KESAR ENTERPRISES LIMITED

Oriental House, 7 Jamshedji Tata Road, Churchgate, Mumbai-400 020. India. Website : http://www.kesarindia.com
Phone : (+91-22) 22042396 / 22851737 Fax : (+91-22) 22876162 E-mail : headoffice@kesarindia.com

19th March, 2014

Mr. Hari K
Assistant Vice President
Listing Department,
National Stock Exchange of India Ltd.
5th Floor, Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Fax # : 2659 8237 / 2659 8238

Dear Sir,

Ref : "In-principle approval" letter Ref:NSE/LIST/233237-S dated 14.3.2014 for allotment of 30,65,000 Zero Coupon Optionally Convertible Preference Shares ("OCPS") on a preferential basis under Clause 24(a) of the Listing Agreement.

With reference to above, please find attached herewith Certified True Copy of Special Resolution passed by the Shareholders of the Company at the Extraordinary General Meeting held on Tuesday, 18th March, 2014 to offer, issue and allot up to 30,65,000 Zero Coupon Optionally Convertible Preference Shares (OCPS) of Rs.10/- each for cash at par aggregating to Rs.3,06,50,000/-, to Promoters / Promoter Group on Preferential basis with an option to convert, partially or fully, in one or more tranches, at a price of Rs.21/- each (including securities premium of Rs.11/-).

Please acknowledge.

Thanking you.

Yours faithfully,
For **KESAR ENTERPRISES LTD.**

D. J. SHAH
SR. VICE PRESIDENT (LEGAL)
& COMPANY SECRETARY

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CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED BY THE SHAREHOLDERS AT THE EXTRAORDINARY GENERAL MEETING HELD ON TUESDAY, 18TH MARCH,2014 AT 3:30 P.M. AT M C GHIA HALL, BHOGILAL HARGOVINDAS BUILDING, 4TH FLOOR, 18/20 KAIKHUSHRU DUBASH MARG, MUMBAI 400 001.

"**RESOLVED THAT** pursuant to the provisions of Sections 81, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and/or the Companies Act, 2013 (hereinafter referred to as the **"Companies Act"**) (including any statutory modification or re-enactment thereof for the time being in force), read with the Memorandum of Association and Articles of Association of the Company and the Listing Agreements entered into with the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd., where the Company's Equity Shares are listed, regulations for Preferential Issue contained in Chapter VII of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as may be modified or re-enacted from time to time (hereinafter referred as **"SEBI Regulations"**) the applicable Rules, Notifications, Regulations issued by the Government of India, Securities and Exchange Board of India **(SEBI)** and subject to the approvals, consents, permissions, sanctions of the Stock Exchanges, SEBI or all concerned statutory and other authorities as may be necessary, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions, the Board of Directors of the Company (hereinafter referred to as "the Board"), which term shall be deemed to include any Committee of the Directors for the time being, exercising the power conferred to the Board, be and is hereby authorised on behalf of the Company to create, offer, issue and allot upto 30,65,000 Zero Coupon Optionally Convertible Preference Shares ("OCPS") of Rs.10/- each fully paid-up aggregating upto Rs.3,06,50,000/- convertible into Equity Shares of the Company on the terms and conditions mentioned hereinafter in this Resolution to the Promoters/Promoter Group as set out hereunder on Preferential basis (hereinafter referred to as the "Proposed Allottees"), with an option to the Proposed Allottees to convert, either partially or entire OCPS, in one or more tranches:

Sr	Name	Address	Category	Maximum No. of OCPS proposed to be issued
1	Kesar Corporation Pvt. Ltd.	Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai 400 020	Promoter	2,45,700
2	Duracell Investments and Finance Pvt. Ltd.	Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai 400 020	Promoter Group	13,94,400
3	Seel Investment Pvt. Ltd.	Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai 400 020	Promoter Group	14,24,900
			Total	**30,65,000**

"RESOLVED FURTHER THAT OCPS shall be issued by the Company on Preferential basis on the following terms and conditions:

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(i) The Proposed Allottees may opt, by giving in writing 3 days advance notice to the Company, to convert OCPS, partially or fully, into Equity Shares of Rs.10/- each within a period of 18 months from the date of allotment of OCPS, in one or more tranches, at a price of Rs.21/- each (including securities premium of Rs.11/-) or at a price as calculated with respect to the Relevant Date being 14th February, 2014 as per Regulation 76 of the SEBI (ICDR) Regulations, 2009, whichever is higher; subject to approval of SEBI under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, if required, against such number of OCPS as may be required for conversion into equity shares at above price. In the event of conversion price being more than Rs.21/- per Equity Share, in that case, the Equity Shares to be issued on conversion of OCPS shall be rounded off to nearest lower multiple of hundred and the balance remaining, if any, after exercise of the options on expiry of 18 months shall be redeemed after a period of 10 years from the date of allotment or earlier at the option of the Company but not earlier than 7 years from the date of allotment.

(ii) OCPS/ Equity Shares to be issued on conversion of OCPS as above shall be locked-in for a period as prescribed in the SEBI (ICDR) Regulations. On conversion of any OCPS into Equity Shares, such shares shall also be locked-in for a period of 3 years/1 year as prescribed under the SEBI (ICDR) Regulations. However, the lock-in period, of such Equity Shares allotted pursuant to the conversion of OCPS issued on Preferential Basis, shall be reduced to the extent OCPS have already been locked-in.

(iii) The Equity Shares to be issued on opting for conversion, shall rank pari passu in all respects with the existing Equity Shares of the Company and shall carry the right to receive dividend and other distributions to be declared thereafter during the year, from the date of conversion.

(iv) The entire amount of consideration payable towards subscription of OCPS shall be appropriated out of the amount already brought-in by the Proposed Allottees by way of unsecured loan.

(v) Upon receipt of the conversion notice, the Board/Committee shall allot appropriate number of Equity Shares to the Proposed Allottees.

(vi) In the event of the Proposed Allottees not opting to convert, OCPS will be redeemed after a period of 10 years from the date of allotment or earlier at the option of the Company but not earlier than 7 years from the date of allotment.

(vii) OCPS by itself do not give to the Proposed Allottees any rights of the Equity Shareholders of the Company unless converted into Equity Shares of the Company.

(viii) The resultant Equity Shares will be subject to Memorandum and Articles of Association of the Company in all respects."

"RESOLVED FURTHER THAT the Relevant Date for the purpose of calculating the minimum price for conversion of OCPS into Equity Shares, under Chapter VII of the SEBI (ICDR) Regulations, 2009 will be 14th February, 2014 being the date 30 days prior to the date of passing of this Resolution i.e. 18th March, 2014."

"RESOLVED FURTHER THAT the Equity Shares, if allotted on the conversion of OCPS, shall rank pari passu in all respects with the then existing Equity Shares of the Company with a right to receive dividend and other distributions to be declared thereafter during the year."

D Shah

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"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors/ Committee thereof be and is hereby authorised, on behalf of the Company, to take all actions and do all such deeds and things as it may, in its absolute discretion, deem necessary, desirable or expedient with respect to the issue or allotment of the aforesaid OCPS and Equity Shares, if allotted upon exercise of rights attached to such OCPS and to list such Equity Shares with the Stock Exchanges, as may be appropriate, and to resolve and settle all questions or difficulties or doubts that may arise in connection with the proposed offer, issue and allotment of the said OCPS and/or Equity Shares, if allotted upon exercise of rights attached to such OCPS and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may, in its absolute discretion, deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate any or all the powers conferred upon it by this Resolution, to any Committee formed thereof, or to any individual so authorised by the Board."

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 to the accompanying Notice.

You are aware that in October, 2013, the Company had announced it audited Annual Accounts for the year ended 30th June, 2013, showing a loss of Rs.1668.20 lac, which resulted in reducing the Net Worth of the Company.

Considering the immediate need of the Company to take steps to improve its net worth, the Company has decided to consider, Preferential Issue of Optionally Convertible Preference Shares to the Promoters / Promoter Group as per the SEBI Regulations.

After due deliberation, the Directors have accordingly recommended to the Board.

Your Directors would like to inform you that, the Promoters / Promoter Group Companies had given non-interest bearing unsecured loans amounting to Rs.11,30,00,000/- to the Company as per the requirement of the Lending Bankers out of which the Company had converted earlier Rs.8,23,50,000/- into Equity Shares through OCPS issue. The balance unsecured amount as on date is Rs.3,06,50,000/- as mentioned hereunder:

Sr	Name	Category	Unsecured Loan (Rs.)
1	Kesar Corporation Pvt. Ltd.	Promoter	24,57,000
2	Duracell Investments and Finance Pvt. Ltd.	Promoter Group	1,39,44,000
3	Seel Investment Pvt. Ltd.	Promoter Group	1,42,49,000
			3,06,50,000

In view of the above, to strengthen the financial position of the Company and to improve the Net Worth of the Company, it is proposed to issue upto 30,65,000 Zero Coupon Optionally Convertible Preference Shares ("OCPS") of Rs.10/- fully paid-up each aggregating to Rs.3,06,50,000 to the Proposed Allottees, with an option to convert into Equity Shares, either partially or entire OCPS, in one or more tranches, subject to approval of the SEBI, if required.

The Proposed Allottees may opt, by giving in writing 3 days advance notice to the Company, to convert OCPS, partially or fully, into Equity Shares of Rs.10/- each within a period of 18 months from the date of allotment of OCPS, in one or more tranches, at a price of Rs.21/- each (including securities premium of Rs.11/-) or at a price as calculated with respect to the Relevant Date being

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14th February, 2014 as per Regulation 76 of the SEBI (ICDR) Regulations, 2009, whichever is higher; subject to approval of SEBI under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, if required, against such number of OCPS as may be required for conversion into equity shares at above price. In the event of conversion price being more than Rs.21/- per Equity Share, in that case, the Equity shares to be issued on conversion of OCPS shall be rounded off to nearest lower multiple of hundred and the balance remaining, if any, after exercise of the options on expiry of 18 months shall be redeemed after a period of 10 years from the date of allotment or earlier at the option of the Company but not earlier than 7 years from the date of allotment.

The disclosures pursuant to Regulation 73(1) of the SEBI (ICDR) Regulations, 2009 are given hereunder:

Objects of the Preferential Issue
To strengthen the financial position of the Company and to improve the Net Worth of the Company as explained above.

Proposal of the Promoters, Directors or Key Management Personnel of the issuer to subscribe to the offer

The Proposed Allottees are the constituents of the Promoters / Promoter Group as mentioned above. No Director or Key Management Personnel of the Company intends to subscribe to the Zero Coupon Optionally Convertible Preference Shares.

Identity of the Proposed Allottees

Sr	Name and Address	Category	Natural Persons controlling the Proposed Allottees	Present Shareholding	Post-conversion Shareholding
1	Kesar Corporation Pvt. Ltd. (KCPL) Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai 400 020	Promoter	Mr. H R Kilachand and Ms. M H Kilachand (Jointly holds 55.79%), Mr. R H Kilachand (holds 10.71%) in KCPL	22,20,922 (25.764)	23,37,922 (23.194%)
2	Duracell Investments and Finance Pvt. Ltd. (Duracell) Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai 400 020	Promoter Group	Mr. H R Kilachand and Ms. M H Kilachand (holds 25% each) in Duracell	9,79,950 (11.368%)	16,43,950 (16.310%)
3	Seel Investment Pvt. Ltd. (Seel) Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai 400 020	Promoter Group	Mr. H R Kilachand and Ms. M H Kilachand (holds 50% each) in Seel	9,03,229 (10.478%)	15,81,752 (15.692%)

The Proposed Allottees have conveyed their intention to subscribe for OCPS, if allotted, as mentioned above.

Consequential changes, if any, in the Management Control of the Company
The proposed Preferential Allotment shall not result in any change in Management Control of the Company even on exercising the entire conversion of OCPS.

Pricing of Equity Shares:
Where OCPS are issued on a preferential basis with an option to apply for Equity Shares, the Company has determined the price of the resultant Equity Shares, which is not less than the higher of the following:

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i) The average of the weekly high and low of the closing prices of the related equity shares quoted on Stock Exchange during the twenty six (26) weeks preceding the relevant date; **or**

ii) The average of the weekly high and low of the closing prices of the related equity shares quoted on Stock Exchange during the two weeks preceding the relevant date.

Relevant date:
In the present case, the Relevant Date is 14th February, 2014 being 30 days prior to the date of passing of the Special Resolution by the Shareholders at the Extraordinary General Meeting scheduled to be held on 18th March, 2014.

Lock - in period
The entire pre-preferential allotment shareholding of the above mentioned Proposed Allottees shall be under lock-in from the relevant date upto a period of 6 months from the date of Trading Approval granted by Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd., where the Company's Equity Shares are listed. The Proposed Allottees have declared that they have not sold any shares during the 6 months period prior to relevant date of the proposed preferential issue.

OCPS / Equity shares issued on conversion on OCPS shall be subject to lock-in for three (3) years / one (1) year from the date of Trading approval in accordance with SEBI (ICDR) Regulations, 2009. The lock-in of the Equity Shares acquired by conversion of the Convertible Preference Shares shall be reduced to the extent the Convertible Preference Shares have already been locked in from the date of Trading approval granted by all the Stock Exchanges where the shares of the Company are listed.

The locked-in shares may be transferred to and amongst the Promoter / Promoter Group or to a new Promoter/s or Person/s in Control of the Company after receipt of the Trading approval as mentioned above, subject to continuation of lock-in in the hands of transferee/s for the remaining period as per the compliance of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, as applicable.

Proposed time limit within which the allotment shall be completed
The allotment of such preferential issue of OCPS shall be completed within a period of 15 days either from the date of passing of the Special Resolution or from the date of receipt of the approvals from the Stock Exchanges or SEBI, if required.

Auditors Certificate
The Statutory Auditors of the Company shall certify that the Preferential Issue is being made as per SEBI Regulations. A copy of the certificate obtained from M/s Haribhakti & Co., Chartered Accountants, certifying that the issue of OCPS is being made in accordance with the requirement of SEBI Regulations for preferential issue, shall be placed at the Registered Office of the Company between 2:00 pm and 4:00 pm for inspection on any working day after relevant date upto the date of the Extraordinary General Meeting scheduled to be held on 18.3.2014.

Shareholding Pattern of the Company before and after Preferential Issue
Considering upto 14,59,523 Equity Shares (assuming OCPS are converted at Rs.21/- per Equity Shares) arising on exercising the conversion right by the Proposed Allottees in respect of the entire OCPS, the shareholding pattern giving pre-conversion and post-conversion position may be as under:

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	Category of Shareholder	Pre Conversion Holdings		Post Conversion Holding	
(A)	Shareholding of Promoter and Promoter Group[2]	Total Shares	%	Total Shares	%
1	Indian				
a	Individual Huf	1250309	14.504	1250309	12.486
b	Central/State Gov				
c	Bodies Corporates	4346517	50.423	5806040	57.601
d	Fins / Banks				
e	Any Other specify				
e-1					
e-2					
	Sub Total(A)(1)	5596826	64.927	7056349	70.006
2	Foreign				
a	Indv NRI/For Ind				
b	Bodies Corporate				
c	Institutions				
d	Qualified For.Inv.				
e	Any Other Specify				
e-1					
e-2					
	Sub Total(A)(2)				
	Total (A)= (A)(1)+(A)(2)	5596826	64.927	7056349	70.006
(B)	Public shareholding				
1	Institutions				
a	Mutual Funds	1200	0.014	1200	0.012
b	Fins / Banks	1090	0.013	1090	0.011
c	Central/State Govt				
d	Venture Cap Fund				
e	Insurance Comp(s)	692772	8.036	692772	6.873
f	Foreign Ins Invest				
g	Foreign Ven Cap In				
h	Qualified For.Inv.				
i	Any Other -Specify				
	Sub-Total (B)(1)	695062	8.063	695062	6.896
B 2	Non-institutions				
a	Bodies Corporates	371160	4.306	371160	3.682
b	Individuals				
	i) upto Rs 1-Lac	1343923	15.590	1343923	13.333
	ii) above Rs1-Lac	512219	5.942	512219	5.082
c	Qualified For.Inv.				
d	Any Other -Clr-Mem	715	0.009	715	0.007
	-OCB				
	-NRI	100257	1.163	100257	0.995
	Sub-Total (B)(2)	2328274	27.010	2328274	23.099
	Total (B)= (B)(1)+(B)(2)	3023336	35.073	3023336	29.994
	TOTAL (A)+(B)	8620162	100.000	10079685	100.000

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Undertaking

In terms of SEBI (ICDR) Regulations, 2009 the Company hereby undertakes that

- the Company shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so;
- if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked- in till the time such amount is paid by the allottees.

The Board recommends the Special Resolution as proposed in the accompanying Notice for your approval.

None of the Directors or Key Managerial Persons or their relatives of the Company, except Shri H R Kilachand, Smt. M H Kilachand & Shri R H Kilachand, is concerned or interested in the proposed Special Resolution to the extent of the existing shareholding and fresh Equity Shares to be issued and allotted to their group Companies.

CERTIFIED TRUE COPY
For KESAR ENTERPRISES LTD.

D. J. SHAH
SR. VICE PRESIDENT (LEGAL)
& COMPANY SECRETARY