

ANNUAL REPORT 1998-99



THE DHAMPUR SUGAR MILLS LTD.



We are extremely pleased to inform you that we are introducing a new premium product for the first time in India " **INTERNATIONAL QUALITY, DOUBLE REFINED SULPHUR FREE SUGAR**" under the brand **DHAPURE**. This Sugar is being manufactured in **DSM SUGAR RAUZAGAON**.

We hope this will not only increase the price realisation of the sugar being produced by the company but also establish a brand image of the company in the world food products markets.



THE DHAMPUR SUGAR MILLS LIMITED



BOARD OF DIRECTORS

- Mr. V K Goel, Chairman & Executive Director
- Mr. A K Goel, Vice Chariman
- Mr. Gaurav Goel
- Mr. Gautam Goel
- Mr. A K Gupta, Director (Finance)
- Mr. V P Singh, Director (Operation)
- Mr. M P Mehrotra
- Mr. Harish Saluja
- Mr. A Krishna
- Mr. Rahul Bedi
- Mr. A K Gōdika, (IFCI Nominee)
- Mr. K K Koharwal

VICE PRESIDENT (FINANCE) & SECRETARY

- Mr. Arhant Jain

AUDITORS

- S. VAISH & COMPANY
Chartered Accountants, Kanpur.
- MITTAL GUPTA & COMPANY
Chartered Accountants, Kanpur.

BANKERS

- PUNJAB NATIONAL BANK
- BANK OF BARODA



THE DHAMPUR SUGAR MILLS LIMITED

Regd. Off: Dhampur, Distt. Bijnore (U.P.)

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that Sixty Fifth Annual General Meeting of the company will be held on Wednesday, the 15th day of March, 2000 at 3.00 P.M. at the registered office of the company at sugar mill compound, Dhampur Distt. Bijnore (U.P.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors Report, Auditors' Report and the Balance-Sheet and Profit & Loss Account for the year ended on 30th September, 1999.
2. To appoint a director in place of Sri Gaurav Goel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sri Gautam Goel who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Sri A. K. Gupta who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Sri M.P. Mehrotra who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint auditors and fix their remuneration. The retiring auditors M/s S. Vaish & Company, Chartered Accounts, Kanpur and M/s Mittal Gupta & Company, Chartered Accountants, Kanpur are eligible for reappointment.

SPECIAL BUSINESS :

TO CONSIDER AND IF THOUGHT FIT TO PASS; WITH OR WITHOUT MODIFICATION FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTIONS:-

7. "RESOLVED THAT pursuant to Sec. 94 (1) of the companies Act, 1956, the authorised share capital of the company be and is hereby increased to Rs. 75,00,00,000 (Rupees Seventy Five Crores) divided into 3,50,00,000 (Three Crores Fifty Lacs) Equity Shares of Rs. 10/- each and 40,00,000 (Forty Lacs) Redeemable Preference Shares of Rs. 100/- each with power to increase or reduce the share capital in accordance with provisions of law.

RESOLVED FURTHER THAT pursuant to Sec. 16(1) of the Companies Act, 1956 and all other applicable provisions of the said Act, existing Clause V of the Memorandum of Association of the company be and is hereby substituted as under :

- V. The authorised share capital of the company is Rs. 75,00,00,000 (Rupees Seventy Five Crores) divided into 3,50,00,000 (Three Crores Fifty Lacs) Equity Shares of Rs. 10/- each and 40,00,000 (Forty Lacs) Preference Shares of Rs. 100/- each.

RESOLVED FURTHER THAT the board be and is hereby authorised to take all necessary steps to give effect to this resolution."

8. "RESOLVED THAT pursuant to Sec.31 of the Companies Act, 1956 and all other applicable provisions of the said Act, existing Clause 5 of the Articles of Association of the company be and is hereby substituted as under :

5. The authorised share capital of the company is Rs. 75,00,00,000 (Rupees Seventy Five Crores) divided into 3,50,00,000 (Three Crores Fifty Lacs) Equity Shares of Rs. 10/- each and 40,00,000 (Forty Lacs) Preference Shares of Rs. 100/- each.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps to give effect to this resolution."

9. "RESOLVED THAT pursuant to Sec. 31 of the Companies Act, 1956 and all other applicable provisions of the said Act, existing Clause 6 of the Articles of Association of the company be and is hereby substituted as under:

6. The Company shall have power to divide the shares in the capital into several classes with rights, privileges or conditions as may be determined and to issue Preference Shares redeemable at the option of the company within a maximum period of 20 years with such right to dividend and other conditions as may be determined.'

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps to give effect to this resolution."

10. "RESOLVED THAT pursuant to Sec.81 (1A) and other applicable provisions of the Companies Act, 1956 and subject to such approvals, consents of Securities & Exchange Board of India, Reserve Bank of India or any other authority as may be necessary and subject to such conditions and/or modification as may be required by the appropriate authorities the consent of the company be and is hereby accorded to the Board of Directors of the company including any Committee of the Board constituted for this purpose (hereinafter called 'the Board') to issue and allot Preference shares in the Company, with or without conversion option, as the Board may decide, upto an aggregate value or Rs. 40 Crores to any person(s), body corporate, institutions, banks mutual or other funds, individuals or any judicial person or body, whether a member of the company or not, in one or more tranches."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to decide all the terms and conditions of the issue and allotment of aforesaid Preference Shares including the fixed rate of dividend, number of Shares, and in case Preference Shares are issued as convertible, rate, number and period of conversion into equity, if any, and to decide upon all such matters relating to the mode and manner of the issue of shares as the Board may think fit."



11. "RESOLVED THAT pursuant to Sec.31 of the Companies Act, 1956 and all other applicable provisions of the said Act, existing article 114 of the Articles of Association of the company be and is hereby substituted as under :

'114. Untill otherwise determined by a General Meeting, the number of Directors shall not be less than three nor more than fourteen including nominee directors.

RESOLVED FURTHER THAT the Board of Directors of the company be and is authorised and instructed to take all such steps and to do such acts, deeds or things necessary, incidental and consequential to give effect to this resolution."

12. "RESOLVED THAT in accordance with the provisions of listing agreement with the stock-exchanges and necessary approvals and permissions from authorities, the securities of the company be delisted from the Stock Exchange, Ahmedabad and the Delhi Stock Exchange Association Limited.

RESOLVED FURTHER THAT the Board of Directors of the company be and is authorised and instructed to take all such steps and to do such acts, deeds or things necessary, incidental and consequential to give effect to this resolution."

- 13 "RESOLVED THAT pursuant to the provisions of Sec.372A and other applicable provision of the Companies Act, 1956 the Board of Directors (hereinafter called 'the Board') of the company be and is hereby authorised to issue a corporate guarantee of the company in favour of Punjab National Bank to the extent of Rs.190 Lacs for the working capital loans and facilities by the said bank to M/s DSM Agro Products Ltd.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary actions on behalf of the company to give effect to this resolution."

- 14 TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION, FOLLOWING RESOLUTION AS ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and approvals from concerned authorities, if necessary the apporval be and is hereby accorded for the reappointment of Mr. A.K. Gupta as wholetime director (Finance) of the company w.e.f. 1st April 1999 for a period of 5 years of the following terms and conditions as to remuneration and perquisites :

Salary	: Rs. 15,000/- per month. —
Perquisites	:
Housing	: For accomodation owned by the company a deduction @ 10% of the salary.
Electric, Gas, Water and Furnishing	: The expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per Income-tax Rules, 1962. This shall, however be subject to a ceiling of 10% of salary of the director."
Medical	: Reimbursement of actual expenses incurred for self and family subject to ceiling of one month's salary in a year or 3 months salary over a period of 3 years.
Leave Travel	: For self and family once a year incurred in accordance with the rules of the company.
Club Fees	: Club Fees subject to maximum of two clubs but not admission and life membership fees.
Personal Accident Insurance	: Premium for insurance not to exceed Rs. 1000/- Per annum.
Others	: (Not to be treated as perquisites)
Provident Fund	: Employer's contribution to Provident Fund to the extent not taxable under the Income-tax Act, 1961
Gratuity	: At the rate of half month's salary for each completed year of service subject to a ceiling of Rupees One Lac.
Conveyance	: For use of company's car for private purposes a sum of Rs. 500/- per month to be paid to company

RESOLVED FURTHER THAT the aforesaid monthly payment and monetary value of perquisites to be included in the remuneration for the purpose of Section 198 of the Companies Act, 1956, shall be deemed to be minimum remuneration in the event of absence or inadequacy of net profits computed in the manner provided under the said section."

By Order of the Board of Directors
For The Dhampur Sugar Mills Limited

Place : New Delhi
Date : 5th January 2000

Arhant Jain
Vice President (Fin.)
& Secretary.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy so appointed need not be a member of the company. Proxies in order to be effective, must be received at registered office of the company not less than 48 hours before the start of the meeting.
2. Pursuant to section - 173 of Companies Act, 1956, the relative explanatory statement is annexed hereto.
3. Members are requested to send the following to the Company's Registrar & Share Transfer Agent M/s Alankit Assignment Limited, 205-206, Anarkali Market, Jhandewalan Extension, New Delhi-110 056
 - a. Application for consolidation of folios along with relevant share certificates where members hold more than one share certificate in the same name under different folios.
 - b. Details regarding change of address, if any.
4. Members/Proxies should bring their copy of Annual Report and attendance slip (duly completed) when attending the Meeting.
5. The accounts, the report and all other documents required under the law to be annexed there to, will be available for inspection during working hours of the registered office of the Company on any working day except Saturdays and Sundays prior to the date of the Annual General Meeting.
6. Shareholders desiring any information as regards the accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
7. The register of members and share transfer book of the company shall remain closed from Friday, the 10th day of March 2000 to Wednesday, the 15th March 2000 (both days inclusive) for the purpose Annual General Meeting



THE DHAMPUR SUGAR MILLS LIMITED

Regd. Off: Dhampur, Distt. Bijnore (U.P.)

Explanatory Statement

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

ITEM NO. 7, 8, 9 & 10 :

The company is facing financial crisis and exploring the various ways of raising funds. In this process, it may issue preference shares to the financial institution(s) or any other person. For this purpose, it is envisaged that the authorised share capital of the company be suitably - increased. The present authorised share capital of the company is Rs. 50/- crores comprising of 350 Lacs equity shares of Rs. 10/- each and 15 Lacs Preference shares of Rs. 100/- each. The company has already issued and allotted 5.5 Lacs Preference shares of Rs. 100/- each. Thus, it is proposed to increase the authorised share capital to Rs. 75 crores comprising of 350 Lacs equity shares of Rs. 10/- each and 40 Lacs Preference shares of Rs. 100/- each. Approval of shareholders is necessary to issue preference shares to any person(s) other than existing shareholders on right basis. Also the approval of shareholders is necessary to increase the authorised share capital and suitably modify the capital clauses of Memorandum and Articles of Association of the company. Hence, these resolutions are placed before you to pass as special resolutions.

None of the directors is interested in this resolution.

ITEM NO. 11 :

The company has 12 directors on the Board at present. In order to comply with the loan agreement with institution(s)/bank(s) the company may have to appoint nominee director(s). The existing article 114 permits that the company can appoint maximum 12 directors. Thus, the approval of shareholders is required to amend the aforesaid article 114 so as to authorise the company to appoint maximum 14 directors. Hence this resolution is placed before the shareholders to pass it as special resolution.

None of the directors is interested in this resolution.

ITEM NO. 12 :

The company's securities are listed at U.P. Delhi, Ahmedabad, Mumbai and National Stock Exchanges. The U.P. Stock Exchange is the regional stock exchange. During the last 2-3 years the company's securities are substantially traded at National Stock Exchange and there are very negligible transactions at Delhi and Ahmedabad stock exchanges. The

shareholders from all over the country have greater access to trade in their securities at NSE and BSE. In view of this the company proposes to delist its securities from Delhi and Ahmedabad stock exchange. Since it is necessary to obtain approval of shareholders, special resolution as appearing in item No. 11 is recommended for adoption.

The directors may be deemed to be concerned or interested to the extent of the shareholdings they represent.

ITEM NO. 13 :

The company has to give a corporate guarantee in favour of Punjab National Bank for their having agreed to extend working capital facilities to M/s DSM Agro Products Ltd. for Rs. 190 Lacs. The amount of guarantee shall be upto Rs. 190 Lacs. The proposed corporate guarantee together with the loans, advances, guarantees and investments already made by the company may exceed the limits of Rs. 68.92 Crores as stipulated in section 372A of the Companies Act, 1956. As per provisions of the aforesaid section, approval of shareholders by way of special resolution is necessary in excess of limits as prescribed in the said Section. Hence this resolution is placed before you to pass it as special resolution.

ITEM NO. 14 :

Mr. Ashwani K. Gupta was appointed as whole-time director (Finance) in the year 1994 for a period of 5 years in terms of Schedule-XIII to the Companies Act, 1956. He has been reappointed as whole-time director (Finance) on the terms and conditions as set out in the resolution w.e.f. 1st April, 1999 by the Board. There is no change in the terms and conditions for his reappointment. The appointment is in terms of Schedule-XIII and needs approval of shareholders. Hence, this resolution is placed before you to pass it as ordinary resolution.

None of the directors except Sri Ashwani K. Gupta is interested in this resolution.

Place : New Delhi
Date : 5th January 2000

By Order of the Board of Directors
For The Dhampur Sugar Mills Limited
Arhant Jain
Vice President (Fin.) & Secretary.



DIRECTORS' REPORT

Your Directors are presenting their 65th Annual Report together with audited accounts of the Company for the year ended on 30th September, 1999.

FINANCIAL RESULTS

	Current year	(Rs. in Crores) Previous year
Total Income	340.82	355.83
Profit (before Depreciation)	(-) 28.92	8.60
Depreciation	14.51	12.95
Profit before Tax	(-) 43.43	(-) 4.35
Deduct : Provision for Tax	0.00	(-) 0.01
Profit after Tax	(-) 43.43	(-) 4.36
Add : Transfer from Investment Allowance Reserve	0.00	1.46
Transfer from General Reserve	50.00	0.73
Balance brought forward from earlier years	0.00	2.78
Other adjustments	0.16	(-) 0.01
Amount available for appropriation	6.73	0.60
APPROPRIATIONS		
Dividend on Preference shares	0.00	0.54
Tax on Dividend	0.00	0.06
Balance carried to Balance Sheet	6.73	0.00
	6.73	0.60

DIVIDEND

Due to non-availability of profits the directors do not recommend dividend for this year.

PERFORMANCE

During the year under review the company enhanced cane crushing to 203.13 Lac quintals in comparison to 194.15 Lac quintals in the previous year. The average aggregate recovery of all the three units of the Company declined by 0.42% to 9.16% as compared to 9.58% in the previous year. The total production of sugar of the company is 18.61 Lac tonnes against 18.60 Lac tonnes in previous year.

The total production of Acetic Anhydride, Ethyl Acetate, Acetaldehyde, Acetic Acid, CO₂ and Dry Ice during the year has increased by 14% to 8138 M.T. against 7152 M.T. in the previous year. The production in Oxalic Acid Plant is 2673 M.T. against 2680 M.T. in previous year.

The Company has supplied 27320330 Units (19869200 Units) of surplus power to State Electricity Board. The supply

to State from Rouzagaon Power Plant is yet to be streamlined and the bottleneck like inadequate transmission lines is likely to be removed as U.P. Government is proposing for setting up transmission lines jointly by plant owners and UPSEB and its cost will be shared equally. This will help Rouzagaon plant to achieve higher capacity utilisation and start contributing to profits by 2000 - 2001.

The overall dismal performance of the company resulting into loss during the year is due to :

- unfavourable weather conditions in Northern India, during the year, the average recovery was reduced by more than 0.50% to 1.0, which resulted in reduction in recovery per cent in our Sugar Units by 0.37% in Dhampur, 0.39% in Asmoli and 0.65% in Rouzagaon.
- shortage of cane in Rouzagaon and Asmoli sugar units;
- lower selling price of sugar due to low Custom duties and depressed international prices.
- limited evacuation capacity with the Government faced by co-generation power projects.
- increased interest burden.

CURRENT YEAR'S SCENARIO

The cane crushing for the current season has started in all Sugar Units in November, 1999. It is expected that there will be substantial improvement in cane crushing due to intensive care development in all the Units, especially in our Sugar Units at Rouzagaon and Asmoli. The recovery trend also shows betterment during this sugar season. Capacity utilisation is also likely to enhance considerably. Energy conservation measure are also undertaken.

The chemical division of the company is running satisfactorily, but the margins are affected due to lower realisation.

SUBSIDIARIES & PROMOTED COMPANIES

The audited accounts of the subsidiaries viz DSM Agro Products Limited for the year ended on 30th September, 1999, DSM Hi-tech Products Limited for the year ended on 31st March, 1999, Vashulinga Sugar & General Industries Limited for the period ended on 15th July, 1999 and Mansurpur Sugar Mills Limited for the year ended 30th June, 1999 are annexed.

Y2K COMPLIANT

Your Company has taken steps to remove the Y2K problem. The Company has already taken effective steps and has ensured that both the Hardware and Software of the Company are Y2K Compliant. The expenditure for the purpose does not have any significant impact on financial position of the Company.

FINANCE

The Company has already submitted the Financial Restructuring Plan for reschedulement of repayment of loans and interest thereon to Financial Institutions, Mutual Funds and Banks, which is likely to be finalised by Institutions shortly.

**PUBLIC DEPOSITS**

Public Deposits as at 30th Sept., 99 stood at Rs. 895.80 Lacs as against Rs.1131.90 Lacs in the previous year. There were unclaimed deposits amounting to Rs. 7.44 Lacs pertaining to 67 depositors as on that date and out of this 27 depositors having deposits aggregating to Rs.4.36 Lacs have subsequently claimed refund or renewed their deposits. However the balance amount of Rs.3.08 Lacs still remained unclaimed.

DIRECTORS

Sri Gaurav Goel Sri Gautam Goel Sri A.K. Gupta and Sri M.P. Mehrotra, directors of the Company retire by rotation, and being eligible offer themselves for re-appointment.

AUDITORS REPORT

M/s S. Vaish & Co., Chartered Accountants, Kanpur, and M/s Mittal Gupta & Co., Chartered Accountants, Kanpur, the joint auditors of your Company will retire at the ensuing Annual General Meeting and being eligible may be reappointed.

PARTICULARS OF EMPLOYEES

The particulars of Employees under section 217 (2A) of the Companies Act, 1956 - NIL

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

The particulars as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure.

INDUSTRIAL RELATIONS

The industrial relations have remained cordial and harmonious during the year.

ACKNOWLEDGEMENTS

Your directors place on record their acknowledgement and sincere appreciation of the Company to the Financial Institutions and Banks for their continued support, to the Cane growers for the supply of the cane, to the officers, staff and workers of the Company for their relentless and dedicated efforts and labour put in by them for the growth of the company. Your directors further seek contribution from all the above to overcome the tough time and look forward for a bright future.

Place : New Delhi
Dated : 21st, December, 1999

By Order of the Board
V. K. GOEL
Chairman

ADDENDUM TO THE DIRECTORS' REPORT

PARA 1(I) : The updation of fixed assets register is in progress

OTHER QUALIFICATIONS : All other qualifications of the auditors having reference to the accounting policies or the notes to the accounts are self explanatory and dose not require further explanation.

Place : New Delhi
Dated : 5th January 2000

By Order of the Board
V. K. GOEL
Chairman

**ANNEXURE - I : TO DIRECTORS' REPORT FOR THE YEAR ENDING 30.09.1999****A) CONSERVATION OF ENERGY :**

- a) Energy conservation measures taken :
Instrumentation of Boilers and other machineries to save energy.
- b) Steps are being taken for further reduction of consumption of energy. Co-generation scheme is implemented by installation of high pressure boiler and turbo set to produce surplus power during the crushing season.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. With the same amount of fuel consumption surplus power is available.

d) FORM - A:

A) Power and Fuel Consumption:

	<u>Current Year</u>	<u>Previous Year</u>
1) Electricity		
a) Purchased :		
Unit	2646392	2409891
Total Amount	12420147	11775955
Rate/Unit	4.69	4.89

b) Own Generation :

i) Through Diesel Generator:

Unit	3885602	2282497
Unit per Litre of diesel	3.35	3.60
Cost/Unit	3.25	3.45

ii) Through Steam Turbine :

Unit	86113806	73987431
Units per litre of fuel Oil/Gas Cost/Unit	Steam produced mainly by use of own bagasse.	

2) Coal (specify quality and where used)

Quantity (Tonnes)	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Average Rate	NIL	NIL

3) Furnace Oil

Quantity (Lts.)	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Average Rate	NIL	NIL

4) Other/Internal Generation :

Purchased Bagasse,
Paddy Husk & Fire wood

Quantity (Tonnes)	17818	33067
Total Cost (Rs.)	15198022	30336670
Average Rate/Ton.	852.93	917.41

B) CONSUMPTION PER UNIT OF PRODUCTION:

a: Sugar (Qtls.)	1860951	1860488
Electricity	49.78	41.21
Furnace Oil	-	-
Coal (Tons)	-	-
b: Chemicals (Qtls.)		
Electricity	168.43	185.19
Furnace Oil	-	-
Coal (Tons)	-	-
c: Straw Board (Qtls.)		
Electricity	62.40	65.46
Furnace Oil	-	-
Coal (Tons)	-	-
d: Board (per Sq. Mtrs.)		
Electricity	4.15	6.33
Furnace Oil	-	-
Coal (Tons)	-	-

C) TECHNOLOGY ABSORPTION**Research and Development:**

1. Specific areas in which R&D carried out by the Company.

a) Pilot Plant studies for the development of following process:

- i) Manufacture of Nicotinamide from Cyanopyridines.
- ii) Manufacture of Prydines from Picolines.
- iii) Manufacture of Picolines from Acetaldehyde.

b) Development of new variety of seeds for higher sugar recovery and yield in Sugar cane.

2. Benefits derived as a result of the above R&D.

Chemical and Sugar Units will be benefited.

3. Future Plan of Action - a) Pilot Plant study for the manufacture of Xanthan from Sugar in collaboration with Central Food and Technology Research Institution (CFTRI), Mysore. b) Energy Conservation studies through gassification of bagasse.

4. EXPENDITURE ON R&D

Expenditure made is non-allocable.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

1. Efforts in brief, made towards Technology Absorption, Adoption and Innovation.

a) Manufacture of Nicotinamide from Cyanopyridine.