Andhra Pradesh.

**BOARD OF DIRECTORS AND MANAGEMENT****LIST OF DIRECTORS:**

Sr.No.	Name of Directors	Catogery	Date of Appointment
1	Shri H. R. Kilachand,	Executive Chairman - Promoter Director	Since Incorporation
2	Smt. M. H. Kilachand	Non Executive Promoter Director	Since Incorporation
3	Shri A. S. Ruia	Independent Director	Since Incorporation
4	Shri K. Kannan	Independent Director	29.1.2010
5	Shri J. N. Godbole	Independent Director	29.1.2010
6	Shri J. K. Devgupta	Executive Director	11.5.2010
7	Shri R. S. Loona	Independent Director	1.6.2010

**LIST OF PROMOTERS & ITS ASSOCIATE COMPANIES:**

Kesar Enterprises Ltd. (KEL) was the Promoter of the Company holding entire Equity Shares. However, on 1.6.2010, the Company allotted 47,53,113 Equity Shares of Rs.10/- fully paid-up to the Shareholders of KEL for consideration other than cash, which resulted into cessation of Holding-Subsidiary relationship between KEL and the Company as the post arrangement % shareholding of KEL reduced from 100% to 9.518%.

**BRIEF DETAILS OF DIRECTORS OF THE COMPANY**

**Shri H. R. Kilachand** is the Chairman of the Company since incorporation. He is 50 years of age. He graduated from Sydenham College, Mumbai and did his C.B.M. & P.D.B.M. (UCLA - USA). He is the Executive Chairman of the Company with effect from 14.9.2010. He has 25 years of vast experience. He has contributed a lot towards the growth of KEL as a whole including the Demerged Storage Undertaking. He had efficiently carried out the duties entrusted to him, including completion of expansion & modernisation of Sugar Factory, Distillery, ENA & IMFL Plants at Baheri in U.P. and also of Storage Terminals at Kandla. His other Directorships are –

1. Kesar Enterprises Ltd.;
2. Kesar Corporation Pvt. Ltd.;
3. Indian Commercial Co. Pvt. Ltd.;
4. India Carat Pvt. Ltd.;
5. Kilachand Devchand & Co. Pvt. Ltd.;
6. Kilachand Devchand Commercial Pvt. Ltd.;
7. Seel Investment Pvt. Ltd.; &
8. Duracell Investments & Finance Pvt. Ltd.

**Smt. M. H. Kilachand** (49) is a Director of the Company since its incorporation. She is the wife of Shri H. R. Kilachand, Chairman of the Company. She graduated from St. Xaviers College, Mumbai in Psychology. She has experience in general administration. Her other Directorships are –

1. Kesar Enterprises Ltd.;
2. Kesar Corporation Pvt. Ltd.;
3. Indian Commercial Co. Pvt. Ltd.;
4. India Carat Pvt. Ltd.;
5. Kilachand Devchand & Co. Pvt. Ltd.;
6. Kilachand Devchand Commercial Pvt. Ltd.;
7. Seel Investment Pvt. Ltd.; &
8. Duracell Investments & Finance Pvt. Ltd.

**Shri A. S. Ruia** is the Director of the Company since incorporation. He is 67 years of age. He is an Industrialist having a vast experience in Sugar and Distillery Industries. He holds other Directorships in the following Companies:

1. The Kolhapur Sugar Mills Ltd.
2. Kesar Enterprises Ltd.
3. Ruarco Investments Pvt. Ltd.
4. Ruia & Ruia Pvt. Ltd.
5. Bhavya Garments Pvt. Ltd.

**Shri K. Kannan** is 71 years of age, who is also on the Board of the Kesar Enterprises Ltd. Shri K. Kannan has 41 years of vast experience in the field of Banking & Finance. He is a fellow Member of Institute of Chartered Accountants of India, a Member of the Institute of Cost & Works Accountants of India and also Hon. Fellow of Indian Institute of Banking and Finance. He is the former Chairman & Managing Director of Bank of Baroda. His other Directorships are –

1. Kesar Enterprises Ltd.
2. Advani Hotels & Resorts Ltd.
3. Patel Engineering Ltd.
4. Consolidated Construction Consortium Ltd.
5. Heritage Foods (India) Ltd.
6. Prithvi Asset Reconstruction Co. Ltd.

**Shri Jayant N. Godbole** is 65 years of age. He is the former Executive Director of IDBI Ltd. and at the time of his retirement, he functioned as the Chairman & Managing Director of IDBI Ltd. He has 37 years of experience in the Industry and Development Banking. He is a Chemical Engineer from IIT Powai His other Directorships are –

1. Emmelen Biotech Pharmaceuticals Ltd.
2. J. K. Cements Ltd.
3. Gilander Arbuthnot Ltd.
4. I M P Powers Ltd.
5. Emami Paper Mills Ltd.
6. The Oudh Sugar Mills Ltd.
7. Madhya Bharat Papers Ltd.
8. Zuari Industries Ltd.
9. Saurashtra Cement Ltd.
10. Gujarat Alkalies & Chemicals Ltd.

**Shri Devgupta** is 64 years of age. He joined Kesar Enterprises Ltd. as General Manager (Export) in February 1993 and was in charge of the erstwhile Storage Division of KEL since 1994. He is an alumnus of IIT Kharagpur. He completed a diploma in Sales and Marketing Management from Bhartiya Vidya Bhavn, Nagpur in 1980. He has over 40 years of varied Industrial experience involving marketing, technical services, manufacturing, supply & distribution, import & export and shipping. After graduation, he worked with International Tractor Company of India [now Mahindra Tractors], Indian Oil Corporation from 1970 to February 1985, Indo-German joint Venture i.e. OKS Speciality Lubricants Pvt. Ltd., Chemical Terminal Trombay Ltd. a subsidiary of Tata power Limited. He is not Director in any other Company.

**Shri R. S. Loona**, is a leading Corporate Lawyer with specialization in securities market, banking and finance, infrastructure projects, real estate and regulatory advice. Shri Loona is Managing Partner of a law firm - Alliance Corporate Lawyers in Mumbai. He is 58 years of age. He has 35 years of experience. He is B.Sc., LLB by qualification. He has served as Executive Director (Law) of SEBI for a period of about 4 years. He has also had a long stint with IDBI, where he held the post of Chief General Manager (Legal). Shri Loona is associated with SEBI as a member of its Takeover Panel, as a member of an Expert Committee to Review the Eligibility Norms of SEBI registered intermediaries and as SEBI's Counsel before the Securities Appellate Tribunal (SAT). He is a member of the Editorial Board of India Business Law Journal published by Vantage Asia Publishing Ltd., Hong Kong. He is on the Boards of the following Companies –

1. India Infoline Trustee Co. Ltd.;
2. Industrial Investment Trust Ltd.;
3. Indo Green Projects Ltd.;
4. IIT Insurance Broking & Risk Management Pvt. Ltd
5. IIT Media and Entertainment Pvt. Ltd.

## CORPORATE GOVERNANCE

The provisions of the listing agreement to be entered into with the Stock Exchange with respect to Corporate Governance will be applicable to the Company immediately upon the listing of its Equity Shares on the Stock Exchange.

The Company has an Executive Chairman who is a Promoter Director and more than 1/2 of its Board comprises of Independent Directors. The Company has also constituted the Audit Committee, Remuneration Committee, Shareholders'/Investors Grievance Committee and Share Transfer Committee as required by Clause 49 of the listing agreement to be entered into with the Stock Exchange.

### Board of Directors

The Board of Directors consists of 7 directors. The Board has a healthy blend of Executive and Non-Executive Directors which ensures the desired level of independence in functioning and decision making.

Sr. No.	Name of Directors	Category
1	Shri H. R. Kilachand,	Executive Chairman - Promoter Director
2	Smt. M. H. Kilachand	Non Executive Promoter Director
3	Shri A. S. Ruia	Non Executive Independent Director
4	Shri K. Kannan	Non Executive Independent Director
5	Shri J. Godbole	Non Executive Independent Director
6	Shri R. S. Loona	Non Executive Independent Director
7	Shri J. K. Devgupta	Executive Director

#### a) Audit Committee:

The Board of the Company has constituted an Audit Committee consisting of the following Directors:

1	Shri A. S. Ruia	Non Executive Independent Director	Chairman
2	Shri K. Kannan	Non Executive Independent Director	Member
3	Shri J. N. Godbole	Non Executive Independent Director	Member
4	Shri H. R. Kilachand	Executive Chairman - Promoter Director	Member
5	Shri R. S. Loona	Non Executive Independent Director	Member

#### b) Share Transfer Committee:

Share Transfer Committee consists of the following Directors:

1	Shri H. R. Kilachand	Executive Chairman - Promoter Director	Chairman
2	Shri A. S. Ruia	Non Executive Independent Director	Member
3	Shri J. N. Godbole	Non Executive Independent Director	Member

**c) Remuneration Committee:**

Remuneration Committee consists of the following Directors:

1	Shri K. Kannan	Non Executive Independent Director	Chairman
2	Shri A. S. Ruia	Non Executive Independent Director	Member
3	Shri J. N. Godbole	Non Executive Independent Director	Member
4	Shri H. R. Kilachand	Executive Chairman - Promoter Director	Member

**d) Shareholder's Grievance Committee:**

Shareholders / Investors Grievance Committee consists of the following Directors:

1	Shri A. S. Ruia	Non Executive Independent Director	Chairman
2	Shri K. Kannan	Non Executive Independent Director	Member
3	Shri H. R. Kilachand	Executive Chairman - Promoter Director	Member

**Key Managerial Personnel:**

- (1) Shri H. R. Kilachand, Executive Chairman;
- (2) Shri J. K. Devgupta, Executive Director;
- (3) Shri Sant Khare, Chief Executive Officer; and
- (4) Shri Bhautesh Shah, Dy. Company Secretary

**FINANCIAL INFORMATION**

The Company was incorporated on 21.1.2008. Therefore, the financial information relating to the periods ended 31.3.2009 and 31.3.2010 is provided hereunder. Since the Company has not yet been listed and Clause 41 of the Listing Agreement has not become applicable, the Company has not published quarterly result.

**Latest Audited Financial Statements**

As the Company was incorporated on 21.1.2008, the Audited Financial Statements relating to half year ended 30.9.2010 and the last two financial years ended 31.3.2010 and 31.3.2009 are provided hereunder.

**Latest Audited Financial Statements****Audited Balance Sheet:**

	For the Half-year ended 30.9.2010	For the year ended 31.3.2010	For the year ended 31.3.2009
Sources of Funds :	(Rs.)	(Rs.)	(Rs.)
1. Shareholders' Funds:			
a) Share Capital:			
5,00,000 Equity Shares of Rs.10/- each fully paid up	--	50,00,000	50,00,000
52,53,113 Equity Shares of Rs.10/- each fully paid up [Out of the above 47,53,113 equity shares have been issued for consideration other than cash under the Scheme of Demerger]	5,25,31,130	--	--
b) Share Capital Suspense Account	---	4,75,31,130	---
		---	---
c) Reserves & Surplus:			
General reserve:			
Opening Balance	10,75,21,043	---	---
Add: On Account of Demerger as per Court Order	---	10,25,21,043	---
Add: Transfer from Profit and Loss Account	---	50,00,000	---
Surplus as per Profit & Loss Account	6,01,01,679	3,41,94,733	---
	16,76,22,722	14,17,15,776	---
2. Loan Funds:			
a) Secured Loans	8,76,55,890	9,92,40,598	---
b) Unsecured Loans	40,30,928	65,33,572	85,000
	9,16,86,818	10,57,74,170	85,000
3. Deferred Tax Liability (Net)	3,59,10,543	3,58,71,520	---
<b>Total</b>	<b>34,77,51,213</b> =====	<b>33,58,92,596</b> =====	<b>50,85,000</b> =====
Application of Funds :			
1. Fixed Assets:			
a) Gross Block	51,78,94,814	51,09,06,311	---
b) Less: Depreciation / Land Premium written off	20,42,73,211	19,00,10,823	---
c) Net Block	31,36,21,603	32,08,95,488	---
d) Add : Capital Work-in Progress including capital advances	1,39,30,071	1,24,99,568	---
	32,75,51,674	33,33,95,056	---
2. Investments	5,000	5,000	---
3. Current Assets, Loans & Advances:			
a) Inventories	13,00,892	9,67,198	---
b) Sundry Debtors	3,62,11,299	4,01,84,305	---
c) Cash & Bank Balances	56,69,196	54,09,230	30,848

d) Other Current Assets	20,887	13,877	---
e) Loans & Advances	<u>1,56,42,057</u>	<u>1,17,32,236</u>	<u>45,00,000</u>
	5,88,44,331	5,83,06,846	45,30,848
Less: Current Liabilities & Provisions:			
a) Current Liabilities	2,57,51,811	3,34,46,267	---
b) Current Provisions	<u>1,28,97,981</u>	<u>3,42,00,561</u>	---
	3,86,49,792	5,58,14,306	---
Net Current Assets	2,01,94,539	24,92,540	45,30,848
4. Miscellaneous Expenditure to the extent not written off:			
Preliminary Expenditure	---	---	5,54,152
<b>Total</b>	<b>34,77,51,213</b> =====	<b>33,58,92,596</b> =====	<b>50,85,000</b> =====

**Audited Profit & Loss Account:**

	For the half-year ended 30.9.2010	For the year ended 31.3.2010	For the year ended 31.3.2009
	(Rs.)	(Rs.)	(Rs.)
<b>1. Income</b>			
Sales & Services	10,07,57,156	18,32,30,919	---
Other Income	<u>7,02,430</u>	<u>19,01,156</u>	---
<b>Total</b>	<b>10,14,59,586</b>	<b>18,51,32,075</b>	---
<b>2. Expenditure :</b>			
a) Manufacturing & other Expenses	4,22,83,246	7,80,51,878	---
b) Interest & Finance Charges	50,67,349	1,23,47,254	---
c) Depreciation (including Land Lease Premium)	<u>1,42,63,729</u>	<u>2,41,84,065</u>	---
<b>Total</b>	<b>6,16,14,324</b>	<b>11,45,83,197</b>	---
<b>3. Profit / (Loss) Before Tax</b>	<b>3,98,45,262</b>	<b>7,05,48,878</b>	---
<b>4. Provision for Taxation</b>			
i) Income Tax-Current	1,38,99,293	1,62,07,741	---
ii) Income Tax-Deferred	<u>39,023</u>	<u>1,10,03,003</u>	---
<b>5. Profit After Tax</b>	<b>2,59,06,946</b>	<b>4,33,38,134</b>	---
<b>6. Appropriations:</b>			
(i) Transferred to General Reserve	---	50,00,000	---
(ii) Proposed Final Dividend on Equity Shares	---	1,05,06,226	---
(iii) Corporate Tax on Dividend	---	17,44,953	---
<b>Total</b>	<b>2,59,06,946</b>	<b>2,60,86,955</b>	---
<b>7. Add: Profit for the period from Jan 09 to March 09 taken from Kesar Enterprises Limited (KEL) i.e Transferor Company</b>			
Profit before Taxation (Jan 09 to March 09)	---	1,53,22,497	---
Less: Provision for Income Tax – Current	---	(18,42,881)	---
Less: Provision for Income Tax – Deferred	---	<u>(53,71,838)</u>	---
	---	81,07,778	---
<b>Balance brought forward from previous year</b>	<b>3,41,94,733</b>	---	---
Balance carried forward to Balance Sheet	<b>6,01,01,679</b>	<b>3,41,94,733</b>	---
Basic and diluted earnings per share	<b>4.93</b>	<b>8.25</b>	---

**KESAR TERMINALS & INFRASTRUCTURE LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET AS AT**  
**30TH SEPTEMBER, 2010**

**SCHEDULE: 1**  
**SHARE CAPITAL**

**Authorised:**

1,25,00,000 Equity Shares of Rs. 10/- each	125,000,000
25,00,000 Redeemable Preference Shares of Rs. 10/- each	25,000,000
Total	<u>150,000,000</u>

**Issued, Subscribed and Paid up:**

52,53,113 Equity Shares of Rs. 10/- each fully paid up (Out of the above 47,53,113 Equity Shares have been issued for consideration other than cash under a scheme of Demerger)	52,531,130
Total	<u>52,531,130</u>

**SCHEDULE: 2**  
**RESERVES AND SURPLUS**

**General Reserve:**

Opening Balance	107,521,043
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Profit and Loss Account	60,101,679
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Total	<u>167,622,722</u>
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**SCHEDULE: 3**  
**SECURED LOANS**

**(A) TERM LOANS:**

Allahabad Bank (Term Loan - Storage Expansion) (Secured by way of First Hypothecation charge on all plant & machinery & current Assets) [Refer Note 6 (i) of Schedule 17]	83,260,372
---	------------

<b>(B) VEHICLE LOANS:</b>	4,395,518
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(Secured by way of Hypothecation of the vehicles purchased out of the  
said loans) [Refer Note 6 (ii) of Schedule 17]

Total	<u>87,655,890</u>
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**SCHEDULE: 4**  
**UNSECURED LOANS**

**(a) Short Term Loans, Advances & Deposits:**

From Others	4,030,928
[Repayable within one year Rs. 40,30,928]	
Total	<u>4,030,928</u>

## KESAR TERMINALS &amp; INFRASTRUCTURE LIMITED

Particulars	GROSS BLOCK				DEPRECIATION				(Rs.)	
	At Cost or book value as on 01-Apr-10	Additions during the Period	Sales/ deductions and adjustments during the Period	At Cost or book value as on 30-Sep-10	Upto 01-Apr-10	For the Period	Written back on assets sold or discarded	Total Depreciation/ Land Premium written off	NET BLOCK	As on 30-Sep-10
Land										
Free hold Land	38,510,546	-	-	38,510,546	442,575	9,476	-	452,051	38,510,546	38,510,546
Lease hold Land Premium	567,000	-	-	567,000	1,425,997	30,532	-	1,456,529	114,949	370,373
Leasehold Land	1,826,902	-	-	1,826,902	1,868,572	40,008	-	1,908,580	370,373	38,995,868
40,904,448				40,904,448						
Building, Roads etc.	38,020,470	685,032	-	38,705,502	11,980,383	1,296,457	-	13,276,840	38,995,868	38,995,868
Plant and Machinery	399,461,837	6,352,946	-	405,814,783	160,887,489	10,034,279	-	170,921,768	25,428,662	25,428,662
Electric Installations	10,776,163	-	-	10,776,163	6,676,679	1,627,559	-	8,304,238	234,893,015	234,893,015
Laboratory Equipments	120,577	-	-	120,577	115,111	381	-	115,492	2,471,925	2,471,925
Weigh Bridges	4,930,449	-	-	4,930,449	2,036,105	113,399	-	2,149,504	5,085	5,085
Water Supply	156,359	-	-	156,359	98,142	1,459	-	99,601	2,780,945	2,780,945
Motor Cars, Lorries and Cycles	4,900,271	60,525	-	4,900,271	940,604	513,982	-	1,454,586	56,758	56,758
Furniture, Fixtures and Equipments	9,752,055	-	110,000	9,702,580	4,908,877	601,490	-	5,509,026	3,445,685	3,445,685
Drainage	1,883,682	-	-	1,883,682	498,861	34,715	1,341	533,576	4,193,554	4,193,554
Total	510,906,311	7,098,503	110,000	517,894,814	190,010,823	14,263,729	1,341	204,273,211	313,621,603	313,621,603

KESAR TERMINALS & INFRASTRUCTURE LIMITED  
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 30TH  
SEPTEMBER, 2010

As at  
30th September 2010  
Amount Rs.

SCHEDULE: 6

INVESTMENTS

LONG TERM INVESTMENTS (AT COST) (UNQUOTED)

In fully paid Equity Shares of Co-operative Bank:

200 Shares of Rs. 25/- each of Jain Sahakari Bank Ltd.

Total

5,000

5,000

SCHEDULE: 7

INVENTORIES

(At Lower of Cost or Net Realisable value)

Stores and Spares

1,300,892

Total

1,300,892

SCHEDULE: 8

SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD)

(A) Debts outstanding for a period exceeding six months:

2,255,090

(B) Other Debts

33,956,209

Total

36,211,299

SCHEDULE: 9

CASH AND BANK BALANCES

Cash on Hand

109,442

Bank Balances with Scheduled Banks:

In Current Accounts

4,792,286

In Fixed Deposit Accounts

110,000

In Unclaimed Dividend Accounts with Scheduled Banks

657,468

Total

5,669,196

SCHEDULE: 10

OTHER CURRENT ASSETS

Interest Accrued on Fixed Deposits with Banks

20,887

Total

20,887

SCHEDULE: 11

LOANS AND ADVANCES

(Unsecured, Considered Good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

6,511,836

Loans & Advances to Employees

590,524

Advance Payment of Income-Tax [Net of Provisions for taxation of Rs.  
18,42,881 ]

2,652,804

Deposit with Government & Others

5,886,893

Total

15,642,057

KESAR TERMINALS & INFRASTRUCTURE LIMITED  
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 30TH  
SEPTEMBER, 2010

As at  
30th September 2010  
Amount Rs.

SCHEDULE: 12

CURRENT LIABILITIES AND PROVISIONS

<b>(A) Current Liabilities:</b>	
Sundry Creditors	
(a) Total outstanding dues of Micro, Medium and Small Enterprises (Refer Note 10 of Schedule 17)	-
(b) Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	3,346,496
Statutory Dues	5,208,032
Others	5,257,628
Due to Kesar Enterprises	11,282,187
Unclaimed Dividends	657,468
	<u>25,751,811</u>
<b>(B) Provisions:</b>	
Provision for Income Tax [Net of Advance Tax of Rs2,18,70,563 ]	8,236,471
Provision for Gratuity (Refer Note 3 of Schedule 17)	3,416,510
Provision for Leave Encashment	1,245,000
	<u>12,897,981</u>
<b>Total</b>	<u><u>38,649,792</u></u>

KESAR TERMINALS & INFRASTRUCTURE LIMITED  
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR  
THE PERIOD ENDED 30TH SEPTEMBER, 2010

Current Period  
Amount Rs.

SCHEDULE: 13

SALES AND SERVICES

Storage and Handling

100,757,156

Total

100,757,156

SCHEDULE: 14

OTHER INCOME

Interest

On Fixed Deposits

54,434

Others

44,956

Sundry Receipts

438,063

Credit Balances written back

163,636

Excess Provision for Depreciation Written Back

1,341

Total

702,430

## KESAR TERMINALS &amp; INFRASTRUCTURE LIMITED

## SCHEDULE: 15

## MANUFACTURING AND OTHER EXPENSES

Current Period  
Amount Rs.

Storage and Handling Charges	2,956,700
Power and Fuel	3,218,102
Repairs:	
Plant and Machinery	5,628,056
Others	360,616
Rent	957,628
Salaries, Wages & Bonus	15,627,874
Provision For Gratuity (Refer Note 3 of Schedule 17)	1,141,750
Company's Contribution to Provident and Other Funds	2,030,747
Workmen and Staff Welfare Expenses	272,494
Insurance	451,892
Rates and Taxes	370,318
Selling Agents' Commission & Brokerage	841,736
Legal and Professional Charges	896,052
Miscellaneous Expenses	4,164,948
Charity and Donations	7,500
Directors' Fees	372,000
Auditors' Remuneration:	
Audit Fees	75,000
In Other Capacities:	
For Other Matters	8,240
Out of Pocket Expenses	10,839
Discount given	2,890,754
Total	42,283,246

## SCHEDULE: 16

## INTEREST &amp; FINANCE CHARGES

On Fixed Loans	4,798,393
Others	268,956
Total	5,067,349

**NOTES FORMING PART OF THE ACCOUNTS:****Background**

The Company was incorporated on 21.1.2008, and on 12.3.2010, the Hon'ble High Court of Bombay had passed an order pursuant to Section 391 to 394 of the Companies Act 1956, sanctioning the Scheme of Arrangement by way of Demerger for transfer of the Storage Division of Kesar Enterprises Limited (KEL) into the Company as a going concern with effect from 1.1.2009, being the Appointed Date.

**Significant Accounting Policies****A. Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**B. Use of Estimates**

The preparation of financial statements are in conformity with generally accepted accounting principles and requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**C. Revenue Recognition**

Income is generally recognised only when its collection or receipt is reasonably certain. Insurance Claims are recognised only when the claim is passed. Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**D. Fixed Assets**

- a) Fixed Assets except Freehold Land are stated at cost of acquisition less accumulated depreciation. Cost includes interest on borrowings specific or otherwise, used for funding Fixed Assets, till the date of commissioning.
- b) Leasehold Land and Premium on Leasehold Land is amortised over the period of lease.

**E. Depreciation**

- a) Depreciation on Plant & Machinery has been provided on the higher of Depreciation over estimated useful life, and Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- b) For all other assets, depreciation is provided on the higher of Depreciation over estimated useful life, and Written Down Value Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- c) For assets added / disposed off during the year, depreciation has been provided on a pro-rata basis with reference to the period, at the applicable rates.

- d) Depreciation on assets, whose actual cost does not exceed Rs.5, 000/- is provided at the rate of hundred percent.

**F. Capital Work-in-Progress**

These are stated at cost to date relating to items or projects in progress, incurred during construction / pre-operative period.

**G. Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**H. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**I. Inventories**

Stores and Spares are valued at lower of Cost or Net Realizable Value.

**J. Borrowing Cost**

Borrowing costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale and are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**K. Retirement and other employee benefits**

- i. Retirement benefits in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account for the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- ii. Gratuity and Leave Encashment liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on a projected unit credit method.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account immediately.

**L. Income Tax**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax bases of assets and liabilities, as measured by the enacted / substantively enacted tax rates. Deferred tax Expense / Income is the result of changes in the net deferred tax assets and liabilities.

Deferred tax assets are recognised only if there is a virtual certainty backed by convincing evidence of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and are appropriately adjusted to reflect the amount that is reasonably or virtually certain to be realised.

**M. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**N. Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**NOTES TO ACCOUNTS****1. Capital Commitments**

Estimated amounts of contracts remaining to be executed on capital account and not provided for Rs.NIL (Previous Year: Rs.15,60,958).

**2. Contingent Liabilities on account of Demands/Claims against the Company not acknowledged as debts and not provided for Rs.53,42,469/- (Previous Year: Rs. NIL)****3. Employee Benefits: Defined Benefit Plan (Gratuity Fund)**

In accordance with Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed by independent actuaries in respect of the aforesaid defined benefit plan.

Gratuity Fund is managed by Life Insurance Corporation of India (LIC), however, transfer of funds from KEL Gratuity Trust to KTIL Gratuity Trust pertaining to the employees of the company is in process.

Figures in Rs.

Particulars	For the period ended 30.9.2010	For the year ended 31.3.2010
<b>Change in Defined Benefit Obligation:</b>		
Past Service Cost	87,31,000	59,78,000
Service cost	5,29,897	4,92,181
Interest cost	3,42,521	4,62,174
Actuarial (gain) / loss	5,27,582	22,00,287
Benefits paid	-	(4,01,642)
Present value of the defined benefit obligations (A)	1,01,31,000	87,31,000
<b>Change in Plan Asset:</b>		
Opening plan assets, at fair value (Estimated)	64,56,240	59,78,000
Expected return on plan assets	253,241	478,240
Actuarial gain / (loss)	4,969	
Contributions	-	401,642
Benefits paid	-	(401,642)
Fair value of plan assets (B)	6,714,490	6,456,240
<b>Cost for the year ended:</b>		
Service cost	529,897	492,181
Interest cost	342,521	462,174
Expected return on plan assets	(253,281)	(478,240)
Actuarial gain / (loss)	522,613	2,200,287
Total net cost recognized as Gratuity in P&L	1,141,750	2,676,402
<b>Reconciliation of Benefit Obligations &amp; Planned Assets for the period:</b>		
Present value of the defined benefit obligations (A)	1,01,31,000	87,31,000
Fair value of plan assets (B)	6,714,490	6,456,240
Net asset / (liability) recognized in Balance Sheet	3,416,510	2,274,760
Investment details of plan assets:		
The plan assets are invested with LIC		
Assumptions:		
Discount rate	8.00%	8.00%
Salary escalation rate	5.50%	5.50%
Estimated rate of return on plan assets	8.00%	8.00%

4. **Segment Reporting:** The Company is mainly engaged in Storage Business at Kandla and there are no separate reportable segments as required in accordance with AS 17.
5. The Company has accounted for Deferred Tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Net Deferred Tax Liability for the period April 2010 to September 2010 being Rs.39,023/- has been debited to Profit & Loss Account as detailed below.

Figure in Rs.

	As at 31.3.2010	During the Period	As on 30.9.2010
<b>Deferred Tax Liability</b>			
Accumulated Depreciation	( 3,68,39,524)	4,97,954	(3,63,41,570)
<b>Total Deferred Tax Liability</b>	<b>( 3,68,39,524)</b>	<b>4,97,954</b>	<b>(3,63,41,570)</b>
<b>Deferred Tax Assets</b>			
Expenses deductible on payment	9,68,004	( 5,36,977)	4,31,027
<b>Total Deferred Tax Assets</b>	<b>9,68,004</b>	<b>(5,36,977)</b>	<b>4,31,027</b>
<b>Deferred Tax Asset / ( Liability)</b>	<b>(3,58,71,520)</b>	<b>(Rs. 39,023)</b>	<b>(3,59,10,543)</b>

6. i) Term Loan from Allahabad Bank for storage expansion is secured by way of first charge on all Fixed Assets and Current Assets both present & future of Storage & Handling Division at Kandla as per the security documents executed by Kesar Enterprises Ltd., Pursuant to the scheme of Demerger, necessary steps are being taken to transfer the said charge in its name.
- ii) Vehicle Loan for company vehicles are secured by way of hypothecation of vehicles as per the security documents executed by Kesar Enterprises Ltd., pursuant to the scheme of Demerger necessary steps are being taken to transfer the said charge in its name.
7. Pursuant to Scheme of De-merger as stated above, Deposit with Government & other Authorities, few Bank account and Leasehold lands presently in the name of Kesar Enterprises Ltd., are in the process of being transferred in the name of the Company.
8. Related party disclosures under Accounting Standard 18:

<u>Name</u>	<u>Relation</u>
i) Kesar Enterprises Limited	Enterprise over which Key Management Personnel are able to exercise significant influence.
ii) Mr. H.R. Kilachand	Executive Chairman
iii) Mrs. M.H. Kilachand	Promoter Director
iv) Indian Commercial Co. Pvt. Ltd.	Enterprise over which Key Management Personnel are able to exercise significant influence

Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 30th September, 2010:

Figures in Rs.

Nature of Transaction	Kesar Enterprises Limited	H. R. Kilachand	M. H. Kilachand	Indian Commercial Co. Pvt. Ltd.
Sharing of Common Expenses	60,57,622			
Rent Paid				60,000
Director Fees		60,000	48,000	
<b>Outstanding Balance as on 30<sup>th</sup> September, 2010</b>				
Sundry Creditors	1,12,82,187			60,000
Security Deposits				45,00,000

9. **Supplementary statutory information**

Figure in Rs.

	For the period ended September 30, 2010	For the year ended March 31, 2010
<b>Expenditure in foreign currency</b>	<b>NIL</b>	<b>NIL</b>
<b>Earnings in foreign currency (Accrual basis)</b>	<b>NIL</b>	<b>NIL</b>

Managerial Remuneration paid/payable to Executive Director as per approval under Sections 310 & 198 (4)/309 (3) of the Companies Act, 1956, is as under:

Figure in Rs.

	For the period ended September 30, 2010	For the year ended March 31, 2010
I Salary	6,78,226	
II Contribution to Provident Fund & Superannuation Fund	1,83,121	
III Perquisites	4,12,782	
<b>Total</b>	<b>12,74,129</b>	

10. Based on the information available with the Company regarding the status of the suppliers as defined under the Micro Small and Medium Enterprise Development Act 2006 (the 'MSMED'), no suppliers are outstanding for more than 45 days as per the terms & conditions of the order.
11. Quantitative details as required pursuant to the provisions of para 3, 4C & 4D of part II OF Schedule VI of the Companies Act 1956 are not applicable as the company is not a manufacturing unit.
12. The common corporate expenses incurred at Corporate Head Office at Mumbai for the period have been reimbursed as per the Expenses Reimbursement Agreement between KEL and the company. The amount reimbursed by the company is Rs. 60,57,622/-.
13. Unsecured Loans, Sundry Debtors. Loans and Advances, capital advances and Sundry Creditors are subject to confirmation, reconciliations and consequential adjustment, if any.
14. The Depreciation on Assets constructed at Lease hold land of Kandla Port Trust (KPT) has been charged as per the rates prescribed Schedule XIV as the management expects that the lease will be renewed by the KPT based on past practice.
15. Previous year's figures are regrouped wherever necessary. The figure for the period ended 30<sup>th</sup> September 2010 are for 6 months and hence not comparable with previous year figures for the year ended 31.3.2010 which are for 12 months.

# KESAR TERMINALS AND INFRASTRUCTURE LIMITED

Cash Flow Statement for the period ended 30th September, 2010

	(Rs)
	Current Period
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>	
NET PROFIT BEFORE TAX	39,845,262
Adjustments for:	
Depreciation	14,263,729
Interest Income	(537,453)
Interest and Finance Charges	5,067,349
Credit Balances Written Back	(163,636)
Bad Debts/ Advances written off	2,890,754
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	61,366,006
Adjustments for:	
Inventories	(333,694)
Trade and Other Receivables	1,082,252
Loans & Advances	(3,909,821)
Trade Payables	(4,900,327)
Other Current Liabilities	(2,525,212)
CASH (USED IN)/ GENERATED FROM OPERATIONS	50,779,204
Taxes (Paid)/ Refunds	(11,880,922)
NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES	38,898,282
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>	
Purchase of Fixed Assets / Capital Work-in-Progress	(8,529,006)
Sale/Scrap of Fixed Assets	108,659
Interest Received	530,443
NET CASH (USED IN)/ GENERATED FROM INVESTING ACTIVITIES	(7,889,905)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>	
Addition/ (Repayment) of Term Loans	(13,157,043)
Increase/ (Decrease) in Short Term Borrowings	(930,308)
Dividends Paid	(11,593,711)
Interest Paid	(5,067,349)
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	(30,748,411)
NET INCREASE/( DECREASE) IN CASH AND CASH EQUIVALENTS ( A + B + C )	259,966
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	5,409,230
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	5,669,196

Note : Figures in brackets are outflows.

For and on behalf of the Board of Directors

For and on behalf of  
Haribhakti & Co.  
Chartered Accountants

H. R. KILACHAND      J.K.Devgupta  
Executive Chairman      Executive Director

N.N.Jambusaria  
Partner  
Membership No. 38979

Bhautesh Shah  
Dy. Company Secretary

# **KESAR TERMINALS & INFRASTRUCTURE LTD.**

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# **KESAR TERMINALS & INFRASTRUCTURE LTD.**

(Incorporated under the Companies Act, 1956)

## **COMPANY INFORMATION**

<b>BOARD OF DIRECTORS</b>	:	H. R. KILACHAND (Chairman) SMT. M. H. KILACHAND A. S. RUIA K. KANNAN [w.e.f. 29.1.2010] J. N. GODBOLE [w.e.f. 29.1.2010] R. S. LOONA [w.e.f. 1.6.2010] J. K. DEVGUPTA (Executive Director) [w.e.f. 11.5.2010]
<b>BANKERS</b>	:	Allahabad Bank Yes Bank
<b>AUDITORS</b>	:	M/s. Haribhakti & Co., Chartered Accountants
<b>STORAGE INSTALLATIONS</b>	:	Kandla (Gujarat)
<b>REGISTERED OFFICE</b>	:	Oriental House, 6th Floor, West Wing, 7, Jamshedji Tata Road, Churchgate, Mumbai - 400 020.
<b>REGISTRAR &amp; TRANSFER AGENTS</b>	:	SHAREX DYNAMIC (INDIA) PVT. LTD. 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001.
<b>AUDIT COMMITTEE MEMBERS</b> [w.e.f. 11.5.2010]	:	A. S. RUIA (Chairman of the Committee) K. KANNAN J. N. GODBOLE R. S. LOONA [w.e.f. 11.8.2010] H. R. KILACHAND

# Annual Report 2009-2010

## NOTICE

**NOTICE** is hereby given that the 2nd Annual General Meeting of the Members of **KESAR TERMINALS & INFRASTRUCTURE LIMITED** will be held on **Tuesday, 14th September, 2010 at 3:30 p.m.** at **M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001** to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on 52,53,113 Equity Shares.
3. To appoint a Director in place of Shri H. R. Kilachand, who retires by rotation but being eligible offers himself for reappointment.
4. To appoint a Director in place of Smt. M. H. Kilachand, who retires by rotation but being eligible offers herself for reappointment.
5. To consider and, if thought fit, to pass with or without modification/s, the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Haribhakti & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors plus reimbursement of traveling and other out of pocket expenses incurred by them in performance of their duties including auditing of the accounts of the Company."

### **SPECIAL BUSINESS:**

6. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri K. Kannan who was appointed by the Board of Directors as an Additional Director of the Company on 29.1.2010 and who holds office up to the date of this Annual General Meeting of the members of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing the candidature of Shri K. Kannan for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri J. N. Godbole who was appointed by the Board of Directors as an Additional Director of the Company on 29.1.2010 and who holds office up to the date of this Annual General Meeting of the members of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing the candidature of Shri J. N. Godbole for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

8. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri J. K. Devgupta who was appointed by the Board of Directors as an Additional Director of the Company on 11.5.2010 and who holds office up to the date of this Annual General Meeting of the members of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing the candidature of Shri J. K. Devgupta for the office of Director of the Company, be and is hereby appointed as Director of the Company not liable to retire by rotation."

9. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri R. S. Loona who was appointed by the Board of Directors as an Additional Director of the Company on 1.6.2010 and who holds office up to the date of this Annual General Meeting of the

## KESAR TERMINALS & INFRASTRUCTURE LTD.

members of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing the candidature of Shri R. S. Loona for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

10. To consider and, if thought fit, to pass with or without modification/s the following resolution as a **SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to Section 163 of the Companies Act 1956, approval be and is hereby granted for keeping the Register of Members, Indexes of Members, the Registers and Indexes of Debentureholders, copies of Annual Returns and other related books and documents prepared under Section 159 of the Companies Act 1956, at the premises of the Company's Registrar and Share Transfer Agent, M/s. SHAREX DYNAMIC (INDIA) PVT. LTD. at 17/B Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai 400001 and / or at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072."

11. To consider and, if thought fit, to pass with or without modification/s the following resolution as a **SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 316, Schedule XIII read with Section III thereto and other applicable provisions, if any, of the Companies Act, 1956 including, any statutory amendment, modification or re-enactment thereof and other requisite approvals as may be necessary, approval of the Members of the Company, be and is hereby accorded for appointment of Shri H. R. Kilachand as Whole-time Director designated as Executive Chairman of the Company with substantial powers of management, for a period, not exceeding, 3 years with effect from 14.9.2010 on a remuneration and on the terms and conditions as per Schedule XIII to the Act, and as specifically set out below:

### **I. SALARY:**

[A] In case, the Company has sufficient Net Profit (calculated as per Section 349 of the Act) in any financial year:

- (i) Salary upto Rs.3,00,000/- per month or Rs.36,00,000/- per annum in the scale as may be decided by the Board based on the performance of the Company subject to specified ceiling limit of the Net Profit;
- (ii) Incentives, not exceeding the specified ceiling limit of the Net Profit of the Company for each financial year or part thereof computed in the manner as laid down under Section 349 of the Companies Act, 1956 and subject to the overall ceiling laid down under Section 198 and 309 of the Companies Act, 1956 after deducting Salary & Perquisites as provided herein.

OR

[B] In case, the Company has no profits or its profits are inadequate:

Salary Rs.1,80,000/- per month or Rs.21,60,000/- per annum plus perquisites as mentioned hereunder, as Minimum Remuneration as per Para (B) of Schedule XIII.

### **II. PERQUISITES:**

Shri H. R. Kilachand shall be entitled to House Rent Allowance not exceeding 60% of the salary, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules restricted to an amount equal to the annual salary payable to Shri H. R. Kilachand.

Shri H. R. Kilachand shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.

Shri H. R. Kilachand shall be further eligible to the following perquisites also which shall not be included in the computation of the ceiling limit on remuneration by way of salary, perquisites, allowances etc.

- i. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund. The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under the Income Tax Act.

# Annual Report 2009-2010

- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii. Encashment of leave at the end of the tenure.

**"RESOLVED FURTHER THAT** Shri H. R. Kilachand shall be regarded as a Director liable to retire by rotation."

**"RESOLVED FURTHER THAT** the remuneration as per para I [B] above shall nevertheless be paid and allowed to Shri H. R. Kilachand as the Whole-time Director of the Company as the Minimum Remuneration, but not exceeding overall ceiling limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time, notwithstanding that in any financial year of the Company during the tenure of office of Shri H. R. Kilachand, the Company may have made no profits or its profits may be inadequate."

**"RESOLVED FURTHER THAT** the payment of above remuneration shall also be subject to Section III of Schedule XIII to the Companies Act, 1956, which provides that subject to the provisions of Sections I and II of Schedule XIII, Shri H. R. Kilachand shall draw remuneration from the Company as well as from Kesar Enterprises Ltd. in which Shri H. R. Kilachand is appointed as Chairman & Managing Director for a period of 3 years on remuneration, provided that the total remuneration drawn and retained by him from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies."

## Registered Office:

Oriental House,  
6th Floor, West Wing,  
7, Jamshedji Tata Road,  
Churchgate,  
Mumbai-400020.  
11th August, 2010.

## By Order of the Board of Directors

**H. R. Kilachand**  
Chairman

## Notes:

- a) **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. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- b) The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, 6.9.2010 to Tuesday, 14.9.2010**, both days inclusive. The Shareholders are requested to inform of change in address, if any, at the earliest.
- c) The Members may lodge their shares for transfer / transmission with the office of M/s. SHAREX DYNAMIC (INDIA) PVT. LTD., the Registrar and Share Transfer Agents, at 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai 400001 or at Unit No.1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072 or with the Company.
- d) All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Sundays between 11:00 a.m. and 1:00 p.m. upto the date of this Meeting.
- e) Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- f) Members / Proxies should fill the Attendance Slip for attending the Meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the Meeting.
- g) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at this meeting is annexed hereto.
- h) As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Shri H. R. Kilachand and Smt. M. H. Kilachand, the retiring Directors at this Annual General Meeting, is given in para 2 of the Corporate Governance Report.

# **KESAR TERMINALS & INFRASTRUCTURE LTD.**

## **ANNEXURE TO THE NOTICE**

### **Explanatory Statement as required by Section 173 of the Companies Act, 1956**

#### **Item No. 6:**

Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company, Shri K. Kannan was appointed by the Board of Directors as an Additional Director of the Company on 29.1.2010. Shri Kannan holds office up to the date of this Annual General Meeting of the members of the Company in terms of Section 260 of the Companies Act, 1956. Shri K. Kannan has 41 years of vast experience in the field of Banking & Finance. He is a fellow Member of Institute of Chartered Accountants of India, a Member of the Institute of Cost & Works Accountants of India and also Hon. Fellow of Indian Institute of Banking and Finance. He is the former Chairman & Managing Director of Bank of Baroda. The Company has received a notice in writing from a Member alongwith the requisite deposit proposing the candidature of Shri K. Kannan for the office of Director of the Company under Section 257 of the Act. Shri Kannan is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received confirmation from him about his eligibility for such appointment. He will be liable to retire by rotation.

Your Directors, therefore, recommend the resolution proposed at Item No.6 of the Notice for your approval.

None of the Directors of the Company except Shri K. Kannan, is concerned or interested in the proposed resolution.

#### **Item No. 7:**

Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company, Shri J. N. Godbole was appointed by the Board of Directors as an Additional Director of the Company on 29.1.2010. Shri Godbole holds office up to the date of this Annual General Meeting of the members of the Company in terms of Section 260 of the Companies Act, 1956. Shri Godbole has 37 years of experience in the Industry and Development Banking. He is the former Executive Director of IDBI Ltd. and at the time of his retirement, he functioned as the Chairman & Managing Director of IDBI Ltd. He also Chaired the CDR (Corporate Debt Restructuring) Empowered Group. He is a Chemical Engineer from IIT Powai and has obtained Certificates in (i) Financial Management from Bajaj Institute; (ii) Corporate Long Range Planning, IIM, Bangalore; (iii) PERT / CPM (Project Management) – Network Analysis from SIET, Hyderabad. He is a member of Finance Committee of IIITM (a Government of India Technology and Management Institute, Gwalior). The Company has received a notice in writing from a Member alongwith the requisite deposit proposing the candidature of Shri J. N. Godbole for the office of Director of the Company under Section 257 of the Act. Shri Godbole is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received confirmation from him about his eligibility for such appointment. He will be liable to retire by rotation.

Your Directors, therefore, recommend the resolution proposed at Item No.7 of the Notice for your approval.

None of the Directors of the Company except Shri J. N. Godbole is concerned or interested in the proposed resolution.

#### **Item No. 8:**

Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company, Shri J. K. Devgupta, President of the Company was appointed as an Additional Director on 11.5.2010 by the Board of Directors of the Company. To meet with the requirement of Section 269 of the Companies Act and also as required under the Listing Agreement, Shri J. K. Devgupta was also appointed, by the Board of Directors on 11.5.2010 and by the Shareholders at the Extraordinary General Meeting held at a shorter notice on 24.5.2010, as Whole-time Director designated as Executive Director with substantial powers of management, for a period of 2 years from 11.5.2010 on remuneration as may be payable within Schedule XIII of the Act. He holds office only up to the date of this Annual General Meeting of the Members of the Company.

In terms of the Scheme of Arrangement for Demerger, the services of Shri J. K. Devgupta, President (Storage Division) of Kesar Enterprises Ltd. [KEL] stood transferred as President of the Company with the same terms of service. Shri Devgupta is 64 years of age. He joined KEL as General Manager (Export) in February 1993 and was in charge of the erstwhile Storage Division of KEL since 1994. He is an alumnus of IIT Kharagpur. He completed a diploma in Sales and Marketing Management from Bhartiya Vidya Bhavan, Nagpur in 1980. He has over 40 years of varied Industrial experience involving marketing, technical services, manufacturing, supply & distribution, import & export and shipping. He has worked with International Tractor Company of India [now Mahindra

# Annual Report 2009-2010

Tractors], Indian Oil Corporation, Indo–German joint Venture i.e. OKS Speciality Lubricants Pvt. Ltd., Chemical Terminal Trombay Ltd. a subsidiary of Tata power Limited. The Company has received a notice in writing from a Member alongwith the requisite deposit proposing the candidature of Shri J. K. Devgupta for office of Director of the Company under Section 257 of the Act. Shri Devgupta is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received confirmation from him about his eligibility for such appointment. He will not be liable to retire by rotation as Executive Director.

Your Directors, therefore, recommend the resolution proposed at Item No.8 of the Notice for your approval.

None of the Directors of the Company except Shri J. K. Devgupta is concerned or interested in the proposed resolution.

## **Item No. 9:**

Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company, Shri R. S. Loona was appointed by the Board of Directors as an Additional Director of the Company on 1.6.2010. Shri Loona holds office up to the date of this Annual General Meeting of the members of the Company in terms of Section 260 of the Companies Act, 1956. Shri Loona is a leading Corporate Lawyer with specialization in Securities Market, Banking and Finance, Infrastructure Projects, Real Estate and Regulatory Advice. He is the Managing Partner of a law firm, Alliance Corporate Lawyers, He has served as Executive Director (Law) of SEBI for a period of about 4 years. He worked with IDBI Ltd. as Chief General Manager (Legal). Shri Loona had been the Vice-Chairman of the draft Convention on Harmonized Substantive Rules for Intermediated Securities prepared under the auspices of International Institute for the Unification of Private Law (UNIDROIT), Rome, Italy. Shri Loona continues to be associated with SEBI as a member of its Takeover Panel and as SEBI's Counsel before the Securities Appellate Tribunal (SAT).

The Company has received a notice in writing from a Member alongwith the requisite deposit proposing the candidature of Shri R. S. Loona for office of Director of the Company under Section 257 of the Act. Shri Loona is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received confirmation from him about his eligibility for such appointment. He will be liable to retire by rotation.

Your Directors, therefore, recommend the resolution proposed at Item No.9 of the Notice for your approval.

None of the Directors of the Company except Shri R. S. Loona is concerned or interested in the proposed resolution.

## **Item No. 10:**

The Company has appointed M/s. SHAREX DYNAMIC (INDIA) PVT. LTD. (SHAREX) as Share Transfer Agent with effect from 1.4.2010. SHAREX has offices at 17/B Dena Bank Building, 2nd floor, Horniman Circle, Fort, Mumbai 400001 and also at Unit No.1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072. SHAREX is also appointed as Registrar to the Company for Dematerialisation transaction of shares. Hence, the Register of Members, Copies of Annual Return and other Records pertaining to shares shall be kept at the offices of SHAREX also for the convenience of the Shareholders.

Under Section 163 of the Companies Act 1956, consent of the Members by Special Resolution is required for keeping the said Registers / Documents etc. at a place other than the Registered Office of the Company. Your Directors, therefore, recommend the Special Resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the proposed Special Resolution.

## **Item No. 11:**

As approved by a resolution passed by the Remuneration Committee of the Company on 11.8.2010, at the Board Meeting held on 11.8.2010, the Directors have appointed Shri H. R. Kilachand as Whole-time Director designated as Executive Chairman of the Company with substantial powers of management, for a period, not exceeding, 3 years with effect from 14.9.2010 on remuneration as per the provisions of the Companies Act and Schedule XIII thereto, subject to your approval by a Special Resolution at this meeting.

The Company has not made any default in repayment of any of its debts in the preceding financial year before the date of appointment of Shri H. R. Kilachand.

M/s. Ragini Chokshi & Associates, the Secretary in Whole-time Practice has certified that the requirements of Schedule XIII have been complied with for the above appointment.

# KESAR TERMINALS & INFRASTRUCTURE LTD.

As required, a statement is given hereunder containing the following information:

## **I. General Information:**

- (1) Nature of industry: Service
- (2) Date or expected date of commencement of commercial production:
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:  
(2) & (3) above - Not Applicable as the existing activities transferred to the Company as per the Court sanctioned Scheme of Arrangement for Demerger w.e.f. the Appointed Date 1.1.2009.
- (4) Financial performance based on given indicators:  
Financial performance is given in the attached Annual Accounts.
- (5) Export performance and net foreign exchange collaborations
- (6) Foreign investments or collaborators, if any.  
(5) & (6) above - Not Applicable as there is no export / foreign investments or any foreign collaboration.

## **II. Information about Shri H. R. Kilachand:**

- (1) Background details:  
Shri H. R. Kilachand is the Chairman & Managing Director of the erstwhile Holding Company – Kesar Enterprises Ltd. [KEL] since 1997 onwards. He has about 25 years of vast experience. He has contributed a lot in completion of the expansion & modernisation of Storage Terminals at Kandla and continues to see its growth as the Chairman of the Company. He is B. Com., C.B.M., P.G.D.B.M., U.C.L.A. (U.S.A.).
- (2) Past remuneration: No remuneration was paid to him in the past.
- (3) Recognition or awards: –
- (4) Job profile and his suitability: He has been appointed as Whole-time Director designated as Executive Chairman of the Company with substantial powers of management, for a period, not exceeding, 3 years with effect from 14.9.2010. He is suitable for the job as he has contributed a lot in completion of the expansion & modernisation of Storage Terminals at Kandla and continues to see its growth.
- (5) Remuneration proposed: It is mentioned in the proposed Special Resolution at item no.11 in the above notice.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):  
The remuneration is proposed with respect to trend in the industry, size of the Company, profile of the position and after considering the qualification, experience & past performance of Shri H. R. Kilachand.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:  
Shri H. R. Kilachand has no pecuniary relationship with the Company, directly or indirectly except to the extent of the remuneration receivable by him from the Company and his holding along with his family in the equity share capital of the Company.

## **III. Other information:**

- (1) Reasons of loss or inadequate profits: Till date there is no loss or inadequate profits.
- (2) Steps taken or proposed to be taken for improvement:
- (3) Expected increase in productivity and profits in measurable terms:  
In view of (1) above, (2) & (3) above are Not Applicable.

## **IV. Disclosures:**

- (1) The remuneration package of Shri H. R. Kilachand is mentioned in item no.11 of the above Notice.
- (2) Necessary disclosures are mentioned in the Director's Report under the heading "Corporate Governance", attached to the Annual Report:

# Annual Report 2009-2010

Section 316 provides that a Public Company may appoint a person as its Managing Director, if he is the Managing Director of not more than one other Company provided that such appointment is approved by a resolution passed at a meeting of the Board with the consent of all the Directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the Directors. Section III of Schedule XIII to the Companies Act, 1956, provides that, subject to the provisions of Sections I and II, a Managerial Person can draw remuneration from one or both Companies, provided that the total remuneration drawn from both the Companies does not exceed the higher maximum limit admissible from any one of the Companies of which he is a Managerial Person.

A Special Resolution is proposed at item no.11 of the notice hereinabove to appoint Shri H. R. Kilachand as Whole-time Director designated as Executive Chairman of the Company with substantial powers of management, for a period, not exceeding, 3 years with effect from 14.9.2010 on remuneration, provided that the total remuneration drawn and retained by Shri H. R. Kilachand from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies i.e. the Company or KEL. Shri H. R. Kilachand shall be regarded as a Director liable to retire by rotation.

The Company has already appointed one Managerial Person viz. Shri J. K. Devgupta as Executive Director on remuneration as per the provisions of the Companies Act and Schedule XIII thereto. Thus, the total remuneration payable to Shri H. R. Kilachand and Shri J. K. Devgupta shall not exceed 10% of the Net Profit in a financial year.

In the interest of the Company as well as the shareholders, your Directors recommend the Special Resolution proposed at Item no.11 of the Notice for your approval.

The above may be regarded as an Abstract of the terms and Memorandum of Interest under Section 302(7) of the Companies Act, 1956 with respect to the appointment of Shri H. R. Kilachand as Whole-time Director designated as Executive Chairman of the Company.

None of the Directors of the Company except Shri H. R. Kilachand and his wife Smt. M. H. Kilachand, is concerned or interested in the proposed Special Resolution.

## Registered Office:

Oriental House,  
6th Floor, West Wing,  
7, Jamshedji Tata Road,  
Churchgate,  
Mumbai-400020.

11th August, 2010.

## By Order of the Board of Directors

**H. R. Kilachand**  
Chairman

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## DIRECTORS' REPORT

To  
The Shareholders,  
Kesar Terminals & Infrastructure Ltd.

Dear Members,

Your Directors present to you the 2nd Annual Report and the audited Statement of Accounts for the year ended 31st March, 2010.

### COURT SANCTIONED SCHEME OF ARRANGEMENT FOR DEMERGER

On 12.3.2010, the Hon'ble High Court of Bombay had passed an Order pursuant to Sections 391 to 394 of the Companies Act, 1956, sanctioning the Scheme of Arrangement by way of Demerger for transfer of the undertaking, business, activities and operations pertaining to the Storage Division / Undertaking of the erstwhile 100% Holding Company viz. Kesar Enterprises Ltd. [KEL] into the Company as a going concern with effect from the Appointed Date i.e. 1st January, 2009.

The effect of the above Arrangement has been given in the Annual Accounts of the Company, in the current financial year.

In consideration of transfer of the Storage Undertaking, on 1.6.2010 the Company had issued and allotted 47,53,113 Equity Shares of Rs.10/- each aggregating to Rs.4,75,31,130/- for other than cash to every member of KEL, whose name appeared in the Register of Members of KEL on the Record Date i.e. 14.5.2010, in the ratio of 10:7 i.e. for every 10 Equity Shares of Rs.10/- each held in KEL, 7 Equity Shares of Rs.10/- each of the Company, either in dematerialized or physical form. After the said allotment, the Share Capital of the Company is 52,53,113 Equity Shares of Rs.10/- each aggregating to Rs.5,25,31,130/-.

The Listing Applications were made by the Company to Bombay Stock Exchange Ltd. [BSE] and The National Stock Exchange of India Ltd. [NSE]. The approval from BSE has been obtained and the same is awaited from NSE. Trading Approval from both BSE & NSE are awaited.

### FINANCIAL RESULTS:

	(Rs. in Lac)
	2009-10
<b>Profit before interest, depreciation &amp; taxation</b>	<b>1070.80</b>
<b>Less:</b> Interest and Finance Charges	<b>123.47</b>
Profit before Depreciation & taxation (Cash Profit)	<b>947.33</b>
<b>Less:</b> Depreciation	<b>241.84</b>
<b>Profit Before Tax</b>	<b>705.49</b>
<b>Less: Provision for Taxation</b>	
(i) Income Tax - Current	<b>162.08</b>
(ii) Income Tax – Deferred	<b>110.03</b>
<b>Profit After Tax</b>	<b>433.38</b>
<b>Profit available for appropriation</b>	<b>433.38</b>
<b>Appropriation:</b>	<b>-</b>
<b>Less:</b>	
(i) Transferred to General Reserve	<b>50.00</b>
(ii) Proposed Dividend on Equity Shares	<b>105.06</b>
(iii) Corporate Tax on Dividend	<b>17.45</b>
<b>Profit after appropriation</b>	<b>260.87</b>
<b>Add:</b> Profit taken from Kesar Enterprises Ltd. i.e. Transferor Company	<b>81.08</b>
<b>Balance Carried Forward to Balance Sheet</b>	<b>341.95</b>

There is a profit after tax of Rs.433.38 lac during the year.

# Annual Report 2009-2010

## DIVIDEND

The Directors recommend a dividend for the year 2009-10 @ Rs.2/- per Equity Share of Rs.10/- each amounting to Rs.105.06 lac plus dividend tax as applicable on 52,53,113 Equity Shares of the Company.

## WORKING OF THE DIVISIONS

The Storage Terminals at Kandla have done well during the year. The revenue generated was much higher at Rs.1,832.31 lac as against that in the previous year in view of the completion of expansion, resulting into commissioning of additional storage capacity. The expansion was completed in March 2009 on commissioning of 8 additional tanks resulting into higher revenue earnings.

## SUBSEQUENT FINANCIAL YEAR 2010-2011

With the upturn in economic activities, the tank capacity utilization is on the rise and hence the revenue of the Storage Terminals will go up further in the current financial year. The Company has also plans for putting up additional tanks in Terminal No.I subject to receipt of statutory clearances for which applications have already been submitted to the concerned authorities.

## EXPANSION / MODERNISATION

The Company has taken possession of about 10 acres of land at Kakinada port in Andhra Pradesh and initial site development work has commenced. The Company plans to put up both dry cargo and bulk liquid cargo handling facilities at Kakinada.

The Company has purchased about 16 acres of land at Pipavav port in Gujarat and is planning to put up a Bulk Liquid Storage Terminal and a Container Freight Station [CFS] at Pipavav.

As informed earlier, the Company has been exploring opportunities for putting up Bulk Liquid Storage Terminals at other ports and also examining putting up other port based facilities such as Container Freight Station, Inland Container Depots at different locations.

## DIRECTORS

As per Article 89, Shri H. R. Kilachand, Smt. M. H. Kilachand and Shri A. S. Ruia are the First Directors of the Company since Incorporation of the Company i.e. 21.1.2008 who are liable to retire by rotation. Accordingly, Shri H. R. Kilachand and Smt. M. H. Kilachand retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment.

During the year, in terms of Section 260 of the Companies Act read with Article 92 of the Articles of Association of the Company, Shri K. Kannan and Shri J. N. Godbole were appointed as Additional Directors by the Board of Directors of the Company on 29.1.2010; Shri J. K. Devgupta was appointed as Additional Director by the Board of Directors of the Company on 11.5.2010 and Shri R. S. Loona was appointed as Additional Director by the Board of Directors of the Company on 1.6.2010, whose term of office is up to this Annual General Meeting. Hence, their appointments as Directors of the Company have been proposed by the Members.

As the services of Shri J. K. Devgupta, President (Storage Division) of Kesar Enterprises Ltd. [KEL] stood transferred as President of the Company in terms of the Court sanctioned Scheme of Arrangement for Demerger, with the same terms of service, the Board of Directors had appointed Shri J. K. Devgupta as Whole-time Director designated as Executive Director with substantial powers of management, for a period of 2 years from 11.5.2010 on a remuneration as may be payable within Schedule XIII of the Act, which was approved by the Members at the Extraordinary General Meeting held on 24.5.2010.

Pursuant to the provisions of Sections 198, 269, 309, 316, Schedule XIII read with Section III thereto and other applicable provisions, if any, of the Companies Act, 1956, subject to approval of the Shareholders at this Annual General meeting, on 11.8.2010 the Remuneration Committee and also the Board of Directors have approved appointment of Shri H. R. Kilachand as Whole-time Director designated as Executive Chairman of the Company with substantial powers of management, for a period, not exceeding, 3 years with effect from 14.9.2010 on a remuneration as mentioned in the notice of this Annual General Meeting.

Your Company has been informed that on 3.8.2010, subject to approval of the Shareholders, Kesar Enterprises Ltd. (KEL), the erstwhile Holding Company has appointed Shri H. R. Kilachand as a Chairman & Managing Director for a period of 3 years with effect from 14.8.2010. However, the total remuneration drawn and retained by Shri H. R. Kilachand from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies i.e. the Company or KEL as per the provisions of the Companies Act.

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act 2000, the Directors state as under:

- i) that in preparation of the annual accounts for the financial year ended on 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) 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 at the end of the financial year and of the profit for that year;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the financial year ended on 31st March, 2010 on a going concern basis.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

Though Clause 49 of the Listing Agreement is not applicable to the Company as the Listing approval is awaited, as a matter of good Corporate Governance, the Management Discussion & Analysis Report and the Corporate Governance Report (containing in detail, elements of remuneration of the Directors) are annexed voluntarily, which forms part of this Report.

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Section 217(1)(e) of the Companies Act, 1956 with respect to conservation of energy, technology absorption is not applicable to the Company.

## FIXED DEPOSITS

The Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 during the year under review.

## AUDITORS

M/s Haribhakti & Co., Chartered Accountants, who holds office until the conclusion of this Annual General Meeting and being eligible, offers themselves for reappointment.

## INTERNAL AUDITORS

M/s. Ashok Jayesh & Co., Chartered Accountants is appointed as Internal Auditors of the Company.

## EMPLOYEES

Relation with the employees remained cordial throughout the year. The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is given as under:

Name of Employee	Designation	Age (Yrs.)	Qualification	Experience (Yrs.)	Commencement Date	Remuneration (Rs.)	Last Employment
Shri J. K. Devgupta	President (upto 11.5.10) Executive Director	64	B. Tech from IIT Kharagpur	40	1.1.2009	29,98,140	Kesar Enterprises Ltd.

## ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and cooperation extended by the Banks & Financial Institutions during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the employees of the Company for its success.

By Order of the Board of Directors

**H. R. KILACHAND**  
Chairman

11th August, 2010

# Annual Report 2009-2010

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### SCENARIO IN INDIA

#### Bulk liquid Storage scenario

With the Indian economy expected to clock a GDP of 8.5% the production of petroleum products are to go up substantially in the near future. India has a large exportable surplus of petrol and naphtha but has shortage of diesel and kerosene. The private refineries have to use storage tanks for distribution to the domestic market as well as for export to avoid investments in tank terminals at various locations. There is an increase in the domestic manufacture of petrochemicals and chemicals and export / import thereof, resulting into an additional demand for tankage from this sector. Additionally, the re-export of imported chemicals by domestic traders has come up as a new development in the recent years. The per capita increase in income of Indian population is leading to increased consumption of edible oils and hence there is rise in import of edible oils, both crude and refined oils. The demand for storage facilities for bulk liquids is thus ever on the rise.

### INDUSTRY STRUCTURE & DEVELOPMENT

The Company has 2 bulk Liquid Chemical Terminals with a combined capacity of 127,000 Kilo Litres (KL) in 64 tanks at Kandla, Gujarat, which include specialised tanks, such as stainless steel tanks and tanks equipped with heating and insulation facilities and coated tanks. The Company has plans to add capacities of about 7000 KL at its Terminal No.I in Kandla and have approached the concerned authorities for permissions.

### OPPORTUNITES & THREATS

Whilst the demand for storage tanks is on the rise, the biggest impediment in creating new tankage is restricted availability of land at port locations. All the ports are going for SEZ complexes, which need large tracts of land and infrastructural facilities in terms of rail and road connectivity, warehouses for dry cargo and container terminals. However, the Company has been able to overcome this problem by getting an allotment of about 10 acres of land at Kakinada in Andhra Pradesh and by purchasing about 16 acres of land in Pipavav port in Gujrat and is thus free to expand bulk liquid storage capacities to tap the growing demand for the same. The Company plans to develop both dry and liquid cargo storage at these locations.

### OUTLOOK

#### Diversification opportunities

The existing Companies in this business, expecting the demand to boom in the near future are trying to increase capacities. Similarly, the Company has already increased its capacity to 127,000 KL. Additionally, the Company plans to develop bulk liquid terminal at Pipava, Gujarat. As the container volume at Pipavav is on the rise, the Company is also planning a container freight station at Pipavav.

### FINANCIAL PERFORMANCE

The information relating to the financial performance of the Company is provided in the Directors' Report.

### INTERNAL CONTROL SYSTEM

The Company has an appropriate internal control system for its various functions with the ultimate objective of improving the efficiency of operations, better financial management and compliance with all regulations and applicable laws. The Company has an internal Audit Cell and has also appointed an external Internal Auditor. All operating parameters are well defined and monitored periodically. The detail internal audit reports are discussed at length at various levels and thereafter the said reports are also placed in the Audit Committee.

### CAUTIONARY STATEMENT

The above Management Discussion and Analysis Report contains "forward looking statements" within the meaning of applicable laws, and regulations and is futuristic in nature. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, market position, expenditures and financial results are forward looking statements. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward looking statements. Investors are requested to make their own independent judgments before taking any investment decisions and the Company assumes no responsibility.

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## CORPORATE GOVERNANCE REPORT

### 1. Company's philosophy on Code of Governance:

The Company's philosophy on Corporate Governance aims at attainment of the highest levels of transparency, accountability and equity in the functioning of the Company and in all interactions with employees, shareholders, creditors, depositors and customers. The Company believes that its systems and actions must be endeavoured for enhancing corporate performance and maximizing shareholder value in the long term.

### 2. Board of Directors:

The Board of Directors consists of the following Directors. The Composition and Category of Directors is as follows:

Name of Directors		Category
Shri H. R. Kilachand	:	Non-Executive Chairman [Promoter Director]
Smt. M. H. Kilachand	:	Non-Executive Promoter Director
Shri A. S. Ruia	:	Non-Executive Independent Director
Shri K. Kannan [w.e.f.29.1.2010]	:	Non-Executive Independent Director
Shri J. N. Godbole [w.e.f.29.1.2010]	:	Non-Executive Independent Director
Shri R. S. Loona [w.e.f.1.6.2010]	:	Non-Executive Independent Director
Shri J. K. Devgupta [w.e.f.11.5.2010]	:	Executive Director

Attendance of each Director at 4 Board Meetings held during 1.4.2009 to 31.3.2010, the last Annual General Meeting held on 29.9.2009 and Number of other Directorship and Chairmanship / Membership of Committees of each Director in various companies are as follows:

Name of the Director	Attendance Particulars						No. of other Directorships and Committee Member / Chairmanship		
	Out of 4 Board Meetings	Audit Committee Meeting	Remuneration Committee Meeting	Share Transfer Committee Meeting	Sitting Fees paid (Rs.)	Last AGM	Other Directorships*	Committee Member#	Chairman-ships
Shri H.R. Kilachand	4	—	—	—	—	Yes	1	3	1
Smt.M.H. Kilachand	4	—	—	—	—	Yes	1	-	-
Shri A. S. Ruia	4	—	—	—	—	Yes	2	4	2
Shri K. Kannan (w.e.f. 29.1.2010)	—	—	—	—	—	—	6	10	3
Shri J. N. Godbole (w.e.f. 29.1.2010)	—	—	—	—	—	—	10	8	1
Shri R. S. Loona (w.e.f. 1.6.2010)	—	—	—	—	—	—	4	-	-
Shri. J. K. Devgupta (w.e.f. 11.5.2010)	—	—	—	—	—	—	-	-	-

The Non-Executive Directors were not paid any Sitting Fees for attending the Board Meetings held during 1.4.2009 to 31.3.2010. The Audit Committee, Share Transfer Committee, Shareholders' Grievance Committee and Remuneration Committee were constituted after 31.3.2010 i.e. on 11.5.2010. Shri K. Kannan and Shri J. N. Godbole were appointed as Additional Directors on 29.1.2010, Shri J. K. Devgupta was appointed as Executive Director on 11.5.2010 and Shri R. S. Loona was appointed as Additional Director on 1.6.2010.

\* Excludes Directorships in Pvt. Ltd. Companies and Section 25 Companies.

# As per Explanation (2) to Clause 49(c )(ii) of the Listing Agreement, Chairmanship / Membership of the Audit Committee and the Shareholders' Grievance Committee of Public Limited Companies is considered.

### Information on Directors retiring by rotation

- Shri Harsh R. Kilachand will be retiring by rotation at this Annual General Meeting and is eligible for reappointment. He is 50 years of age. Shri H. R. Kilachand is the Chairman of the Company since incorporation. He is B. Com., C.B.M., P.G.D.B.M., U.C.L.A. (U.S.A.). At present, he is the Chairman &

# Annual Report 2009-2010

Managing Director of Kesar Enterprises Ltd. [KEL], the erstwhile Holding Company. He has about 25 years of vast experience. He has contributed a lot towards the growth of KEL as a whole including the Demerged Storage Undertaking. He was responsible for completion of expansion & modernisation of the Storage Terminals at Kandla. His other Directorships are – (1) Kesar Enterprises Ltd.; (2) Kesar Corporation Pvt. Ltd.; (3) Indian Commercial Co. Pvt. Ltd.; (4) India Carat Pvt. Ltd.; (5) Kilachand Devchand & Co. Pvt. Ltd.; (6), Kilachand Devchand Commercial Pvt. Ltd.; (7) Seel Investment Pvt. Ltd.; & (8) Duracell Investments & Finance Pvt. Ltd.

2. Smt. Madhavi H. Kilachand will be retiring by rotation at this Annual General Meeting and is eligible for reappointment. She is 49 years of age. Smt. M. H. Kilachand is the Director of the Company since incorporation. She is wife of Shri H. R. Kilachand, the Chairman of the Company. She is B.A. (Psychology) from University of Mumbai. She has experience in general administration. Her other Directorships are (1) Kesar Enterprises Ltd.; (2) Kesar Corporation Pvt. Ltd.; (3) Indian Commercial Co. Pvt. Ltd.; (4) India Carat Pvt. Ltd.; (5) Kilachand Devchand & Co. Pvt. Ltd.; (6), Kilachand Devchand Commercial Pvt. Ltd.; (7) Seel Investment Pvt. Ltd.; and (8) Duracell Investments & Finance Pvt. Ltd.

## **Number of Board Meetings held and the dates on which held:**

In all 4 Board Meetings were held during the year as per the minimum requirement. The dates on which the meetings were held are 20.4.2009, 31.8.2009, 10.12.2009 and 29.1.2010. The necessary information was made available to the Board from time to time.

## **3. Audit Committee:**

Pursuant to Section 292A of the Companies (Amendment) Act 2000, the role and responsibility of the Audit Committee includes inter alia :

- a. Overseeing the Companies financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending appointment / removal of external Auditor, fixation of Audit Fee and payment for any other services.
- c. Reviewing with the Management the annual and quarterly financial statements before submission to the Board for approval with particular reference to the matters specified in the Listing Agreement.
- d. Reviewing with the Management, external & internal Auditors and adequacy of internal control systems.
- e. Reviewing adequacy of internal Audit function, including structure of internal audit department, staffing and seniority of official heading the Department, reporting structure, coverage and frequency of internal audit.
- f. Discussing with internal Auditors any significant findings and follow up thereon.
- g. Reviewing findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h. Discussing with external auditors before the audit commences nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors.
- k. Other matters as set out in the Listing Agreement as and when required.

After allotment of equity shares as per the Scheme of Demerger, pursuant to the provisions of the Companies Act and also as per Clause 49 of the Listing Agreement, on 11.5.2010, the Board constituted an Audit Committee consisting of 3 Non-Executive Independent Directors and 1 Non-Executive Promoter Director of the Company (1) Shri A. S. Ruia, Chairman of the Audit Committee; (2) Shri K. Kannan; (3) Shri J. N. Godbole; and (4) Shri H. R. Kilachand. The said Directors are financially literate and have accounting or related financial management expertise.

The Company has a full-fledged Internal Audit Department which performs periodical internal audit of various functions of the Company. The reports of the Internal Audit Department are placed before the Audit Committee along with the comments of the Management on the action taken to remedy any deficiencies that may be observed on the working of the various departments of the Company.

## KESAR TERMINALS & INFRASTRUCTURE LTD.

### 4. Remuneration Committee:

As required under Clause 49 of the Listing Agreement, on 11.5.2010, the Board constituted a Remuneration Committee consisting of 3 Non-Executive Independent Directors and 1 Non-Executive Promoter Director of the Company viz. (1) Shri K. Kannan, Chairman of the Remuneration Committee; (2) Shri A. S. Ruia; (3) Shri J. N. Godbole; and (4) Shri H. R. Kilachand.

On 11.8.2010, the Remuneration Committee as well as the Board of Directors of the Company have approved appointment of Shri H. R. Kilachand as Whole-time Director designated as Executive Chairman of the Company with substantial powers of management, for a period, not exceeding, 3 years with effect from 14.9.2010 on remuneration as per the provisions of the Companies Act and Schedule XIII thereto as specifically mentioned at item no.11 of the Notice of the Annual General Meeting.

### 5. Share Transfer Committee:

As required under Clause 49 of the Listing Agreement, on 11.5.2010, the Board constituted a Share Transfer Committee consisting of (1) Shri H R Kilachand, Chairman of the Share Transfer Committee (2) Shri A S Ruia; and (3) Shri J N Godbole to review and approve transfer of shares, issue of duplicate share certificates and transmission of shares received from the heirs of deceased shareholders. The Committee shall meet regularly from time to time for the above purpose, to ensure a prompt return of securities to the shareholders. Neither any share transfers nor any requests for demat was pending as on 31st March, 2010.

### 6. Shareholders / Investors Grievance Committee:

As required under Clause 49 of the Listing Agreement, on 11.5.2010, the Board constituted a Shareholders / Investors Grievance Committee consisting of (1) Shri A. S. Ruia, Chairman of the Committee; (2) Shri K. Kannan; (3) Shri H. R. Kilachand.

### 7. Compliance Officer:

Shri J. K. Devgupta, Executive Director is the Compliance Officer of the Company.

### 8. General Body Meetings:

Location and time where the last Annual General Meetings / Extraordinary General Meetings were held:

AGM / EGM	Financial Year ended	Date	Location	Time
AGM	31-3-2009	29-9-2009	Registered Office	3.30 p.m.
EGM	31-3-2010	25-3-2010	Registered Office	11.00 a.m.

At the EGM held on 25.3.2010, the Members had passed a Special Resolution to alter Articles of Association of the Company and an Ordinary Resolution authorising the Board to pay sitting fees to the Non-executive Directors of the Company for attending the Board/ Committee Meetings.

At the subsequent EGM held on 24.5.2010, the Members had passed a Special Resolution to appoint Shri J. K. Devgupta as Whole-time Director designated as Executive Director for a period of 2 years and for payment of remuneration to him; an Ordinary Resolution authorising the Board to borrow upto Rs.200 crore; and a Special Resolutions for issue of various securities to raise funds for the future projects of the Company.

### 9. Disclosures:

No transaction of material nature has been entered into by the Company with its Promoters, Directors, Management, their Subsidiaries or Relatives, etc. that may have a potential conflict with the interests of the Company. However, the Company has given in the notes to accounts, a list of related parties as per Accounting Standard 18 and the transactions entered into with them.

### 10. Means of communication:

The Board shall take on record the unaudited quarterly financial results in the prescribed Proforma of the stock exchange within 45 days of the close of the quarter and shall announce forthwith the results to the Bombay Stock Exchange and National Stock Exchange after the shares of the Company are listed. The quarterly unaudited financial results shall also be published in the newspapers within 48 hours of the conclusion of the meeting of the Board in which they are approved.

Management Discussion & Analysis report has been included as a part of Annual Report.

# Annual Report 2009-2010

## 11. General Shareholders information:

- a. Registered Office : Oriental House, 6th Floor, West Wing, 7, Jamshedji Tata Road, Churchgate, Mumbai-400020.
- b. Plant Locations : Storage Terminals I & II at Kandla, Gujarat.
- c. Annual General Meeting
  - Date : 14th September, 2010.
  - Time : 3:30 p.m.
  - Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.
- d. Next Financial Year ending : 31st March, 2011
- e. Next Annual General Meeting : By 30th September, 2011
- f. Financial Reporting for the year 2010-11
  - For 1st quarter ended 30th June, 2010 : By 15th August, 2010
  - For 2nd quarter ending 30th September, 2010 : By 15th November, 2010
  - For 3rd quarter ending 31st December, 2010 : By 15th February, 2011
  - For 4th quarter ending 31st March, 2011 : By 15th May, 2011
- g. Date of Book Closure : 6.9.2010 to 14.9.2010
- h. Listing on Stock Exchange : Applied on BSE & NSE
- i. Stock Exchange Code Number : BSE Scrip Code : Applied  
NSE Symbol : Applied
- j. Demat ISIN numbers in NSDL & CDSL : INE096L01017

### Address for correspondence by the Shareholders of the Company:

M/s. Sharex Dynamic (India) Pvt. Ltd.

Kesar Terminals &  
Infrastructure Limited.

(1) Registrar & Share Transfer Agents, (2) Registrar & Share Transfer Agents  
17/B, Dena Bank Building, Luthra Indl. Premises,  
2nd Floor, Horniman Circle, Andheri Kurla Road, Safed Pool,  
Fort, Mumbai – 400 001 Andheri (E), Mumbai – 400 072  
Tel : 2264 1376 / 22702485 Tel.: 2851 5606/ 28515644  
Fax: 2264 13 49 Fax: 2851 28 85  
Email: [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)

Oriental House,  
6th Floor, West Wing,  
7, J. Tata Road, Churchgate,  
Mumbai-400020  
Tel: 22042396 / 22851737  
Fax: 22876162  
Email: [jayanto@kesarindia.com](mailto:jayanto@kesarindia.com)

### Code of Conduct

The Company will adopt a Code of Conduct for its Board of Directors and Senior Management Personnel and the same will be posted on the Company's website.

### Share Transfer System:

The shares sent for transfer shall be registered & returned within the time limits.

### Stock Market Data:

The Company is awaiting Listing approvals and commencement of trading of its shares on BSE / NSE

## KESAR TERMINALS & INFRASTRUCTURE LTD.

Distribution of shareholding as on 1st June, 2010 being the date of Allotment :

Shareholding in Nominal Value of		Share Holders		Share Amount	
Rs	Rs		% of Holders	In Rs.	% to Total
Upto	- 5,000	4832	90.71	4843670	9.22
5,001	- 10,000	251	4.71	1758830	3.35
10,001	- 20,000	115	2.16	1566330	2.98
20,001	- 30,000	47	0.88	1125700	2.14
30,001	- 40,000	22	0.41	755220	1.44
40,001	- 50,000	6	0.11	269970	0.51
50,001	- 1,00,000	26	0.49	1710300	3.26
1,00,001	- and above	28	0.53	40501110	77.10
<b>Total</b>		<b>5327</b>	<b>100.00</b>	<b>52531130</b>	<b>100.00</b>

**Categories of Shareholders as on 1st June, 2010 – Pre & Post Demerger:**

About 84.52% of the total shareholding in the Company representing 4439714 shares have been converted into demat.

	Category of Shareholder	PRE DEMERGER		POST DEMERGER	
		No of Equity Shares	%	No of Equity Shares	%
<b>A.</b>	<b>Promoter &amp; its Group - Indian</b>				
1 a	Individual / HUF	6	0.001	8,75,268	16.662
b	Central / State Government	0	0	0	0
c	Bodies Corporate	4,99,994	99.999	22,38,962	42.622
d	Financial Institutions / Banks	0	0	0	0
e	Any Other (specify)	0	0	0	0
	<b>Sub-Total-A(l)</b>	<b>5,00,000</b>	<b>100.000</b>	<b>31,14,230</b>	<b>59.284</b>
2 a	<b>Foreign – Individuals (Non Resident)</b>				
	Foreign Individuals	0	0	0	0
b	Bodies Corporate	0	0	0	0
c	Institutions	0	0	0	0
d	Any Other (specify)	0	0	0	0
	<b>Sub-Total-A(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding Promoter &amp; Group Total (A)=A(1)+A(2)</b>	<b>5,00,000</b>	<b>100.000</b>	<b>31,14,230</b>	<b>59.284</b>
<b>B.</b>	<b>Public Shareholding –</b>				
<b>1</b>	<b>Institutions</b>				
a	Mutual Funds	0	0	840	0.016
b	Financial Institutions / Banks	0	0	762	0.015
c	Central / State Government	0	0	0	0
d	Venture Capital Fund	0	0	0	0
e	Insurance Companies	0	0	5,33,310	10.152
f	Foreign Institutional Investors	0	0	0	0
g	Foreign Venture Capital Investors	0	0	0	0
h	Any Other (specify)	0	0	0	0
	<b>Sub-Total-B(l)</b>	<b>0</b>	<b>0</b>	<b>5,34,912</b>	<b>10.183</b>

## Annual Report 2009-2010

	Category of Shareholder	PRE DEMERGER		POST DEMERGER	
		No of Equity Shares	%	No of Equity Shares	%
<b>2</b>	<b>Non-Institutions</b>	0	0		
a	Bodies Corporate	0	0	3,36,039	6.397
b	Individual Shareholders holding nominal Share Capital				
	i) upto Rs.1 Lac	0	0	9,76,242	18.584
	ii) above Rs.1 Lac	0	0	1,58,152	3.011
c	Any Other (specify) Clearing Members	0	0	61,592	1.172
	Overseas Corporate Bodies	0	0	0	0
	Non Resident Indians	0	0	71,946	1.370
	<b>Sub-Total-B(2)</b>	<b>0</b>	<b>0</b>	<b>16,03,971</b>	<b>30.534</b>
	<b>Total (B)=B(1)+B(2)</b>	<b>0</b>	<b>0</b>	<b>21,38,883</b>	<b>40.716</b>
	<b>Total (A+B)</b>	<b>0</b>	<b>0</b>	<b>52,53,113</b>	<b>100</b>
C	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0
	<b>Grand Total(A+B+C)</b>	<b>5,00,000</b>	<b>100.000</b>	<b>52,53,113</b>	<b>100</b>

### Guidance to Shareholders:

1. The shareholders are requested to communicate bank details, the change of address, if any, directly to M/s Sharex Dynamic (India) Pvt. Ltd., the Registrar & Share Transfer Agent of the Company located at the addresses mentioned in para 12 above.
2. In case of lost / misplacement of share certificates, shareholders should immediately lodge a FIR / Complaint with the police and submit with the Company original / certified copy of FIR / acknowledged copy of the complaint and inform the Company to stop transfer of the said shares.
3. For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place. SEBI vide its circular dated 27.4.2007 has made it mandatory for transactions involving transfer of shares in physical form the transferee(s) is required to furnish a copy of PAN card to the Company / RTAs for registration of such transfer of shares.
4. The Shareholder, whose signature has undergone any change over a period of time, is requested to lodge their new specimen signature duly attested by a bank manager.
5. Any Shareholder of the Company who has multiple folios in identical names are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
6. **Nomination:** Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the will etc. it would therefore be in the best interests of shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed of the nomination facility, are requested to avail the same by submitting the nomination form. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.
7. As required by SEBI, shareholders may furnish details of their bank account number and name and address of the bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.
8. Shareholders, holding shares in electronic format are requested to deal only with their depository participants in respect of any change of address, nomination facility and furnishing bank account number etc.

**As the Company has made an application for Listing of its Shares, the Auditors' Certificate and the Declaration by the Managing Director on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement are not taken.**

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## Auditors' Report

To

The Members of Kesar Terminals & Infrastructure Limited

1. We have audited the attached Balance Sheet of Kesar Terminals & Infrastructure Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required
  - vii. Attention is drawn to note no. 1 in schedule 17 regarding Demerger of Storage Division of Kesar Enterprises Limited.

The said accounts give a true and fair view in conformity with the accounting principles generally accepted in India;

  - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
  - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**  
Chartered Accountants  
FRN No.103523W

N.N.Jambusaria  
Partner  
Membership No.38979

Place: Mumbai  
Date: 11<sup>th</sup> August, 2010

# Annual Report 2009-2010

## ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kesar Terminals & Infrastructure Limited on the financial statements for the year ended 31<sup>st</sup> March 2010

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory (Only Stores & Spares) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- (ix) (a) Undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax have been regularly deposited with the appropriate authorities except for service tax liability, wherein there have been slight delay in one case.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, income-tax, wealth-tax, service tax, sales-tax, and other statutory dues which were outstanding,

## KESAR TERMINALS & INFRASTRUCTURE LTD.

at the year end for a period of more than six months from the date they became payable are NIL. However, Advance Income Tax for Assessment Year 2010-11 has been treated as accrued on 29/03/2010 being the date of receipt of High Court order for Demerger and accordingly does not fall under undisputed statutory dues outstanding for more than 6 months as on year ended 31/03/2010.

- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) As the company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable to the company for the current year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. Company has not issued any debentures.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and 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 during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**  
Chartered Accountants  
FRN No.103523W

N.N.Jambusaria  
Partner  
Membership No.38979

Place: Mumbai  
Date: 11<sup>th</sup> August, 2010

# Annual Report 2009-2010

## BALANCE SHEET as at 31st March, 2010

	Schedule No.	As at 31st March 2010 Amount Rs.	As at 31st March 2009 Amount Rs.
<b>Sources of Funds:</b>			
1. Shareholders' Funds:			
(a) Share Capital	1	5,000,000	5,000,000
(b) Share Capital Suspense Account (Ref. Note 1 (c) of Schedule 17)		47,531,130	—
(c) Reserves and Surplus	2	141,715,776	—
2. Loan Funds:			
(a) Secured Loans	3	99,240,598	—
(b) Unsecured Loans	4	6,533,572	85,000
		<u>105,774,170</u>	<u>85,000</u>
3. Deferred Tax Liability (Net)		35,871,520	—
Total		<u>335,892,596</u>	<u>5,085,000</u>
<b>Application of Funds:</b>			
1. Fixed Assets:	5		
(a) Gross Block		510,906,311	—
(b) Less: Depreciation/Land Premium written off		<u>190,010,823</u>	—
(c) Net Block		320,895,488	—
(d) Capital Work-in-Progress		<u>12,499,568</u>	—
		333,395,056	—
2. Investments	6	5,000	—
3. Current Assets, Loans and Advances:			
(a) Inventories	7	967,198	—
(b) Sundry Debtors	8	40,184,305	—
(c) Cash and Bank Balances	9	5,409,230	30,848
(d) Other Current Assets	10	13,877	—
(e) Loans and Advances	11	<u>23,564,758</u>	<u>4,500,000</u>
		70,139,368	4,530,848
Less: Current Liabilities and Provisions:	12		
(a) Current Liabilities		33,446,267	—
(b) Provisions		<u>34,200,561</u>	—
		67,646,828	—
Net Current Assets		2,492,540	4,530,848
4. Miscellaneous Expenditure to the extent not written off: Preliminary expenditure		<u>—</u>	<u>554,152</u>
Total		<u>335,892,596</u>	<u>5,085,000</u>

Notes forming part of the Accounts

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The schedule referred to above form an integral part of the Balance Sheet.

As per our Report of even date attached.

For and on behalf of the Board of Directors

For and on behalf of

Haribhakti & Co.

Chartered Accountants

H.R. KILACHAND  
Director

A.S. RUIA  
Director

N.N. Jambusaria

Partner

Mumbai, 11<sup>th</sup> August, 2010

Mumbai, 11<sup>th</sup> August, 2010

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2010

	Schedule No.	Current year ended 31st March 2010 Amount Rs.	Previous Period 21.01.2008 to 31st March 2009 Amount Rs.
<b>1. Income:</b>			
Sales and Services	13	183,230,919	—
Other Income	14	1,901,156	—
Total		185,132,075	—
<b>2. Expenditure:</b>			
Manufacturing and Other Expenses	15	78,051,878	—
Interest and Finance Charges	16	12,347,254	—
Depreciation		24,184,065	—
Total		114,583,197	—
<b>3. Profit / (Loss) Before Tax</b>		70,548,878	—
<b>4. Provision for Taxation</b>			
(i) Income Tax - Current		16,207,741	—
(ii) Income Tax -Deferred		11,003,003	—
<b>5. Profit / (Loss) After Tax</b>		43,338,134	—
<b>6. Appropriations:</b>			
(i) Transferred to General Reserve		5,000,000	—
(ii) Proposed Final Dividend on Equity Shares		10,506,226	—
(iii) Corporate Tax on Dividend		1,744,953	—
Total		26,086,955	—
<b>7. Profit for the period from Jan, 09 To March, 09 taken from Kesar Enterprises Limited i.e. transferor company</b>			
Profit Before Taxation (Jan 09 To March 09)	15,322,497		
Less: Provision for Income Tax - Current	(1,842,881)		
Less: Provision for Income Tax - Deferred	(5,371,838)	8,107,778	—
<b>Balance Carried Forward to Balance Sheet</b>		34,194,733	—
Basic and diluted earnings Rs. per share		8.25	—
(Based on Shares since allotted as per the Scheme of Demerger as approved by Honorable High Court vide their order dated 12.03.2010)			
Notes forming part of the Accounts	17		

The schedule referred to above form an integral part of the Balance Sheet.

As per our Report of even date attached.

For and on behalf of

Haribhakti & Co.

Chartered Accountants

N.N. Jambusaria

Partner

Mumbai, 11<sup>th</sup> August, 2010

For and on behalf of the Board of Directors

H.R. KILACHAND  
Director

A.S. RUIA  
Director

Mumbai, 11<sup>th</sup> August, 2010

# Annual Report 2009-2010

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March 2010 Amount Rs.	As at 31st March 2009 Amount Rs.
<b>SCHEDULE: 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
60,00,000 Equity Shares of Rs. 10/- each	60,000,000	60,000,000
<b>Total</b>	<u>60,000,000</u>	<u>60,000,000</u>
<b>Issued, Subscribed and Paid up:</b>		
5,00,000 Equity Shares of Rs. 10/- each fully paid up	5,000,000	5,000,000
<b>Total</b>	<u>5,000,000</u>	<u>5,000,000</u>
<b>SCHEDULE: 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>General Reserve:</b>		
Opening Balance	-	-
Add: On Account of Demerger (Refer Note 1 (c) of Schedule 17)	102,521,043	-
<b>Add:- Transferred from Profit and Loss account</b>	<u>5,000,000</u>	<u>-</u>
	107,521,043	
Surplus as per Profit and Loss Account	34,194,733	-
<b>Total</b>	<u>141,715,776</u>	<u>-</u>
<b>SCHEDULE: 3</b>		
<b>SECURED LOANS</b>		
<b>(A) TERM LOANS:</b>		
Allahabad Bank (Term Loan - Storage Expansion) (Secured by way of First Hypothecation charge on all plant & machinery & current Assets)	96,417,415	-
<b>(B) VEHICLE LOANS:</b>		
(Secured by way of hypothecation of the vehicles purchased out of the said loans)	2,823,183	-
<b>Total</b>	<u>99,240,598</u>	<u>-</u>
<b>SCHEDULE: 4</b>		
<b>UNSECURED LOANS</b>		
<b>(a) Short Term Loans, Advances &amp; Deposits:</b>		
From Others	6,533,572	85,000
<b>Total</b>	<u>6,533,572</u>	<u>85,000</u>

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## SCHEDULE: 5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	At Cost or book value as on 31-Mar-09	Additions during the Year	Sales/ deductions and adjustments during the Year	At Cost or book value as on 31-Mar-10	Upto 31-Mar-09	For the Year	Written back on assets sold or discarded	Total Depreciation/ Land Premium written off	As on 31-Mar-10
Land									
Free hold Land	-	38,510,546	-	38,510,546	-	-	-	-	38,510,546
Lease hold Land Premium	567,000	-	-	567,000	423,675	18,900	-	442,575	124,425
Leasehold Land	1,826,902	-	-	1,826,902	-	1,425,997	-	1,425,997	400,905
Building, Roads etc.	2,393,902	38,510,546	-	40,904,448	423,675	1,444,897	-	1,868,572	39,035,876
Plant and Machinery	27,582,242	10,438,228	-	38,020,470	9,780,771	2,199,612	-	11,980,383	26,040,087
Electric Installations	382,524,048	16,937,789	-	399,461,837	142,693,728	18,193,761	-	160,887,489	238,574,348
Laboratory Equipments	10,776,163	-	-	10,776,163	6,050,313	626,366	-	6,676,679	4,099,484
Weigh Bridges	120,577	-	-	120,577	114,229	882	-	115,111	5,466
Tube and Artisan Wells and Water Supply	4,221,257	709,192	-	4,930,449	1,843,492	192,613	-	2,036,105	2,894,344
Motor Cars, Lorries and Cycles	156,359	-	-	156,359	95,078	3,064	-	98,142	58,217
Furniture, Fixtures and Equipments	2,213,459	3,767,542	1,080,730	4,900,271	1,310,603	533,273	903,272	940,604	3,959,667
Drainage	7,970,014	1,782,041	-	9,752,055	3,960,627	948,250	-	4,908,877	4,843,178
Total	979,883	903,799	-	1,883,682	457,514	41,347	-	498,861	1,384,821
	438,937,904	73,049,137	1,080,730	510,906,311	166,730,030	24,184,065	903,272	190,010,823	320,895,488

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## SCHEDULE: 6 INVESTMENTS

### LONG TERM INVESTMENTS (AT COST)

- (i) In fully paid Equity Shares of Co-operative Bank: (Unquoted)  
200 Shares of Rs. 25/- each of Jain Sahakari Bank Ltd.

Aggregate cost of Investments:  
Unquoted

Total

Total

As at 31st March 2010 Amount Rs.	As at 31st March 2009 Amount Rs.
--	--

5,000	-
5,000	-
5,000	-
5,000	-
5,000	-

## SCHEDULE: 7 INVENTORIES

(As certified by the management)  
Stores and Spares (At Cost)

Total

967,198	-
967,198	-

## SCHEDULE: 8 SUNDRY DEBTORS (UNSECURED)

- (A) Debts outstanding for a period exceeding six months:  
Considered Good  
(B) Other Debts Considered Good

Total

7,097,564	-
33,086,741	-
40,184,305	-

## SCHEDULE: 9 CASH AND BANK BALANCES

Cash on Hand  
Bank Balances with Scheduled Banks:  
In Current Accounts  
In Fixed Deposit Accounts

Total

1,519,870	5,444
3,779,360	25,404
110,000	-
5,409,230	30,848

## KESAR TERMINALS & INFRASTRUCTURE LTD.

	As at 31st March 2010 Amount Rs.	As at 31st March 2009 Amount Rs.
<b>SCHEDULE: 10</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Accrued on Fixed Deposits with Banks	13,877	-
<b>Total</b>	<u>13,877</u>	<u>-</u>

## SCHEDULE: 11 LOANS AND ADVANCES

(Unsecured, Considered Good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received	2,825,462	-
Loans & Advances to Employees	741,127	-
Advance Payment of Income-Tax (Including Tax Deducted at Source)	14,485,326	-
Deposit with Government & Others	5,512,843	4,500,000
<b>Total</b>	<u>23,564,758</u>	<u>4,500,000</u>

## SCHEDULE: 12 CURRENT LIABILITIES AND PROVISIONS

### (A) Current Liabilities:

Sundry Creditors	15,599,993	-
Due to Kesar Enterprises Limited	17,742,958	-
Advances and Deposits from Dealers/Customers	103,316	-
	<u>33,446,267</u>	<u>-</u>

### (B) Provisions:

Corporate Tax on Dividend	1,744,953	-
Provision for Income Tax	18,050,622	-
Provision for Gratuity & Leave Encashment	3,898,760	-
Proposed Final Dividend on Equity Shares	10,506,226	-
	<u>34,200,561</u>	<u>-</u>
<b>Total</b>	<u>67,646,828</u>	<u>-</u>

# Annual Report 2009-2010

## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year ended 31st March 2010 Amount Rs.	Previous Period 21.01.2008 to 31st March 2009 Amount Rs.
--	--	---

### SCHEDULE: 13 SALES AND SERVICES

Storage and Handling	183,230,919	-
<b>Total</b>	<b>183,230,919</b>	<b>-</b>

### SCHEDULE: 14 OTHER INCOME

Interest		
On Fixed Deposits (Gross) (Tax deducted at source Rs. 19,038)		
Previous Period Rs. Nil	137,053	-
Others	45,530	-
Sundry Receipts	1,633,811	-
Profit on Sale of Fixed Assets	84,762	-
<b>Total</b>	<b>1,901,156</b>	<b>-</b>

### SCHEDULE: 15 MANUFACTURING AND OTHER EXPENSES

Storage and Handling Charges	5,500,309	-
Power and Fuel	4,263,203	-
Repairs:		
Plant and Machinery	11,237,216	-
Others	1,750,553	-
Rent	4,875,098	-
Salaries, Wages & Bonus	32,055,883	-
Company's Contribution to Provident and Other Funds	3,819,413	-
Workmen and Staff Welfare Expenses	753,869	-
Insurance	909,618	-
Rates and Taxes	226,790	-
Selling Agents' Commission & Brokerage	804,214	-
Legal and Professional Charges	2,235,312	-
Miscellaneous Expenses	5,837,815	-
Directors' Fees	135,900	-
Auditors' Remuneration:		
Audit Fees	180,250	-
In Other Capacities:		
For Certification	48,288	-
For Other Matters	15,769	-
Out of Pocket Expenses	36,335	-
Bad Debts/Advances written off	2,811,891	-
Deferred Revenue Expenditure written off	554,152	-
<b>Total</b>	<b>78,051,878</b>	<b>-</b>

### SCHEDULE: 16 INTEREST & FINANCE CHARGES

On Fixed Loans	11,766,192	-
Others	581,062	-
<b>Total</b>	<b>12,347,254</b>	<b>-</b>

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## SCHEDULE: - 17

### NOTES FORMING PART OF THE ACCOUNTS

#### Significant Accounting Policies

##### A. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

##### B. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### C. Revenue Recognition

Income is generally recognised only when its collection or receipt is reasonably certain. Insurance Claims are recognised only when the claim is passed. Interest Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### D. Fixed Assets

- a) Fixed Assets except Freehold Land are stated at cost of acquisition less accumulated depreciation. Cost includes interest on borrowings specific or otherwise, used for funding Fixed Assets, till the date of commissioning.
- b) Leasehold Land and Premium on Leasehold Land is amortised over the period of lease.

##### E. Depreciation

- a) Depreciation on Plant & Machinery has been provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- b) For all other assets, depreciation is provided on Written Down Value Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- c) For assets added / disposed off during the year, depreciation has been provided on pro-rata basis with reference to the period, at the applicable rates.
- d) Depreciation on assets, whose actual cost does not exceed Rs.5,000/- is provided at the rate of hundred percent.

##### F. Capital Work-in-Progress

These are stated at cost to date relating to items or projects in progress, incurred during construction / pre-operative period. Cost includes allocable interest.

##### G. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

##### H. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Long Term Investments are stated at cost.

##### I. Inventories

Stores and Spares are valued at cost.

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## **J. Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **K. Retirement and other employee benefits**

- i. Retirement benefits in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- ii. Gratuity and Leave Encashment liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account immediately.

## **L. Income Tax**

Tax expense comprises of current, and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with *the Income-tax Act, 1961* enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax bases of assets and liabilities, as measured by the enacted / substantively enacted tax rates. Deferred tax Expense / Income is the result of changes in the net deferred tax assets and liabilities.

Deferred tax assets are recognised only if there is a virtual certainty backed by convincing evidence of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and are appropriately adjusted to reflect the amount that is reasonably or virtually certain to be realised.

## **M. Earning Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **N. Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## NOTES TO ACCOUNTS

### 1. Demerger of Storage Undertaking /Division of Kesar Enterprises Ltd. (KEL) into the Company.

- a) The Board of Directors of Kesar Enterprises Limited (KEL) at their meeting held on 21-01-2009 approved the Scheme of demerger of Storage Undertaking /Division known as Distillers' Trading Corporation (DTC) Division of KEL [Transferor Company] into Kesar Terminals and Infrastructure Limited (KTIL) [Resulting Company] and their respective Shareholders' and Creditors U/S 391-394 of the Companies Act which was sanctioned by the Hon'ble High Court, Bombay on 12<sup>th</sup> March 2010 and as per the Order, the Scheme of Demerger of Storage Undertaking /Division known as DTC Division of KEL into KTIL is effective from the "Appointed Date" i.e. 1st January, 2009. Accordingly, all the Assets and Liabilities of Storage Division of the Transferor Company stands transferred to and vested in the Company with Effect from the appointed date at Book Value into the Company as per the Scheme.
- b) Pursuant to the Scheme of Demerger, in consideration of the transfer of the Storage Undertaking into the Company, 47,53,113 Equity Shares of Rs. 10/- each, fully paid up are issued and allotted by the Company to the shareholders of KEL in the ratio of 10:7 i.e. for every 10 shares in KEL , 7 shares in KTIL.
- c) As per the sanctioned Scheme, against the Net Assets of the Storage Division as on 1st January, 2009 amounting to Rs.15,00,52,173/- (i.e. gross assets of Rs. 31,40,71,445/- as reduced by liabilities amounting to Rs.16,40,19,272/- ) Rs.4,75,31,130/- is credited to Equity Share Capital Suspense Account and the balance amount of Rs.10,25,21,043/- is transferred to General Reserve of the Company.
- d) Subsequent to the balance sheet date of the Company as on 1<sup>st</sup> June, 2010 the Company has issued and allotted 47,53,113 shares to the eligible shareholders of KEL under the Scheme of Demerger.
- e) In view of the above, figures in respect of the current financial year are not comparable with those of the previous year, since the current year figures include the operations of the Storage Division for 12 months i.e from April 2009 to March, 2010.

### 2. Leases

Land from Kandla Port Trust are obtained on operating lease. The lease term is for 30 years. There are no subleases.

Figures in Rs.

	For the year ended March 31, 2010	For the year ended March 31, 2009
Lease payments for the period	8,09,561	
<b>Minimum lease payments towards non cancellable Lease agreements :</b>		
Not later than one year	8,09,561	
Later than one year not later than five years	32,38,244	
Later than five years	37,45,315	

### 3. Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for Rs.15,60,958 (Previous Year Rs. NIL).

### 4. Employee Benefit

#### Defined Benefit Plan (Gratuity Fund)

In accordance with Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed by independent actuaries in respect of the aforesaid defined benefit plan.

Gratuity Fund is managed by Life Insurance Corporation of India (LIC), However, transfer of funds from KEL Gratuity Trust to KTIL Gratuity Trust pertaining to the employees of the company is in process.

# Annual Report 2009-2010

Figures in Rs.

Particulars	Current Year	Previous Year
<b>Change in Defined Benefit Obligation:</b>		
Past Service Cost	59,78,000	
Service cost	4,92,181	
Interest cost	4,62,174	
Actuarial (gain) / loss	22,00,287	
Benefits paid	(4,01,642)	
Present value of the defined benefit obligations <b>(A)</b>	87,31,000	
Change in Plan Asset:		
Opening plan assets, at fair value (Estimated)	59,78,000	
Expected return on plan assets	478,240	
Actuarial gain / (loss)		
Contributions	401,642	
Benefits paid	(401,642)	
Fair value of plan assets <b>(B)</b>	6,456,240	
<b>Cost for the year ended:</b>		
Service cost	492,181	
Interest cost	462,174	
Expected return on plan assets	(478,240)	
Actuarial gain / (loss)	2,200,287	
Total net cost recognized as Gratuity in P&L	2,676,402	
<b>Reconciliation of Benefit Obligations &amp; Planned Assets for the period:</b>		
Present value of the defined benefit obligations <b>(A)</b>	87,31,000	
Fair value of plan assets <b>(B)</b>	6,456,240	
Net asset / (liability) recognized in Balance Sheet	2,274,760	
Investment details of plan assets:		
The plan assets are invested with LIC		
Assumptions:		
Discount rate	8.00%	
Salary escalation rate	5.50%	
Estimated rate of return on plan assets	8.00%	

5. Segment Reporting :- The company is mainly engaged in Storage Business at Kandla and there are no separate reportable segments as required in accordance with AS 17.
6. The Company has accounted for Deferred Tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Net Deferred Tax Liability for the

## KESAR TERMINALS & INFRASTRUCTURE LTD.

period April 2009 to March 2010 being Rs.1,10,03,003/- has been debited to Profit & Loss Account as detailed below.

	As at 31 <sup>st</sup> March,2009	During the year	As on 31 <sup>st</sup> March, 2010
<b>Deferred Tax Liability</b>			
Accumulated Depreciation	Rs. 3,63,75,732/-	Rs. 4,63,792/-	Rs. 3,68,39,524/-
<b>Total Deferred Tax Liability</b>	<b>Rs. 3,63,75,732/-</b>	<b>Rs. 4,63,792/-</b>	<b>Rs. 3,68,39,524/-</b>
<b>Deferred Tax Assets</b>			
Expenses deductible on payment	Rs. 81,610/-	Rs. 8,86,393/-	Rs. 9,68,003/-
Losses Carried Forward	Rs. 1,14,25,604/-	(Rs. 1,14,25,604)	NIL
<b>Total Deferred Tax Assets</b>	<b>Rs.1,15,07,214/-</b>	<b>(Rs.1,05,39,211)</b>	<b>Rs. 9,68,003/-</b>
<b>Deferred Tax Asset / ( Liability)</b>	<b>(Rs. 2,48,68,518/-)</b>	<b>(Rs. 1,10,03,003)</b>	<b>(Rs. 3,58,71,521/-)</b>

7. Term Loan from Allahabad Bank for storage expansion is secured by way of first charge on all Fixed Assets and Current Assets both present & future of Storage & Handling Division at Kandla as per the security documents executed by Kesar Enterprises Ltd. However, as per the Court Order, necessary steps will be taken to create the said charge in the name of the Company.
8. Pursuant to Scheme of De-merger as stated above, Deposit with Government & other Authorities and Leasehold lands presently in the name of Kesar Enterprises Ltd., are in the process of transfer in the name of the Company.
9. Related party disclosures under Accounting Standard 18:

<u>Name</u>	<u>Relation</u>
Kesar Enterprises Limited	Enterprise over which Key Management Personnel are able to exercise significant influence.
Mr. H.R. Kilachand	Chairman
Mrs. M.H.Kilachand	Promoter Director
Indian Commercial Co. Pvt. Ltd.	Enterprise over which Key Management Personnel are able to exercise significant influence

Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 31st March, 2010:

Figures in Rs.

Nature of Transaction	Holding Company	Key Managerial Personnel And Relatives	Enterprises over which influence exists
Sharing of Common Expenses			1,78,42,757
<b>Balance Outstanding as on 31st March, 2010.</b>			
Sundry Creditors			177,42,958
Security Deposits			45,00,000

### 10. Supplementary statutory information

	For the year ended March 31, 2010	For the year ended March 31, 2009
Expenditure in foreign currency	NIL	NIL
Earnings in foreign currency (Accrual basis)	NIL	NIL
Managerial Remuneration	NIL	NIL

## Annual Report 2009-2010

11. Based on the information available with the Company regarding the status of the suppliers as defined under the Micro Small and Medium Enterprise Development Act 2006 (the 'MSMED'), no suppliers are outstanding for more than 45 days as per the terms & conditions of the order.
12. Quantitative details are not applicable as the company is not a manufacturing unit.
13. Figures of Storage undertaking for the period April 09 to June 09 (3 months) is already accounted in Kesar Enterprises Limited for the year ended 30<sup>th</sup> June 2009. As per the Scheme of Demerger as approved by Honourable High Court of Mumbai the Income and Expenses of Storage Division for the said period has been transferred from KEL and accounted in the Profit and Loss account of the Company for the year ended 31<sup>st</sup> March 2010. The net profit is Rs. 1,74,43,635/- for the said period of 3 months.
14. The common corporate expenses incurred at Corporate Head Office at Mumbai for the year have been allocated in the ratio of 70:30 between KEL and the company. The amount allocated to the company is Rs. 1,78,42,757.
15. Unsecured Loans, Sundry Debtors. Loans and Advances and Sundry Creditors are subject to confirmation and reconciliations, if any.
16. Debtors outstanding for a period exceeding six months amounting to Rs. 70,97,564/- are fully recoverable as perceived by the management and hence no provisions are made.
17. The Depreciation on Assets constructed at Lease hold land of Kandla Port Trust (KPT) has been charged as per the rates prescribed Schedule XIV as the management expects that the lease will be renewed by the KPT based on past practice.

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

H.R. KILACHAND  
*Director*

A.S. RUIA  
*Director*

Mumbai, 11<sup>th</sup> August, 2010

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

### A CASH FLOW FROM OPERATING ACTIVITIES:

NET PROFIT/(LOSS) BEFORE TAX 70,548,878

#### Adjustments for :

Depreciation 24,184,065

Interest and Finance Charges 12,347,254

Profit on sale of Fixed Assets/ Investments (84,763)

Miscellaneous Expenditure written off 554,152

**OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES 107,549,586**

#### Adjustments for :

Inventories 1,914,245

Sundry Debtors (11,260,509)

Other Current Assets 4,383

Loans and Advances 6,221,083

Other Current Liabilities 21,333,592

**CASH (USED IN) / GENERATED FROM OPERATIONS 125,762,380**

Taxes (Paid)/ Refunds (14,485,326)

**NET CASH (USED IN) / FROM OPERATING ACTIVITIES 111,277,054**

### B. CASH FLOW FROM INVESTING ACTIVITIES :

Purchase of Fixed Assets / Capital Work-in-Progress (76,933,056)

Sale/Scrap of Fixed Assets 262,220

**NET CASH (USED IN) / FROM INVESTING ACTIVITIES (76,670,836)**

### C. CASH FLOW FROM FINANCING ACTIVITIES :

Addition/ (Repayment) of Term Loans (22,685,992)

Interest Paid (12,347,254)

**NET CASH (USED IN) / FROM FINANCING ACTIVITIES (35,033,246)**

**NET INCREASE /( DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C) (427,028)**

**OPENING BALANCE OF CASH AND CASH EQUIVALENTS 5,836,257**

**CLOSING BALANCE OF CASH AND CASH EQUIVALENTS 5,409,230**

**Note : Figures in brackets are outflows.**

As per our Report of even date attached.  
For and on behalf of  
Haribhakti & Co.  
Chartered Accountants

N.N. Jambusaria  
Partner  
Mumbai, 11<sup>th</sup> August, 2010

For and on behalf of the Board of Directors

H.R. KILACHAND  
Director

A.S. RUIA  
Director

Mumbai, 11<sup>th</sup> August, 2010

# Annual Report 2009-2010

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

(Submitted in items of Part IV of Schedule VI to the Companies Act, 1956)

### I. REGISTRATION DETAILS

REGISTRATION NO. : U45203MH20008PLC178061

STATE CODE: 11

BALANCE SHEET DATE : 31 03 2010

DATE MONTH YEAR

### II. CAPITAL RAISED DURING THE YEAR (Rs. in Lacs)

PUBLIC ISSUE

00000NIL

BONUS ISSUE

00000NIL

RIGHT ISSUE

00000NIL

PRIVATE PLACEMENT

00000NIL

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

#### SOURCES OF FUNDS

TOTAL LIABILITIES

335892596

PAID-UP CAPITAL

005000000

SECURED LOANS

099240598

#### APPLICATION OF FUNDS

NET FIXED ASSETS

333395056

ACCUMULATED LOSSES

00000NIL

TOTAL ASSETS

335892596

RESERVES AND SURPLUS

141715776

DEFERRED TAX LIABILITY

035871520

UNSECURED LOANS

006533572

INVESTMENTS

000005000

NET CURRENT ASSETS

002492540

MISCELLANEOUS EXPENDITURE

000000.000

### IV. PERFORMANCE OF THE COMPANY

TOTAL INCOME

185132075

PROFIT/(LOSS) BEFORE TAX

070548878

EARNING PER SHARE (IN RS.)

000008.25

TOTAL EXPENDITURE

114583197

PROFIT/(LOSS) AFTER TAX

043338134

Dividend Rate %

20

### V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per monetary terms)

ITEM CODE NO. (ITC CODE) NOT AVAILABLE

PRODUCT DESCRIPTION STORAG E & HANDLING SERVICES  
OF LIQUID CHEMICALS

<b>Stamp Duty of Rs.5,000/- paid on 10.1.2008</b>
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**THE COMPANIES ACT, 1956**

**COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**KESAR TERMINALS & INFRASTRUCTURE LIMITED**

**Constitution of the Company**

**1. Constitution**

The Regulations contained in Table "A" the first schedule to the Companies Act, 1956, shall not apply to the Company except in so far as they are embodied in the following articles, which shall be the regulation for the management of the Company.

**Interpretation Clause**

**2. Interpretation**

- (a) "The Act" or "the said Act" means "The Companies Act, 1956" as amended up to date or other law for the time being in force in India containing such provisions as related to or concern the Company .
- (b) "The Board" or "The Board of Directors" means a meeting of Directors duly called and constituted or as the case may be the Directors assembled at a Board Meeting or the requisite number of Directors entitled to pass a circular in accordance with these articles.
- (c) "The Company" or "This Company" means KESAR TERMINALS & INFRASTRUCTURE LIMITED.
- (d) "Directors" means the Directors for the time being of the Company or as the case may be the Directors assembled at a Board Meeting.
- (e) "Members" shall mean Members of the Company holding a share or shares of any class and registered in the Share Register of the Company.
- (f) "Month" shall mean the calendar months.
- (g) "The Office" means the registered office of the Company.
- (h) "These presents" or "Regulation" means these Articles of Association as originally framed or altered from time to time and in force for the time being and include the Memorandum of Association where the context so requires.
- (i) "Year" means year or account of the Company
- (j) The "Depository" shall mean the Depository as defined under section 2 (1) (d) of the Depositories Act, 1996.

**3. Commencement of business**

The Company shall commence business or exercise any borrowing powers only after the requirements of Section 149 of the Act, shall have been complied with.

## **CAPITAL**

### **4. Share capital**

- i. The Authorised Share Capital of the Company shall be as per the Clause V of the Memorandum of Association of the Company with rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company with power to increase the capital of the Company and to divide the shares in the capital for the time being in to various classes and to attach thereto respectively such preferential deferred qualified or special rights privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary modify or abrogate any such rights privileges or conditions in such manner as may be permitted by the said Articles of Association, subject to the provisions of the Companies Act, 1956 .
- ii. The minimum paid up capital shall be Rs.5,00,000/- (Rupees Five Lac Only).

### **5. Board's right to issue shares:**

- (a) The Board may, at its discretion, issue any part or parts of the un-issued shares upon terms and conditions and with such rights and privileges annexed there to as the Board at its discretion and subject to the provisions of Section 81 of the Act thinks fit. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.
- (b) The Board may, at its discretion, issue any shares to the shareholders of other Companies, under the scheme of arrangement or corporate restructuring sanctioned under the Companies Act, by an appropriate authority.

### **6. Allotment**

- 1) The Board may, at any time increase the subscribed capital of the Company by the issue of new shares out of the un-issued part of the share capital in the original or subsequently created capital but subject to Section 81 of the Act and the following provisions, namely:
  - a) Where the offer and allotment of such shares are made within two years from the date of incorporation of the Company or within one year from the first allotment of shares made after incorporation, whichever is earlier the Board shall be at liberty to offer the shares and allot the same to any person or persons at their discretion.
  - b) In respect of offers and allotments made subsequent to the date set out in Clause (a) above, the Directors shall subject to the provisions of Section 81 of the Act and of sub clause (c) hereunder observe the following conditions:
    - (i) Such new shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company in proportion as nearly as circumstances indent, to the capital paid up on these shares at that date.
    - (ii) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer it net accepted will be deemed to have been declined.
    - (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.

- (c) The Directors may with sanction of the Company in general meeting offer and allot shares to any person at their discretion provided that such sanction is accorded either by.
  - i) a "Special" resolution passed at any general meeting or
  - ii) by an ordinary resolution passed at a general meeting by majority of the votes cast and with the approval of the Central Government in accordance with Section 81 of the Act.
- 2) Nothing in this clause shall apply to the increase in the subscribed capital of the Company caused by the exercise of an option attached to debentures issued or loans raised by the Company
  - i) to convert such debentures or loans into shares in the Company; or
  - ii) to subscribe for share in the Company

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term.

- a) has been approved by a special resolution passed by the Company in general meeting before the issue of the debentures or the raising of the loans and also
- b) either has been approved by the Central Government before the issue of the debentures on the raising of the loans or is in conformity with the rules, if any, made by the Government in this behalf.

## **7. Power of general meeting**

In addition to and without derogating from the powers for the purpose conferred on the Board under Article 7 the Company in General Meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or holders of debentures of the Company or not) in such proportion and on such terms and conditions and either at premium or at par, or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or holder of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at par, or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

## **8. Variations of rights**

The rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. In every such separate meeting, the provisions of these Articles relating to General Meetings shall apply except that the necessary quorums shall be two persons at least holding or representing by proxy one third of the issued shares of that class.

**9. Issue of further shares pari passu shall not affect the right of shares already issued**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided for by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

**10. No issue with disproportionate rights**

The Company shall not issue any shares not being preference shares, which carry voting rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares not being preference shares.

**11. Commission for placing shares, debentures etc.**

(a) Subject to the provisions of Section 70 of the Act, the Company may on any public issue pay a commission to any person for subscribing or agreeing to Subscribe (whether absolutely or conditionally) for any shares, debentures or debenture stock of the Company or procuring or agreeing to procure subscriptions (whether absolute or condition) for shares, debentures or debenture stock of the Company but so that the statutory conditions and requirements shall be observed and complied with the amount of rate of commission shall not exceed five percent of the price at which the shares are issued and in case of debentures the rate of commission shall not exceed two and a half per cent of the price at which the debentures are issued.

(b) The Company may also, on any issue, pay such brokerage as may be lawful.

**12. Issue other than for cash**

- i) The Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred goods or machinery and appliances supplied or for services rendered to the Company in or about the formation or promotion of the Company or the acquisition and or conduct of its business and any shares which may be so allotted, may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid up shares.
- ii) The said power vested in the Board by this Article shall not be exercised except by the unanimous consent of all the Directors or with the previous sanction of a special resolution passed at a general meeting of the Company

**13. Joint Holders**

Where two or more persons are registered as joint holders of any share, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions.

- a) The person whose name stands first on the register in respect of such share shall alone be entitled to delivery of certificate thereof.
- b) Any one of such persons may give effectual for any dividend, bonus or return of capital payable in respect of such share and such joint holders shall be severally as well as jointly liable for payment of all instalments and calls due in respect of such share/shares.

- c) Any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons to present whose name stands first on the register in respect of such share, shall alone be entitled to vote thereof several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.
- d) In case of death of any one or more of such joint holders the survivors shall be the only persons recognized by the Company as having any title to or interest in such share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
- e) All notices directed to be given to the members shall be given to such person who is named first in the register and notice to given shall be sufficient notice to all the holders of such shares.

## **SHARE CERTIFICATES**

### **14. Issue of share certificate**

Every certificate of title to shares shall be issued under the seal of the Company. Every share certificate and every document of title to the shares whether in renewal of an existing share certificate or other document of title or issued for the first time shall be issued under the authority of the Board of Directors and in accordance with the provisions of the Companies (issue of share certificates) Rules, 1960 or any modification thereof and in accordance with the provisions of law or other rule having the force of law applicable thereto.

## **SHARES AND DEBENTURE CERTIFICATES**

### **15. Rights to Certificate**

- a) Every person whose name is entered as a member in the register shall be entitled to receive without payment.
  - i) One certificate for all his shares, or
  - ii) Where the shares so allotted at any one time exceed the number of shares fixed as marketable lot in accordance with the usages of the stock exchange or at the request of the shareholder, several certificates one each per marketable lot and one for the balance.
- b) The Company shall within two months after the allotment or within one month from the receipt of application for the registration of the transfer of any share or debentures send the certificates for all the shares and debentures so allotted or transferred unless the conditions of issue of the said shares or debentures otherwise provide.
- c) Every certificate shall be under the seal and shall specify the shares or debentures to which it relates and the amount paid up thereon.
- d) The provisions of clauses (2) & (3) above shall apply mutates mutandis to debentures and debenture stock allotted or transferred.

- e) No fee shall be charged for the issue of a new share certificate either for subdivision of the existing share certificates or for the consolidation of several share certificates into market lot or for issue of fresh share certificates in lieu of share certificates on the back of which there is no space for endorsement for transfer or for issue of duplicate share certificate in replacement of those which are old and decrepit or for registration of any probate, letters of administration succession certificate or like document, or for registration of any Power of Attorney or other similar documents.

#### **16. One certificate for joint holders**

In respect of share held jointly by several persons, the Company shall not be bound to issue more than one certificate for the same share and delivery of a certificate for share to one of several joint holders shall be sufficient delivery to all such holders. Subject as aforesaid the joint holders shall be entitled to apply for several certificate each for one or more shares held by them in accordance with articles 16 above.

#### **17. Endorsement of Transfer**

In respect of any transfer of shares transfer in accordance with the provisions of these Articles, the Board may at their discretion, direct and endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

#### **18. Renewal of certificate**

If a certificate be worn out, defaced, destroyed or lost or if there is no further space on the back thereof for endorsement of transfer, it shall if requested, be replaced, by a new certificate free of charge provided however that such new certificate shall not be granted except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation in accordance with the Companies (Issue of Share Certificates) Rules, 1960 or upon proof of destruction or loss and on such indemnity as the Board may require in the case of the certificate having been destroyed or lost. Any duplicate shall be marked as such.

#### **19. Company's lien on shares**

The Company shall have a first and paramount upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that this articles will have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. The Directors may at any time declare any share wholly or in part to be exempt from the provisions of this clause.

#### **20. Enforcing of lien by sale**

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit but no sale shall be made until the expiration of 14 days after a notice in writing stating and demanding payment of such amount in respect of which the lien exists has been given to the registered holder of the shares for the time being, or to the person entitled to the shares by reason of the death or insolvency of the registered holder.

## **21. Authority to transfer**

To give effect to such sale, the Board of Directors may authorize some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or in validation the proceedings in reference to the sale.

## **22. Application of proceeds of sale**

- a) The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable
- b) The residue, if any, shall subject to like lien for sums not presently payable as existed upon the shares before the sale be paid to the person entitled to the shares at the date of the sale.

## **23. Application of any money due to a shareholder**

Any money due from the Company to a shareholder may with the consent of such shareholder be applied by the Company in or towards payment of any money due from him, either alone or jointly with any other person to the Company in respect of calls or otherwise.

## **CALLS ON SHARES**

## **24. Calls**

Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time make such calls as they think fit upon the members in respect of moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the date, time and place or at the dates times and places appointed by the Board of Directors.

## **25. Calls when deemed to be made**

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call and thereupon the call shall be deemed to have been made on the date so determined and if no such date is fixed the call shall be deemed to have been made on the date on which the resolution of the Board making the call was passed.

## **26. Notice for call**

Not less than thirty days notice of any call shall be given specifying the date, time and place of payment provided that before the time for payment of such call, the Directors may be notice in writing to the members, extend the time for payment thereof and the gap between two calls shall not be less than thirty days.

## **27. Sums payable at fixed date to be treated as calls**

If by the terms of issue of any share or otherwise any amount is made payable at any fixed date or by instalments at fixed dates whether on account of the nominal value of share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice had been given and all the provisions contained in respect of calls shall relate to such amount or instalment accordingly.

## **28. Calls to carry interest**

- a) If a sum called in respect of the shares is not paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest upon the sum at such rate on exceeding six percent per annum as may be fixed by the Board of Directors from the day appointed for the payment thereof to the time of the actual payment, but the Board of Directors shall be at liberty to waive payment of that interest wholly or in part.
- b) The provisions of this Articles as to payment at interest shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed date, whether on account of the amount of the share or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

## **29. Payment of call in advance**

The Board of Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any share held by him and upon all or any part of the moneys so advanced, any (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding (without the sanction of the Company in General Meeting) 15 percent per annum as may be agreed upon between the member paying the sum in a advance and the Board of Directors but shall not in respect of such advance confer a right to the dividend or to participate in profits or to any voting rights.

## **30. Partial payment no to preclude forfeiture**

Neither a judgment nor a decree in favour of the Company, for calls or other moneys due in respect of any share, nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall, from time to time, be due from any member in respect of any share, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such, money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

31. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be registered holder of the share or his legal representative or representative, if any.

## **TRANSFER AND TRANSMISSION OF SHARES**

### **32. Procedure as to transfer of shares**

- a) The instrument of transfer of any shares in the Company shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in report thereof. The instrument of transfer shall be in respect of only, one class of shares and should be in the form prescribed under section 108 of the Act.
- b) The Board of Directors shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company along with the certificate relating to the shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

Provided that where it is proved to the satisfaction of the Board of Directors think fit, on an application in writing made by the transferee and bearing the stamp required on an instrument of transfer, register the transfer on such terms as to indemnity, as the Board of Directors may think fit

- c) An application for the registration of the transfer of any share or shares may be made either by the transferor or by the transferee provided that where such application is made by the transferor no registration shall in the case of partly paid shares be effected unless the Company given notice of the application to the transferee and the Company shall, unless objection is made by the transferee, within two weeks from the date of receipt of the notice, enter in the register the nature of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- d) For the purpose of sub-clause (3) notice to the transferee shall be deemed to have been duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.
- e) Nothing in Clause (4) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.

### **33. Form of Transfer**

The shares in the Company shall be transferred by instrument in writing in the prescribed form, duly stamped and in the manner provided under the provisions of Section 108 of the Act and any modification thereof and the Rules prescribed thereunder.

### **34. Board's right to refuse to register**

- a) Subject to the provisions of Section III of the Act and Section 22 (A) of Securities Contracts (Regulation) Act, 1956 the Board may at any time in their absolute discretion and without assigning any reasons decline to register any transfer of or transmission by operation of law of the right to a share, whether fully paid up or not and whether the transferee is a member of the Company or not and may also decline to register any transfer of shares on which the Company has a lien. Provided further that the registration of transfer shall not be refused on the ground of the transferor being alone or either jointly with any other person or person indebted to the Company on any account except a lien on the shares.

- b) If the Board refuses to register any transfer or transmission of right, they shall within one month from the date on which the instrument of transfer or the intimation of such transmission was delivered to the Company send notice of the refusal to the transfers and the transferor or to the person giving intimation of such transmission, as the case may be.
- c) In case of such refusal by the Board, the decision of the Board shall be subject of the right of appeal conferred by section III of the Act and Section 22 (A) of Securities Contracts (Regulation) Act, 1956.
- d) The provisions of this clause shall apply to transfers of stock also.

### **35. Further right of Board of Directors to refuse to register**

The Board of Directors may also decline to recognize any instrument of transfer unless:

The instrument of transfer is accompanied by the certificate of shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of transferor to make the transfer; and

The instrument of transfer is in respect of only one class of shares.

### **36. Endorsement of transfer and issue of certificate**

- a) Every endorsement upon the certificate of any share in favour of any transferee shall be signed by the Managing Director or by some other person for the time being duly authorized by the Board of Directors in this behalf. IN case any transferee of a share shall apply for a new certificate in lieu of the old or existing certificate he shall be entitled to receive a new certificate in respect of which the said transfer has been applied for and upon his delivering up to cancel every old or existing certificate which is to be replaced by a new one.
- b) Notwithstanding any other provisions to the contrary in these presents, no fee shall be charged for any of the following viz.
  - i) for registration of transfer of shares and debentures or for transmission of shares and debentures;
  - ii) for sub-division and consolidation of shares and debentures, certificates and for sub-division of letter of allotment and spilt, consolidation, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.
  - iii) for sub-division of renounceable Letters of Rights
  - iv) for issue of certificates in replacement of those which are old decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised
  - v) for registration of any power of attorney, probate, letters of administration or similar other documents.

### **37. Register of Member**

The Company shall keep a book to be called the "Register of Members" and therein shall be entered the particulars of every transfer of transmission of any shares and all other particulars of shares required by the Act to be entered in such register.

**\*37A DEMATERIALISATION OF SECURITIES****(i) Definitions:** For the purpose of this Article:

**"Beneficial Owner"** means a person whose name is recorded as such with a depository.

**"Bye-Laws"** means Bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

**"Depositories Act"** means the Depository Act, 1996, including any statutory modifications or re-enactment for the time being in force.

**"Depository"** means a Company formed and registered under the Act and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act 1992.

**"Member"** means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as beneficial owner in the records of the depository.

**"Participant"** means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

**"Record"** includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depository Act, 1996.

**"Registered OWNER"** means a depository whose name is entered as such in the records of the Company.

**"SEBI"** means the Securities and Exchange Board of India

**"Security"** means such security as may be specified by the Securities and Exchange Board of India from time to time.

Words imparting the singular number only includes the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act.

**(ii) Company to Recognize Interest in Dematerialized Securities under the Depositories Act, 1996.**

Either the Company or the investor may exercise an option to issue, de-link, hold the securities (including shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re enactment thereof.

**(iii) Dematerialisation / Re-Materialisation of Securities:**

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

**(iv) Option to Receive Security Certificate or Hold Securities with Depository:**

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

**(v) Securities In Electronic Form:**

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 108, 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

**(vi) Beneficial Owner Deemed As Absolute Owner:**

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of members as the holders of any share or whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami, Trust Equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

**(vii) Rights Of Depositories And Beneficial Owners:**

Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository

**(viii) Register and Index of Beneficial Owners:**

The Company shall cause to be kept a Register and Index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

**(ix) Cancellation of Certificates upon Surrender by Person:**

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the Registered owner in respect of the said securities and shall also inform the Depository accordingly.

**(x) Service of Documents:**

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

**(xi) Allotment Of Securities:**

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

**(xii) Transfer Of Securities:**

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

**(xiii) Distinctive Number of Securities Held in a Depository:**

The shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the share of the Company which are in dematerialized form. Except in the manner provided under these Articles, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

**(xiv) Provisions Of Articles To Apply To Shares Held In Depository:**

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act, 1996.

**(xv) Depository To Furnish Information:**

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

**(xvi) Option To Opt Out In Respect Of Any Such Security:**

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

**(xvii) Overriding Effect Of This Article:**

Provisions of the Articles will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Articles of these presents

### **38. Custody of transfer deeds**

The instrument of transfer shall after registration remain in the custody of the Company. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of 6 years or more

### **39. Closure of Register of Members**

The Board of Directors may after giving not less than 42 days previous notice by advertisement in some newspapers circulating in the district in which the Registered Office of the Company is situated close the Register or Member or the Register of Debenture holder for any period or periods not exceeding in the aggregate 45 days in each calendar year but not exceeding 30 days

### **40. Transmission of Registered Shares**

- a) The executors or administrators of a deceased member (not being one of several joint holders) shall be the only person recognized by the Company, as having any title to the shares registered in the name of such member and in the case of death of any one or more of the joint holders of any registered shares, the survivors shall be only persons recognized by the Company as having any title to or interest in such shares.

Provided that if the member should have been a member of a Joint Hindu Family the Board on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonging to the joint family may recognize the survivors or the karta thereof as having title to the shares registered in the name of such member, provided further in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letter of administration or other legal representation upon such terms as to indemnity or otherwise as to he Board may deem just.

- b) Nothing in Clause (1) shall release the estate of a deceased joint holder from any liability in respect of any shares which were jointly held by him with other persons.

### **41. Rights and liabilities of legal representatives**

- a) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time be required by the board and subject as hereinafter provided elect either:
  - i) To be registered himself as holder of the shares; or
  - ii) To make such transfer of the shares as the deceased or insolvent member could have made.
- b) The Board shall, in either case, have the same right to decline or suspend registration as they would have had, if the deceased or insolvent member had transferred the shares before his death or insolvency.

## **DEVOLUTION OF RIGHTS**

### **42. Notice of election by legal representatives**

- a) If the person so becoming entitled shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice to writing by him stating that he so elects.
- b) If the person aforesaid shall elect of transfer the share, he shall testify his election by executions a transfer of the share
- c) All the limitations, restrictions and provisions of these regulations as to the rights to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had no occurred and the notice of transmission were a transfer signed by that member.
- d) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days, the Board may there after with hold payment of all dividends, bonuses or other monies payable in respect of the shares, until the requirements of the notice have been complied with.

### **43. If call or installment not paid notice may be given**

If a member fails to pay any call or installment of a call on the day appointed for the payment thereof, the Board of Directors may at any time thereafter during such time as any part of such a call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as remains unpaid, together with any interest, which may have accrued.

### **44. Form of notice of forfeiture**

The notice shall name a further day (not earlier than expiration of fourteen days from the date of service of the notice), on or before which the payment required by the notice is to be made and shall state that in the event of non-payment on or before the day named the shares in respect of which the call was made will be liable to be forfeited.

### **45. Board's right to forfeit if requirements of notice are not complied with**

If the requirements of any such notice as aforementioned are not complied with any share in respect of which the notice has been given may at any time thereafter before the payment require by the notice has been made, be forfeited by a resolution of the Board of Directors to that effect.

### **46. Share of forfeited shares**

A forfeited share may be sold or otherwise disposed of on such terms end in such manner as the Board of Directors may think fit and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board of Directors may think fit.

**47. Liability after forfeiture**

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall notwithstanding remain liable to pay and shall forthwith pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full or the nominal amount of share.

**48. Declaration of forfeiture**

A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited on that date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and that declaration and receipt of the Company for the consideration given for the shares on the sale or disposition thereof, shall constitute a good title to the share and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application or the purchase money not shall his title to the share be affected by way of any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

**49. Non payment of sum payable at fixed times**

The provisions of these Regulations as to forfeiture shall apply in the case of non payment of any sum which by the terms of issue of a share, become payable at a fixed time, whether an account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

**CONVERSION OF SHARES INTO STOCK****50. Conversion of shares**

The Company may by ordinary resolution convert all or any of its fully paid up shares of and denomination into stock and vice versa.

**51. Transfer of stock**

The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulations under which the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit provided that the Board may from time to time. fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

**52. Rights to stock holders**

The holders of stock shall according to the amount of stock held by them have rights, privileges and advantages if they held the shares from when the stock arose, but not such privileges or advantages except participation in the dividends and profits of the Company and in the assets on winding up shall be conferred by an amount of stock which would not if existing in shares have conferred that privilege or advantage.

**53. Regulations applicable to shares apply to stock or stockholders**

Such of the regulations contained in these presents (other than those relating to the share warrants) as are applicable to paid up shares shall apply to stock and the words share and shareholder in these presents shall include stock and stockholder respectively.

## **ALTERATION OF CAPITAL**

### **54. Alteration and consolidation of capital**

The Company may from time but subject to the provisions of Section 94 of the Act, alter the conditions of its Memorandum as follows:

- a) Increase its share capital by such amount as it thinks expedient by issuing new shares.
- b) Consolidate and divide also any of its share capital into shares of larger amount than its existing shares.
- c) Convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denominations.
- d) Subdivide its shares, or any of them, into shares of similar amount than its fixed by memorandum, so however, that in the sub-division the proportion between the amount, if any unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced shares are derived.
- e) Cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of shares cancelled.
- f) The resolutions whereby any share is subdivided may determine that between the holders of the shares one or more of such shares shall have some preference or special advantage as regards dividend, capital voting or otherwise over or as compared with the others.

### **55. Application of provision to new shares**

The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original capital.

## **SHARE WARRANTS**

### **56. Issue of share warrants**

- a) The Company may issue share warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly, the Board may in their discretion with respect to any share registered as fully paid up on application in writing signed by the person registered as holder of the share and authenticated by such evidence, if any, as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate if any of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time prescribe, issue a share warrant and may provide by coupons or otherwise for the payments of the future dividends on the shares specified in the share warrant.
- b) A share warrant shall entitle the bearer to the shares included in (a) and the shares shall be transferred by the delivery of the share warrant and the provisions of the Articles of the Company with respect to transfer and transmission of shares shall not apply thereto.

- c) The bearer of a share warrant shall on surrender of the warrant to the Company for cancellation and on payment of such fee as the Board may from time to time prescribe, be entitled to have his name entered as a member in the Register of Members in respect of the shares included in the warrant.

#### **57. Requisition of meeting by bearer of share warrants**

- a) The bearer of share warrant may at any time deposit the warrant at the Register Office of the Company and so long as the warrant remains so deposited the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from time of deposit as if his name were inserted in the register of members as the holder of the shares included in the deposit warrant.
- b) Not more than one person shall be recognized as depositor of the share warrant.
- c) The Company shall on two days written notice return the deposited share warrant to the depositor.

#### **58. Disabilities of holders**

- a) Subject as herein otherwise expressly provided no person shall as bearer of a share warrant sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a member at a meeting of the Company or be entitled to receive any notice from the Company.
- b) The bearer of a share warrant shall be entitled in all other respects the same privileges and advantages as if he was named in the register of members and the holders of the shares included in the warrant and he shall be member of the Company.

#### **59. Renewal.**

The Board may from time to time make rules as to the terms on which, if they shall think fit, a new warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction of the original warrant or coupon.

### **GENERAL MEETING**

#### **60. Annual General Meeting**

The Company shall in addition to other meetings hold a general meeting which shall be styled as its Annual General Meeting at intervals and in accordance with the provisions specified below :-

- a) The first Annual General Meeting of the Company shall be held within eighteen months of its incorporation subject to Section 210 (3) of the Act.
- b) Thereafter an Annual General Meeting of the Company shall be held once in every calendar year within 6 months after the expiry of each financial year, subject, however, to the power of the Register of Companies to extend the time within which such a meeting can be held for a period not exceeding 3 months and subject thereto not more than fifteen months shall elapse from the date of one annual general meeting and that of the next.

- c) Every annual meeting shall be called for at a time during the business hours on a day that is not public holiday and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated.
- d) Notice calling such meetings shall specify them as the annual general meetings.
- e) All other meetings shall be referred to as extra-ordinary general meetings.

#### **61. Extra-ordinary General Meetings**

The Board of Directors may whenever think fit, convene an Extra-ordinary General Meeting at such time and at such place as they deem fit. Subject to such Directors, if any given by the Board, the Managing Director or the secretary may convene an Extra-Ordinary General Meeting.

#### **62. Extra-Ordinary General Meeting by requisition**

- a) The Board of Directors shall on the requisition of such number of members of the Company as is specified below proceed duly to call on extra-ordinary general meeting of the Company with the provisions of the act in relation to meetings on requisition.
- b) The requisition shall set out matters for consideration of which they meeting is to be called shall be signed by the requisitioners and shall be deposited at the registered office of the Company or send to the Company by registered post addressed to be Company at its registered office.
- c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
- d) The number of members entitled to requisition a meeting with regard to any matter shall be such number of them as held at the date of the deposit or dispatch to the registered office of the requisition, not less than 1/10<sup>th</sup> of such of the paid up capital of the Company as at that date carries the right of voting in regards to the matter set out in requisition.
- e) If the Board of Directors do not, within twenty-one days from the date of deposit of requisition with regard to any matters, proceed duly to call a meeting for the consideration of those matters on a date not later than forty five days from the date of the deposit of the requisition the meeting may be called by the requisitionist as represent either majority in value of the paid up share capital held by all of them or of not less than 1/10<sup>th</sup> of such paid up capital of the Company as is referred to in sub clause (d) above.

#### **63. Length of notice of calling meeting**

A general meeting of the Company may be called by giving not less than 21 day's notice in writing, provided that a general meeting may be called after giving shorter notice if consent thereto is accorded in the case of the annual general meeting by all the members, in any other case by members of the Company holding not less than 95% of that part of the paid up share capital which gives the right to vote on the matters to be considered to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this Article in respect of the former resolution or resolutions and not in respect of the latter.

#### **64. Accidental omission to give notice not to invalidate meeting.**

The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings of, or any resolution passed at such meeting.

#### **65. Special Business**

- a) All business shall be deemed special that is transacted at an Extra-Ordinary General Meeting and also that is transacted at the Annual General meeting with the exception of business relating to :-
  - i) The consideration of the accounts, Balance Sheet, Report of the Directors and Auditors:
  - ii) The declaration of dividend
  - iii) The appointment of Directors in the place of those retiring, and
  - iv) The appointment and fixing of the remuneration of the Auditors
- b) Where any item of business to be transacted at the meeting are deemed to be special as aforesaid there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such items\ of business, including in particular the nature of the concern or interest if any therein of every Director and the managing Director, if any, where any item of business consists of the according of approval to any document in place at which and the time during which such a document can be inspected shall be specified in the statement aforesaid.

Provided that where any item of special business as aforesaid is to be transacted at the meeting of the Company relates to or affects any other Company of every Director and the managing Director of the Company shall also be set out in the statement if the extent of such share holding interest is not less than 20% of the paid up share capital of that other Company.

### **PROCEEDING AT GENERAL MEETINGS**

#### **66. Quorum**

Five members personally present shall be a quorum for a general meeting and no business shall be transacted at any general meeting unless that requisite quorum is present at the commencement at the business.

#### **67. If quorum not present when the meeting to be dissolved and when to be adjourned.**

If within half an hour from the time appointed for the meeting a quorum is not present the meeting if called upon by the requisition of the members shall be dissolved in any other case it shall stand adjourned to the same day in the next week at the same time and place or such other day and at such other time and place as the Board may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

#### **68. Chairman of General Meeting**

The Chairman, if any of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

**69. When Chairman absent, choice of another to take the chair.**

If there is no such Chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the Directors present shall choose another Director as chairman and if no Director be present or in all the Directors decline to take the chair, then the members present shall choose some one of their member to be Chairman.

**70. Adjournment of Meeting**

The Chairman may, with the consent of any meeting at which a quorum is present (and shall, if so directed by the meeting) adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more notice of the adjourned meeting. Save as aforesaid, it shall not be necessary to give any notice if adjournment or of the business to be transacted at an adjourned meeting.

**71. Question at General Meeting how decided**

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman, that a resolution, on a show of hands, been carried unanimously or by a particular majority or lost and an entry to that effect in the minus book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

**72. Taking of poll**

If a poll is duly demanded in accordance with the provisions of Section 179 of the Act it shall be taken in such a manner as the Chairman directs in accordance with the provisions of the Act and Sections 184 & 185 of the Act and the results of the poll shall be deemed to be the decision of the meeting in the resolution on which the poll was taken.

**73. Chairman to have casting vote**

In the case of an equality of votes, the Chairman shall both on show of hands and on a poll have a casting vote in addition to the vote of votes to which he may be entitled as a member.

**74. In what case poll taken without adjournment**

A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than 48 hours from the time when demand was made as the Chairman may direct.

## **VOTES OF MEMBERS**

### **75. Voting right of members**

- a) Every member holding any equity shares shall have a right to vote in respect of such shares on every resolution placed before the meeting. On a show of hands every such member present in person shall have one vote. On a poll, his voting right in respect on his equity shares shall be in proportion to his share of the paid up capital in respect of the equity shares.
- b) In the event of the Company issuing any performance shares the holders of such preference shares shall have the voting rights set out in that behalf in Section 87 of the Act.

### **76. Business may proceed notwithstanding demand for poll**

A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person who made the demand.

### **77. Passing of Resolutions by Postal Ballot**

The Company may, and in the case of resolutions, relating to such business as the Central Government may by notified, declare to be conducted only by Postal Ballot, shall, get any Resolution passed by means of a Postal Ballot, instead of transacting the business in General Meeting of the Company.

Where a Company decides to pass any Resolution by resorting to Postal Ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons therefore, and requesting them to send their assent or dissent in writing on a Postal Ballot within a period of 30 days or within such period as may be prescribed, from the date of posting of the letter. The notice shall be sent by registered post acknowledgement due, or by any other method as may be prescribed by the Central Government in this behalf and shall include with such notice, a postage pre-paid envelope for facilitating the communication of the Assent or Dissent of the shareholder to the resolution within the said period. If a resolution is assented to by a requisite majority of the shareholders by means of Postal Ballot it shall be deemed to have been duly passed at a General Meeting convened in that behalf.

### **78. Voting rights of joint holders**

In the case of joint holders the vote of the first named of such joint holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

### **79. Voting rights of joint holders**

A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee or other legal guardian may, on a poll, vote by proxy.

### **80. No member entitled to vote while call due to Company.**

No member shall be entitled to vote in any general meeting unless all calls or other sums presently payable by him in respect of his shares in the Company have been paid.

**81. Proxies permitted on poll**

On a poll, votes may be given either personally or by proxy.

**82. Proxies**

Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint any person whether a member or not as his proxy to attend and vote instead of himself, but the proxy so appointed shall not unless he be a member have any right to speak at the meeting and shall not be entitled to vote except on a poll.

**83. Instrument of Proxy**

- a) The instrument appointing a proxy shall be in writing under the hand of the appointed or of his attorney duly authorized in writing or if the appointed is a Corporation either under the common seal or under the hand of an office of attorney so authorized. Any person may act as proxy whether he is a member or not.
- b) Corporate body (whether a Company within the meaning of the Act or not) may, if it is a member or a creditor or a debenture holder of the Company, by the resolution of its Board of Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company or at any meeting of the creditors of the Company held in pursuance of the provisions contained in any debenture of trust deed as the case may be. The person so authorized by resolution as aforesaid shall be entitled to exercise the same rights and power s(including the right to vote by proxy) on behalf of the body corporate which he represents, as that body could exercise if it were an individual member, creditor or holder of debentures of the Company.
- c) So as an authorization under clause (b) above is in force, the power to appoint proxy shall be exercised only by the person so appointed as representative.

**84. Proxy to be deposited at the office**

The instrument appointing a proxy and the power of attorney if any, under which it is signed or a neutral certified copy of that power of authority, shall be deposited at the registered office of the Company not less than 48 hours before the time fixed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll not less than 24 hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid.

**85. Validity of vote by proxy**

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of the principal or the revocation proxy or transfer of shares in respect of which the proxy is given. Provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

**86. Proxy form**

Every instrument appointing a proxy shall be retained by the Company and shall be in either of the former specified in Schedule IX of the Act or a form as near there to as circumstances will admit.

**87. Chairman's ruling regarding voice final**

Subject to the provisions of the Companies Act, 1956, the Chairman of a General Meeting shall be the sole and absolute judge of the validity of every vote tendered at such meeting or at a poll demanded at such meeting and may allow or disallow any vote tendered, according as he shall be of the opinion that the same is or is not valid.

**88. Number of Directors**

Unless otherwise determined by a General Meeting the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors.

**89. First Directors**

The persons hereinafter named shall become and be the first Directors of the Company.

- 1. SHRI HARSH RAJNIKANT KILACHAND**
- 2. SMT. MADHAVI HARSH KILACHAND**
- 3. SHRI ANILKUMAR SUSHILKUMAR RUIA**

**90. Share qualification not necessary**

Any person whether a member of the Company or not may be appointed as a Director and no qualification by way of holding share shall be required of any Director.

**91. Director's power to fill up casual vacancy**

Any casual vacancy accruing in the Board of Directors may be filled up by the Directors and the person so appointed shall hold office upto the date which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

**92. Additional Directors**

The Board of Directors shall have power at any time and from time to time to appoint one or more persons as additional Directors provided that the number of Directors and additional Directors together shall not exceed the maximum number fixed. Any additional Director so appointed shall hold office upto the date of the next Annual General Meeting but he shall be eligible for election by the Company at that meeting.

**93. Alternate Directors**

The Board of Directors may appoint an alternate Director to act for a Director (hereinafter called the original Director) during absence of the original Director for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An alternate Director so appointed shall vacate office if and when the office of original Director is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of retiring Director is default of another appointment shall apply to the original and not to the alternate Director.

#### **94. Nomination of Directors by Financial Institutions.**

If and so long as the Company is indebted to any financial institutions, bank, corporation or any other statutory body, or if the Company has entered into any obligation with any such institution, bank, corporation or body in relation to any financial assistance by way of loan advanced to the Company or guarantee given of any loan borrowed or liability incurred by the Company or so long as any such institution, bank corporation or body shall, subject to the provisions of Section 255 of the Act and to the extent agreed by the Board, jointly or severally be entitled from time to time to appoint one or more person to be a Director or Directors and appoint any other person or persons to be a Director or Directors in his place or their places and to fill any vacancy otherwise accruing in the office of such Directors. The Directors so appointed shall not, subject to the provisions of Section 265 of the Act and to the extent agreed by the Board be liable to retirement by rotation. Such Directors shall be entitled to attend the general meetings of the Company.

#### **95. Nomination of Directors by any investments Company.**

If and so long as any investments Company (hereinafter referred to as Promoter Company) holds or continues to hold by itself or through its associate companies or its nominees firms or individuals the equity shares of the Company to the extent-being not less than 10% (Ten percent) of total equity shares capital of the Company, i.e. Issue subscribed and fully paid up share capital of the Company, the promoter Company shall, subject to the provisions of Section 255 of the Act, and to the extent agreed to by the promoter Company be absolutely entitled, from time to time, to appoint and to withdraw the appointment of persons as its nominee Directors not exceeding five Directors out of the total twelve Directors and to fill any vacancy otherwise accruing in the office of such Directors. The Directors so appointed shall not subject to the provisions of Section 255 of the Act and to the extent agreed by the Board be liable to retirement by rotation. All such Directors shall be entitled to attend the General Meeting of the Company as ex-office.

#### **96. Nominee Directors**

At the option of the corporation, such corporation Director/s shall not be required to hold any share qualification in the Company. Also at the option of the corporation such Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, such Directors/shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

#### **\* 97. Sitting Fees to Directors**

Every Director shall be paid a sitting fee of such amount as may be fixed by the Board with the approval of the shareholders in a general meeting subject to the maximum amount as prescribed in this respect under the Act or by the Central Government from time to time for attending every meeting of the Board or of a Committee thereof and shall also be paid in addition thereto all travelling, hotel and other expenses as may be incurred while attending such meetings. The Directors may be paid remuneration by way of fee for attending meetings as provided above or by way of a monthly, quarterly or annual payment or by way of commission based on the net profits of the Company subject to the provisions of the Act.

#### **98. Remuneration for extra services**

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which the registered office of the Company may be situated for any purposes of the Company or in giving special attention to the affairs of the Company the subject to Sections 198, 309, 310 and 314 the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration to which he may be entitled.

\* Article 97 substituted vide Special Resolution passed at EGM held on 25.3.2010.

## **ROTATION OF DIRECTORS**

### **99. Retirement by rotation**

- a) Not less than one-third of the total number of the Directors including Directors nominated under Article 96 above of the Company for the time being holding office shall be Directors whose period of office is liable to be determined by retirement by rotation.
- b) At the first annual general meeting of the Company the whole of the Board of Director or Directors shall retire from office and at the annual general meeting in every subsequent year, one third of such of the Directors as are liable to retire by rotation for the time being or if their number is not three or multiple of three, then the number nearest to one-third shall retire from office.

### **100. Retiring Directors eligible for re-election**

A retiring Director shall be eligible for re-election and the Company at the annual general meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

### **101. Which Directors**

Subject to the provisions of Section 256 of the Act, if at any meeting at which an election of Directors sought to take place, the place of the vacating Director is not filled up and the meeting has not expressly resolved not to fill up the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting the place of retiring Director is not filled up and the meeting has also not expressly resolved not to fill up the vacancy then the retiring Directors or such of them as have to had their places filled up shall be deemed to have been re-appointed at the adjourned meeting.

### **102. Power to General Meeting**

Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company in general meeting may by ordinary resolution increase or reduce the number of its Directors within the limit fixed by Article 88.

### **103. Meeting of the Board**

The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.

### **104. How to convene**

The managing Director may at any time summon a meeting of the Board and the managing Director or a secretary on the requisition of a Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India and at his usual address in India to every other Director.

### **105. Quorum**

The quorum of a meeting of the board shall be one-third of the total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher provided that where at any time the number of interested Directors is equal to or exceed two-third of the total strength, the number of

remaining Directors, there is to say the number of Directors who are not interested present at the meeting not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say the total strength of the Board after deducting therefrom the number of Directors, if any, whose place are vacant at the time.

#### **106. Questions how decided**

Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

#### **107. When the votes equal**

In case of an equality of votes, the Chairman shall have a second or casting vote in addition to his vote as a Director.

#### **108. Election of Chairman of Board**

- a) The Board may elect from their body of Directors a Chairman of its meetings and determine the period for which he is to hold office.
- b) If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their members to be Chairman of the meeting.

#### **109. Delegation of powers**

- a) The Board may, subject to the provisions of the Act, delegate any of its powers to committee consisting of such member or its body, as it thinks fit.
- b) Any committee so formed shall, in exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

#### **110. Election of Chairman of Committee**

- a) If the Chairman of the Board is a member of the Committee he shall preside over all meeting of the Committee. If the Chairman is not a member thereof the committee may elect a chairman of its meetings. If no such Chairman is elected of it at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.
- b) The quorum of a committee may be fixed by the Board of Directors and until so fixed, if the committee is of a single member or two members, shall be one and if more than two members, shall be two.

#### **111. Questions how determined**

- a) A committee may meet and adjourn as it thinks proper
- b) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes of the members present as the case may be and in case may be and in case of an equality of vote, the Chairman shall have a second or casting vote in addition to his vote as a member of the committee.

### **112. Validity of Acts done by Board or a Committee**

All acts done by any meeting of the Board or of a committee thereof or by any person acting as a Director shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified, be as valid as if, every such Director or such person had been duly appointed and was qualified to be a Director.

### **113. Resolution by circulation**

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors, or to all the members of the committee then in India, not being less in number than the quorum fixed for the meeting of the Board or the committee, as the case may be and to all other Directors or member at their usual addresses in India and approved by such of the Directors as are then in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote on the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board of Committee duly convened.

### **114. General Powers of Company vested in Directors**

The business of the Company shall be managed by the Board of Directors, who may exercise all such powers of the Company as are met by the Act, or any statutory modification thereof for the time being in force, or by three presents, required to be exercised by the Company in general meeting, subject nevertheless to any regulation of these presents, to the provisions of the said Act and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any act of the Board which would have been valid if that regulation had not been made.

### **115. Specific powers of directions**

Without prejudice to the generality of the foregoing, it is hereby expressly declared that the Directors shall have the following powers:-

- a) To carry on and transact the several kinds of business specified in Clause III of the Memorandum of Association of the Company.
- b) To draw, accept, endorse, discount negotiate and discharge on behalf of the Company all bills of exchange, promissory notes, cheques, hundies, drafts railway receipts, dock warrants, delivery, orders, Government promissory notes, other government instruments, bonds, debentures or debenture stock of corporation, local bodies, Port Trusts, Improvement Trusts or other Corporate Bodies and to execute transfer deeds for transferring stocks, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any subject of the Company.
- c) At their discretion to pay for any property rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company and any such shares may be issued either fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any of the property of the Company or not so charged.

- d) To engage and in their discretion to remove, suspend, dismiss and remunerate bankers, legal advisers, accountants, cashiers, agents, commission agents, dealers, brokers, foremen, servants, employees of every description and to employ such professional or technical or skilled assistants as from time to time may in their option necessary or advisable in the interest of the Company and upon such terms as to duration of employment, remuneration or otherwise and may require security in such instances and to such amounts as the Directors think fit.
- e) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof, subject to the provisions of the Act in relation to reduction of capital
- f) To secure the fulfilment of any contracts or agreements entered into by the Company by mortgage or charge of all or any of the property of the Company or in such other manner as they may think fit.
- g) To institute, conduct, defend, compound or abandon any actions, suits and legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound or compromise or submit to arbitration the same actions, suits and legal proceedings.
- h) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
- i) To determine who shall be entitled to sign on the Company's behalf bills of exchange, promotes, dividend warrants, cheques and other negotiable instruments, releases, contracts and documents.
- j) From time to time to regulate the affairs of the Company abroad in such manner as they think fit and in particular to appoint any person to be the attorneys or agents of the Company either abroad or in India with such powers including power to sub-delegate and upon such terms as may be thought fit.
- k) To invest or deal with any moneys of the Company not immediately required for the purposes thereof upon such securities as they think fit.
- l) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.
- m) To give to any person employed by the Company a commission on the profits of any particular business or transactions or a share in the general profits of the Company and such commission or such share of profits shall be treated as part of the working expenses of the Company.
- n) From time to time, to make, vary and repeal bye-laws for the regulations of the business of the Company its officers and servants.
- o) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.
- p) To pay gratuities, bonus, rewards, presents and gifts to employees or dependents of any deceased employees to charitable institutions or purposes, to subscribe for provident funds and other associations for the benefit of the employees.

### **116. Attorney of the Company**

The Board may appoint at any time and from time to time by a power of attorney under the Company's seal any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions not exceeding those vested in or exercisable by the Board under these Articles and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may, if the Board thinks fit be made in favour of the members or any of the members of any firm or Company, or the member, Directors nominees or managers of any firm or Company or otherwise in favour of any body or persons nominated directly by the Board and any such power of attorney may contain such provisions for the protection or convenience of the persons dealing with such provisions for the protection or convenience of the persons dealing with such attorney as the Board may think fit.

### **117. Secretary**

The Board shall have power to appoint as the Secretary, a person possessing the prescribed qualifications and fit in their opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as they may determine. The Secretary shall have such powers and duties as may from time to time be delegated or entrusted to him by the Directors.

### **118. Powers as to commencement of business or branch office**

Any branch or kind of business which by the Memorandum of Association of the Company or these presents is expressly or by implication authorized to be undertaken by the Company may be undertaken by the Board at such time or times as they shall think fit and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

## **BORROWING**

### **119. Borrowing**

1. The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required Under Section 293 raise any moneys or sums of money for the purpose of the Company, provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not without the sanction of the Company at the general meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose and in particular, but subject to the provisions of the Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company by the issue of debentures, perpetual or otherwise including debentures convertible into shares of this or any other Company or perpetual annuities and in security of any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.
2. The Directors may by a resolution at a meeting of the Board delegate the above powers to borrow money otherwise than or debentures to a committee of Directors or the managing Director if any within the limits prescribed.

3. Subject to the provision of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purpose of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular by promissory notes or by opening current accounts or by receiving deposits and advances with or without security, or by the issue of bonds, perpetual or redeemable debentures or debenture-stock of the Company (both present and future) including its uncalled capital for the time being, or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as to them may seem expedient.

## **120. Assignment of Debentures**

Such debentures, debenture-stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

## **121. Terms of debenture issues**

- a) Any such debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings allotment of shares of the Company, appointment of Directors or otherwise. Debentures, debenture stocks, bonds or other securities with a right of conversion into or allotment of shares shall be issued only with the sanction of the Company in general meeting.
- b) Any trust deed for the securing of any debenture-stock and or any mortgage deed and or other bond for securing payment of moneys borrowed by or due by the Company and or any contract or any agreement made by the Company with any person, firm, body corporate, government or authority who may render or agree to render any financial assistance to the Company by way of loans advanced or by guaranteeing of any loan borrowed or other obligations of the Company or by subscription of the share capital of the Company or provide assistance in any other manner, may provide for the appointment from time to time, by any such mortgage, lender trustees or holders of debentures or contracting partly as aforesaid, of one more persons to be a Director or Directors of the Company. Such trust deed, mortgage deed, bond or contract may provide that the person appointing a Director as aforesaid may from time to time remove any Director so appointed by him and appoint any other person in his place and provide for filling up of any casual vacancy created by such person vacating office as such Director. Such power shall debenture and terminate on the discharge or repayment of the respective mortgage, loan or debt or debentures or on the termination of such contract and any person so appointed as Director under mortgage or bond or debenture trust deed or under such contract shall cease to hold office as such Director on the discharge of the same. Such appointment and provision in such document as aforesaid shall be valid and effective as if constrained in these presents.

The Director or Directors so appointed by or under a mortgage deed debenture trust deed or other bond or contract as aforesaid shall be called "Nominated Directors". The words "Nominated Director" shall mean the Director appointed as aforesaid and for the time being holding such office. The Nominated Director shall not be liable to retire by rotation or to be removed from office by the Company. Such mortgage deed or bond or trust deed or contract may contain such auxiliary provisions as may be arranged between the Company and mortgage, lender, trustee or contracting party as the case may be and all such provisions shall have effect notwithstanding any of the other provisions herein contained but subject to the provisions of the Act.

**122. Register of Mortgage**

The Directors shall cause a proper register to be kept in accordance with the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

**123. Subsequent assignee of uncalled capital**

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charge and shall not be entitled by notice to the shareholders or otherwise to obtain priority over such prior charge.

**124. Charge in favour of Director for Indemnity**

If the Directors or any of them or any other persons, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

**125. Powers to be exercised by Board only at Meeting**

- 1) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:
  - a) Power to make calls on shareholders in respect of moneys unpaid on their shares;
  - b) Power to issue debenture;
  - c) Power to borrow moneys otherwise than on debentures;
  - d) Power to invest the funds of the Company;
  - e) Power to make loans.
- 2) The Board of Director by a meeting delegate to any committee of the Directors or to the managing Director the powers specified in sub-clause (c) and (e) above.
- 3) Every resolution delegating the power set out in sub-clause ( c) above shall specify the total amount upto which moneys may be borrowed by the said delegate.
- 4) Every resolution delegating the power referred to in sub-clause (e) above shall specify the total amount upto which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for such purposes in individual cases.

**MANAGING DIRECTOR/WHOLE-TIME DIRECTORS****126. Appointment of Managing Directors/Whole-time Directors**

- a) The Board may from time to time with such sanction of the Central Government as may be required by law, appoint one or more persons to the office of the Managing Director or Managing Directors or Whole-time Director.
- b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole-time Directors.

- c) In the event of any vacancy arising in the office of the managing Director or whole-time Directors, if the Directors resolve to increase the number of managing Directors or whole-time Directors, the vacancy shall be filled by the Board of Directors and the Managing Director or Whole-time Director so appointed shall hold the office for such period as the Board of Directors may fix and approved by the Central Government.
- d) The managing Director or whole-time Director shall not liable to retirement by rotation as long as he holds office as Managing Director or Whole-time Director.

#### **127. Powers and duties of Managing Director or Whole-time Director**

The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors as they may think fit and confer such powers for such time and to be exercised for such objects, purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may from time to time revoke, withdraw, alter or vary all or any of such powers. The Managing Directors/Whole-time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

#### **128. Remuneration of Managing Directors/ Whole time Directors**

Subject to the provisions of the Act and subject to such sanction of the Central Government as may be required for the purpose, the Managing Directors/Whole-time Directors shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

#### **129. Reimbursement of expenses**

The Managing Director/Wholetime Director shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company.

#### **130. Business to be carried on by Managing Director/Whole-time Director**

The Managing Director/Wholetime Director shall have subject to the supervision, control and discretion of the Board, the Management of the whole of the business of the Company and of all its affairs and transactions of the Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or to the Board of Directors and also subject to such conditions or restrictions, imposed by the Companies Act or by these presents.

### **COMMON SEAL**

#### **131.Common Seal**

The Board shall provide a common seal for the Company and they shall have power from time to time to destroy the same substitute a new seal in lieu thereof, and the common seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the secretary if there is one.

### **132. Seal how affixed**

The SEAL Shall not be affixed to any instrument except by authority of a resolution of the Board or of a Committee thereof and unless the Board otherwise determines every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company be signed by one Director at least in whose presence the seal shall have been affixed and countersigned by the Managing Director or Secretary or such other person as may from time to time be authorized by the Board, provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same. The share certificate shall however be sealed and signed in accordance with the provisions of the Companies (issue of Share Certificate) Rules, 1950.

### **133. Right to dividend**

- a) The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these presents and subject to the provisions of these presents, as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively on the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.
- b) Where capital is paid up on any shares in advance of calls, upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

### **134. Declaration of dividends**

The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

### **135. Interim dividends**

The Board may from time to time pay to the member such interim dividends as appear to them to be justified by the profits of the Company.

### **136. Dividends to be paid out of profits only**

No dividends shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

### **137. Reserve Funds**

- a) The Board may before recommending any dividends set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provisions for meeting contingencies or for equalizing dividends and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.
- b) The Board may also carry forward any profits when it may think prudent not to divide without setting them aside as Reserve.

**138. Deduction for arrears**

The Board may deduct from any dividend payable to any members all sums of money, in any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

**139. Adjustments of dividends**

Any general meeting declaring a dividend or bonus may make a call on the members of such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may if so arrange between the Company and the members be set off against the call.

**140. Payment by cheque or warrant**

- a) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through post direct to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct.
- b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- c) Every such cheque or warrant shall be posted within forty two days from the date of declaration of dividend.

**141. Receipt of joint holders**

Any one or two or more joint holders of a share may give effectual receipt for any dividends, bonuses or other moneys payable in respect of such shares.

**142. Notice of dividends**

Notice of any dividends that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

**143. Dividends not to bear interest**

No dividend shall bear interest against the Company.

**144. Unclaimed Dividend**

- (a) Subject to the Provisions of the Act, where, a dividend has been declared by the Company but has not been paid or claimed within thirty days from the date of the declaration, to any shareholder entitled to the payment of the Dividend, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of Dividend which remains unpaid or unclaimed within the said period of thirty days, to a Special Account to be opened by the Company in that behalf in any Scheduled Bank, to be called "Unpaid Dividend Account of the Company". Any money transferred to the Unpaid Dividend Account of the Company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the fund established under sub-section (1) of Section 205C of the Act.

- b) No unclaimed dividend shall be forfeited by the Board of Directors and the Company shall comply with all the provisions of the Section 205A of the Act in respect of unclaimed and unpaid dividend.
- c) The unclaimed dividend shall be transferred to the “Investor Protection & Education Fund” after expiry of seven years of its declaration as per the provisions of the section.

#### **145. Transfer of shares not to pass prior to dividends.**

Any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

### **CAPITALISATION OF PROFITS**

#### **146. Capitalization of Profit**

1. The Company in general meeting may on recommendation of the board, resolve:
  - a) That it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or the credit of the Profit and Loss accounts or otherwise available for distribution; and
  - b) That such sum be accordingly set free for distribution in the manner specified in sub-clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
2. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in sub-clause (3) either in or towards:
  - i) Paying up any amounts for the time being unpaid on shares held by such members respectively.
  - ii) Paying up in full, unissued shares of the Company to be allotted and distributed, credited is fully paid up to and amongst such members in the proportions aforesaid, or
  - iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)
3. A share premium account and a capital redemption reserve account may for the purpose of this regulation only, be applied in paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
4. The Board shall give effect to the resolutions passed by the Company in pursuance of these regulations.

#### **147. Powers of Directors for declaration of bonus**

- 1) Whenever such a resolution as aforesaid shall have been passed in the Board shall:
  - a) make all appropriations and application of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any and
  - b) generally do all acts and things required to give effect thereto.
- 2) The Board shall have full power:

- a) to make such provision, by the issue of fractional certificates or by payments in cash or otherwise as it think fit, in the case of shares becoming distributable in fraction; and also
- b) to authorize any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalization or for the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized of the amounts or any part of the amounts remaining unpaid on the shares.
- 3) Any agreement made under such authority shall be effective and binding on all such members.

## **ACCOUNTS**

### **148. Books of account to be kept**

- 1) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place of all sales and purchases of goods by the Company and of the assets, credits and liabilities of the Company.
- 2) If the Company shall have a Branch Office, whether in India or outside, proper books of account relating to the transactions effected at that office shall be kept at that office and proper summarised returns, made upto date at intervals of not more than three months, shall be send by the Branch Office to the Company at its Registered Office or to such other place in India, as the Board thinks fit, where the main books of the Company are kept.
- 3) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office as the case may be with respect to the matters aforesaid and explain its transactions.

### **149. Where books of accounts are to be kept**

The Books of Account shall be kept at the Registered Office or at such other place in India as the Directors think fit.

### **150. Inspection by members**

The Board of Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books and documents of the Company or any of them shall be open to the inspection of the members and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute or authorized by the Directors or by a resolution of the Company in general meeting.

### **151. Statement of account to be furnished to general meeting**

The Board of Directors shall lay before each Annual General Meeting a Profit and Loss Account for the financial year of the Company and Balance Sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar under the Provisions of the act.

### **152. Form of Balance Sheet and Profit and Loss Account**

- 1) Subject to the provisions of Section 211 of the Act every balance sheet and profit and loss account of the Company shall be in the forms set out in parts 1 & 11 respectively of Schedule VI of the Act or as near there to as circumstances admit.
- 2) So long as the Company is a holding Company having a subsidiary, the Company shall conform to Section 212 and other applicable provisions of the Act.

### **153. Authentication of Balance Sheet and Profit and Loss Account**

- 1) Every Balance Sheet and every Profit and Loss Account of the Company shall be signed by the secretary, if any and by not less than two Directors of the Company one of whom shall be Managing Director where there is one.
- 2) The Balance Sheet and the PROFIT and Loss Account shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditors for their report.

## **AUDIT**

### **154. Accounts to be audited**

Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter set out.

- 1) The first auditor or the Company shall be appointed by the Board of Directors within one month of the date of registration of the Company and the auditor or auditors so appointed shall hold office until the conclusion of the first annual general meeting.
- 2) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within seven days. Provided that before that appoint or re-appointment of auditor or auditors is made by the Company at any general meeting a written certificate shall be obtained by the Company from the auditor or auditors proposed to be so appointed to the effect that the appointment or appointments if made will be in accordance with the limit specified in sub-section 1-B of Section 224. Every auditor as appointed shall within 30 days of the receipt from the Company of the intimation of his appointment shall inform the Registrar of Companies in writing that he has accepted or refused to accept the appointment.
- 3) The Directors may fill any casual vacancy in the office an Auditor, but while any such vacancy continues, the remaining auditor or auditors (if any) may act, where such a vacancy is caused by the resignation of an auditor, the vacancy shall only be filed by the Company in general meeting.

### **155. Audit of Branch Office**

The Company shall comply with the provisions of Section 225 of the Act in relation to the audit of the account of Branch Office of the Companies.

## **156. Remuneration of Auditors**

The remuneration of the Auditors shall be fixed by the Company in General Meeting except that the remuneration of any auditor appointed to fill any casual vacancy may be fixed by the Board/

- 157.1)** All notices of and other communications relating to any General Meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the auditor shall be entitled to attend any general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as auditor.
- 2) The auditor shall make a report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit & Loss Account and on every other document declared by this Act to be part of or annexed to the Balance Sheet or Profit and Loss Account which are laid before the Company in Annual General Meeting during his tenure of office and the report shall state whether, in his opinion and to the best of his information and according to the explanations given to him, the said accounts give the information required by the Act in the manner so required and give a true and fair view.
- 3) The auditor's report shall be read before the Company in general meeting and shall be open to inspection by any member of the Company

## **158. Accounts when audited and approved to be conclusive**

Every account of the Company when audited and approved by a General Meeting shall be conclusive.

## **SERVICE OF DOCUMENT AND NOTICE**

### **159. Service of documents on the Company**

A document may be served on the Company or any officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post, or by leaving it at its registered office.

### **160. How documents is to be served on members**

- 1) A document (which expression of this purpose shall be deemed to include and shall include any summons, notice, requisition, process, order, judgement or any other documents in relation to or in the winding up of the Company) may be served or sent by the Company on or to an member either personally or by sending it by post to him to his registered address, or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him.
- 2) All notices shall, with respect to any registered shares to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the holders of such share.

3) Where a document is sent by post:

- a) Service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to has deposited with the Company a sum sufficient to defray the expenses of doing so service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and
- b) unless the contrary is proved, such services shall be deemed to have been effected;
  - i) in case of a notice of a meeting at the expiration of forty eight hours after the letter containing the notice is posted, and
  - ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

#### **161. Members to notify address in India**

Each registered holder of shares shall from time to time notify in writing to the Company some place in India to be registered as his address and such registered place of address shall or all purposes be deemed his place of residence.

#### **162. Service on person acquiring shares on death or insolvency of members**

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of the deceased or assignees of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.

#### **163. Notice by advertisement**

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a news paper circulating in the district in which the registered office is situated.

#### **164. Member bound by document given to previous holders**

Every person who by the operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every document in respect of such share which, previously to his name and address being entered on the register, shall have been duly served on or sent to the person from whom he derived his title to us share.

**165.** Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature in any notice to be given by the Company may be written or printed or lithographed.

## **AUTHENTICATION OF DOCUMENTS**

### **166. Authentication of documents and proceedings**

Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Director, the Manager, the secretary or an authorized officer of the Company and need not be under its seal

## **WINDING UP**

### **167. Application of Assets**

Subject to the provisions of the Act as to preferential payment, the assets of the Company shall on its winding up, be applied in satisfaction of its liabilities *pari passu* and subject to such application shall be distributed among the members according to their rights and interest in the Company.

### **168. Division of assets of the Company**

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the contributories in specific or kind any part of the assets of the Company in trusts upon such trusts for the benefit of the contributories or any of them, as the liquidators with the like sanction shall think fit. In case any shares to be divided as aforesaid involve a liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the liquidators shall, if practicable, act accordingly.

## **INDEMNITY AND RESPONSIBILITY**

### **169. Directors and other right to Indemnity**

- a) Subject to the provisions of Section 201 of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified by the Company against any liability, and it shall be the duty of Directors out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, officer or employee may incur or become liable to, by reason of any contract entered into or act or deed done by him as such managing Director, Director, officer or employee or in any way in the discharge of the duties.
- b) Subject to as aforesaid the managing Director and every Director, manager, secretary or other officer or employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application Under Section 366 of the Act in which relief is given to him by the court.

### **170. Not responsible for acts of others**

- 1) Subject to the provisions of Section 201 of the Act no Director or other officer or the Company shall be liable for the acts, receipts, neglects or defaults of the other Director or officer, or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on

behalf of the Company or for the insufficiency or deficiency of any security in or upon which any loss or damage arising from the bankruptcy, insolvency, or tortuous acts of any person, Company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happen through his own wilful act or default.

- 2) Without prejudice to the generality of foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with the registrar of companies in respect of any act done or required to be done any Director or other officer by reason of his holding the said office, shall be paid and borne by the Company.

## **SECRECY CLAUSE**

### **171. Secrecy**

No member shall be entitled to inspect the Company's works without the permission of the Director, or managing Director, or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the Company to communicate to the public.

### **172. Duties of officers to observe secrecy**

Every Director, Managing Director, manager, secretary, auditor, trustee, members of a committee, officer, servant, agent, accountant or other person employed in the business of the Company, shall if so required by the Directors before entering upon his duties, of at any time during his term of offices sign declaration pledging himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or any general meeting or by a Court of Law or by the person to whom such

### **173. Directors' Responsibility Statement**

The Board's Report shall also include a Directors' Responsibility Statement, indicating therein-

- i) that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii) that the Director shall select such Accounting Policies and apply them consistently and make judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period.
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the Annual accounts on a "Going Concern Basis".

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# DETAILS OF ITS OTHER GROUP COMPANIES INCLUDING THEIR CAPITAL STRUCTURE AND FINANCIAL STATEMENTS

## Kesar Enterprises Ltd. (KEL)

Date of Incorporation: 1.8.1933

Principal Business: Manufacturing, marketing and sale of Sugar, Spirits, Agrotech products and Seeds.

### Shareholding Pattern of KEL as on 14.5.2010:

	Category	No. of Shares held	% of Shareholding
A	Promoter Holding	3734627	55
B	Public Holding	3055535	45
	<b>Total</b>	<b>6790162</b>	<b>100</b>

### Board of Directors of KEL:

Sr.	Name of Directors	Particulars
1	Shri H. R. Kilachand	Promoter - Chairman & Managing Director
2	Shri A. S. Ruia	Independent Director
3	Shri K Kannan	Independent Director
4	Shri K. D. Sheth	Independent Director
5	Smt. M. H. Kilachand	Promoter Director
6	Shri N. J. Vakil	Independent Director
7	Shri I. S. Phukela	Nominee Director [GIC]
8	Shri Ajeet Prasad	Independent Director

### Financial Performance of KEL (Year ended 30th June)

(Rs. in Lacs)

Particulars	2005-06	2006-07	2007-08	2008-09
Sales & Other Income	27,955.41	29,951.98	29,161.56	29,796.99
PAT	1,111.00	(1,847.71)	381.36	904.39

Equity Capital	633.93	679.09	679.09	679.02
Reserves	3,864.07	2,504.27	2,848.42	3,517.44
EPS (Rs.)	17.49	(28.53)	5.55	13.29
Book Value (Rs.)	73.16	46.69	52.94	62.80

#### OUTSTANDING LITIGATION AND DEFAULTS OF THE TRANSFEREE ENTITY, PROMOTERS, DIRECTORS:

To the best of knowledge of the Company, there is no outstanding litigation and default of the Company or its Promoters or Directors.

#### PARTICULARS OF HIGH, LOW AND AVERAGE PRICES OF THE SHARES OF THE LISTED TRANSFEROR ENTITY DURING THE PRECEDING THREE YEARS.

Equity shares of KEL are listed at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). Yearly High & Low price of the Equity Shares of Kesar Enterprises Ltd. at NSE and BSE are as under:

Years	BSE			NSE		
	High Rs.	Low Rs.	Average Rs.	High Rs.	Low Rs.	Average Rs.
2009	117.70	33.65	75.68	118.00	30.55	74.28
2008	103.55	31.40	67.48	102.40	34.20	68.30
2007	138.65	41.00	89.83	136.85	40.00	88.43

#### ANY MATERIAL DEVELOPMENT AFTER THE DATE OF BALANCE SHEET

- i) The Authorised Share Capital of the Company was increased from Rs.6,00,00,000/- to Rs.15,00,00,000 w.e.f. 24.5.2010.
- ii) The Allotment of 47,53,113 Equity Shares of Rs.10/- each fully paid up was made on 1.6.2010 pursuant to the Scheme of Arrangement sanctioned by the High Court of Mumbai.

- iii) Shri H. R. Kilachand was appointed as a Whole-time Director designated as Executive Chairman with effect from 14.9.2010 for a period not exceeding 3 years.
- iv) At the 2nd AGM held on 14.9.2010, dividend of Rs.2/- per Equity Share was declared.

**Such other information as may be specified by the Board from time to time:**

At the meetings of the Remuneration Committee and the Board of Directors held on 11.8.2010, Shri H. R. Kilachand was appointed as a Whole-time Director designated as Executive Chairman with substantial powers of the management. The same was approved by the Shareholders at the 2nd Annual General Meeting of the Company on 14.9.2010 on a remuneration as recommended & approved by the Board of Directors of the Company as per the provisions of Section 198, 269, 309, 316, Schedule XIII read with Section III of the Companies Act, 1956

**DECLARATION**

No statement made in this Information Memorandum shall contravene any of the provisions of the Companies Act, 1956 and the Rules made thereunder. All the legal requirements as also the guidelines, instructions, etc., issued by SEBI, Government or any other competent authority in respect of listing of securities have been duly complied with. All the information contained in this document is true and correct.

**For KESAR TERMINALS & INFRASTRUCTURE LTD.**

**Sd/-**

**20.12.2010**

**J. K. DEVGUPTA**

**EXECUTIVE DIRECTOR**