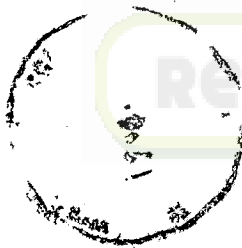


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RO	<input checked="" type="checkbox"/>		UHV	NA
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	4		

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DSM AGRO PRODUCTS LIMITED

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DSM AGRO PRODUCTS LIMITED



BOARD OF DIRECTORS

- Sri V K Goel, Director
- Sri A K Goel, Managing Director
- Sri R R Ruia, Director
- Dr. S L Keswani, Director
- Sri A K Sanghi, Director
- Sri S K Bhatnagar, Director
- Sri Deepak Sinha, IFCI Nominee
- Sri Om Narayan, Wholetime Director
- Sri Gaurav Goel, Director
- Sri Gautam Goel, Director

MANAGER (FINANCE)

- Sri K K Gupta

BANKERS

- Punjab National Bank
- State Bank of India

AUDITORS

- Mittal Gupta & Company
Chartered Accountants, Kanpur

REGISTERED OFFICE & WORKS

- Aghwanpur, District Moradabad (U.P.)
PIN - 244 502, INDIA

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DSM AGRO PRODUCTS LIMITED

Registered Office : Aghwanpur, District - Moradabad - 244 502 (U.P.)

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the members of DSM Agro Products Limited, will be held on Thursday the 29th April 1999 at 11.00 A.M. at the registered office of the Company at Aghwanpur, District Moradabad to transact the following business :-

ORDINARY BUSINESS :

- 1) To consider and adopt the Balance Sheet as at 30th September, 1998 and the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- 2) To appoint a director in place of Shri V.K. Goel, who retires by rotation, and being eligible, offers himself for reappointment.
- 3) To Appoint a director in place of Dr. S. L. Keswani, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a director in place of Shri A. K. Sanghi, who retires by rotation and being eligible, offers himself for reappointment
- 5) To appoint Statutory Auditors and fix their remuneration.

By Order of the Board

A. K. GOEL

Managing Director

Place : New Delhi

Dated : 17th March, 1999

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 time for holding the meeting.
2. 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 alongwith 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.
3. Members/Proxies should bring their copy of Annual Report and Attendance slip (duly completed) when attending the Meeting.
4. The accounts, the reports and all other documents required under the law to be annexed thereto, 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.
5. 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.
6. The register of members and share transfer books of the company shall remain closed from Friday the 23rd April, 1999 to Wednesday the 28th April, 1999 (both days inclusive) for the purpose of Annual General Meeting.

DSM AGRO PRODUCTS LIMITED

DIRECTORS' REPORT

To,
The Members,

Your Directors are pleased to present their 26th Annual Report on the working of the Company together with the Audited Accounts for the period ended 30th September, 1998.

PERFORMANCE OF THE COMPANY :

Working Results :

	1997-98	1996-97
Production - Sugar	22492.600	41830
(in M.T.) Paper	1596.621	6917
Molasses	11993.800	22528

(Rupees in Lacs)

Sales (Net of Returns)	4978.77	5134.12
Profit Before Depreciation & Tax	-196.69	190.90
Less : Provision for Depreciation	186.29	128.21
Profit After depreciation	-382.98	62.69
Less : Provision for Taxation	2.39	—
Profit After tax	-385.37	62.69
Add : Adjustments relating to Previous Year	-4.77	-15.11
Provision for Bad Debts	—	-0.01
Net Profit for the year	-390.14	47.57
Add : Profit B/F from earlier years	172.99	125.42
Balance available for appropriation	-217.15	172.99

Operations :

PAPER UNIT :

The Production during the year was too low as the plant remained shut for modernization from 01.01.98 to 13.12.98. The production has presently stabilized at 45 to 50 M.T. per day. Efforts are continuing to achieve the targeted production of 70 M.T. per day. Your company is persisting with its efforts to reduce costs by totally generating its own captive power, reduction in power consumption per ton of paper, further reduction in cost of captive power generation by using cheaper fuel options, and also reduction in total boiler fuel consumption per ton of paper. These efforts have shown results. The sales price of paper continues to be depressed due to recession in demand. Efforts are on to stimulate depressed due to recession in demand. Efforts are on to stimulate the demand and improve the returns by strengthening the value chain.

SUGAR UNIT :

The Sugar Unit modernisation plan was successfully implemented and now the unit is capable of crushing upto 5000 Tons per day. The 10 M.W. turbo generator has been successfully commissioned. The sugar recovery in the entire region of North India has been lower due to late rains. The sugar market is also depressed due to excessive and indiscriminate import of sugar. Efforts are on to increase the total cultivable area under cane and also varietal cane development for both early and middle maturing varieties. The sugar production has already stabilized and the unit is expected to perform satisfactorily in the remaining part of the season.

2. FINANCE :

During the period under review, the Company has paid all dues to the Financial Institutions and Banks as per respective terms and conditions. We are thankful to the Financial Institutions and their nominee Directors for extending co-operation and valuable assistance from time to time. The Company has not accepted any deposits from the public.

3. DIRECTORS :

Shri V. K. Goel, Dr. S. L. Keswani and Shri A. K. Sanghi retire by rotation at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 1956, and being eligible, offer themselves for reappointment.

The required information in accordance with the provisions of Section 217(1)(e) of Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 is given in the Annexure. The information as required U/s 217(2A) of the Companies Act, 1956 and rules thereto is Nil.

4. PERSONNEL :

Through out the year relations with all the employees remained cordial.

5. AUDITORS :

M/s Mittal Gupta & Co., Chartered Accountants, retire & offer themselves for reappointment.

6. APPRECIATION :

We take this opportunity to place on record our appreciation for the continued co-operation and help extended to us by the various Financial Institutions and our Bankers. The Board also appreciates the commitment and valuable contribution of all the employees in ensuring the smooth operations of the Company.

Place : New Delhi
Dated : 17th March, 1999

A. K. Goel
Managing Director

For and on behalf of the Board of Directors

Dr. S. L. Keswani
Director

Om Narayan
Director

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ADDENDUM TO THE DIRECTORS' REPORT

Pursuant to Section 217(3) of the Companies Act, 1956 following explanations are given on remarks contained in the Auditors Report :

1. Regarding Provision for Liabilities :

Auditors observations regarding non provision of liabilities in respect of Gratuity liability with the relevant notes mentioned therein are self explanatory.

2. Regarding Provision for Doubtful Debts :

Company is hopeful of recovering the dues from customers whose balances are shown as doubtful. Necessary steps in this regard are being taken.

3. Regarding Internal Audit System :

Internal Auditor has been appointed.

Other observations of auditors are self explanatory.

Place : New Delhi
Dated : 17th March, 1999

A. K. Goel
Managing Director

For and on behalf of the Board of Directors

Dr. S. L. Keswani
Director

Om Narayan
Director

Annexure to Director's Report Particulars Required Under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

(A) CONSERVATION OF ENERGY

a) Energy Conservation Measures Taken:

- i) Back Water is being reused by implementing a Counter Current Washing System. More efficient nozzles have been used in the showers to reduce water consumption. Energy efficient pumps and water separator in vacuum pumps increase power savings. Totally enclosed hood has been installed on pre and after dryers to retain heat and increase production.
- ii) Wasted Steam from Blow Tank is gainfully utilised for heating water for cooking in pulp mill by installation of Blow Heat recovery system.
- iii) All boilers are multifuel boiler for burning Bagasse, Husk and Pith besides Coal.
- iv) Double wire belt press for pulp washing is successfully running which reduces water consumption and improve stock temperature.
- v) Pith removed from Bagasse is used as fuel in Boilers, leading to Energy from waste.

- b) Total energy consumption per unit of production is given as per FORM 'A' enclosed.

(B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption is given as per FORM 'B' enclosed.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

The company has not earned foreign exchange during the year under report.

The foreign exchange outgoings are outlined in note no. 10(b) in Schedule No. 17.

FORM - A

Power and Fuel Consumption

	Current Year	Previous Year
1. Electricity		
a) Purchased Units	1933603	9143655
Total Amount (Rs.)	7386363	33497921
Rate/Unit (Rs.)	3.82	3.66
(This is factory load only)		
b) Own Generation through		
Diesel Generator Units	1658846	2912693
Units per litre of diesel oil	3.5	3.62
Cost/Unit	2.90	2.50
2. Coal (used in Boiler)		
Qty. (M.T.)	50.865	60
Total Cost (Rs.)	122076	150025
Average Rate/Ton (Rs.)	2400.00	2517.08
3. Other/Internal generation		
Paddy Husk		
Qty. (M.T.)	2156.350	3097
Total Cost (Rs.)	2624354	3000662
Rate/Unit (M.T.) (Rs.)	1217.03	968.89
Bagasse		
Qty. (M.T.)	1935.973	15327
Total Cost (Rs.)	2698869	15142516
Rate/Unit (M.T.) (Rs.)	1394.06	987.96
4. Consumption per M.T. of Production		

		Current Year	Previous Year
		Paper Sugar	Paper Sugar
a) Electricity	Units	774.35	31
b) Coal	M.T.	0.031	0.009
c) Paddy Husk	M.T.	1.350	0.45
d) Bagasse	M.T.	1.985	2.00

FORM - B**Disclosure of Particulars with respect to Technology Absorption****RESEARCH AND DEVELOPMENT (R&D)**

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

- a) Various cooking trial still being conducted in the Laboratory to optimise cooking conditions and improve paper properties, to cooking.
- b) Rationalisation of plant refining conditions by continuous monitoring of cooks in the lab and making hand sheet for plant and lab comparative tests.

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

Improvement in product quality.

3. Future plan of action:

The Company is constantly trying to improve the product quality with reduction in per unit cost and development and evaluation of alternate raw materials.

4. Expenditure on R & D:

Expenditure made is non-allocable.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made towards technology absorption, adoption, and innovation.

Indigenously designed vertical shake unit was successfully commissioned on paper machine resulting in product quality improvement.

Modernisation of existing paper machine to increase capacity from 30 TPD to 60 TPD based on the drawings and designs from M/s Indace Limited, U.K. was successfully implemented.

2. Benefit derived as a result of the above efforts :

Installed capacity of paper machine increased.

Product quality has improved.

3. Imported Technology :

- a) Technology Imported - Drawings and Design
- b) Year of Import - 1992 & 1998
- c) Has Technology been fully absorbed? - Yes

Place : New Delhi
Dated : 17th March, 1999

A. K. Goel
Managing Director

For and on behalf of the Board of Directors

Dr. S. L. Keswani
Director

Om Narayan
Director

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AUDITORS' REPORT

To,
The Members of
DSM Agro Products Limited

We have audited the attached Balance Sheet of DSM Agro Products Limited as at 30th September, 1998 and the annexed Profit and Loss Account of the Company for the year ended on that date.

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of accounts;
 - (d) Subject to the following notes appearing in Schedule 17 and their consequential effect on the accounts and Principal Accounting Policies;
 - (i) No provision has been made for the retirement benefits amount not ascertained (Accounting Policies No. 2).

- (ii) No provision has been made for doubtful debts and advances amounting to Rs.1237466.25 /- [Note No. 2(c)].
- (iii) Net revenue expenditure of Rs.39619532/- incurred during commissioning and trial run has been capitalized with the cost of plant & machinery and the capital work-in-progress (Refer Note No.13).
- (iv) Non-provision of depreciation Rs. 5904754/- on the fixed assets of the Paper Unit during its closure for modification (Refer Note No. 14).
- (v) As stated in Note No. 15, we are unable to make any comment upon the recoverability of investments made in a company.

In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with Principal Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

- i) in the case of Balance Sheet of the state of affairs of the Company as at 30th Sept., 1998 and
- ii) in the case of Profit and Loss Accounts, of the Loss for the year ended on that date.

For Mittal Gupta & Company
Chartered Accountants
Ajay Rastogi
Partner

Place : Camp New Delhi
Date : 17th March, 1999

ANNEXURE TO THE AUDITORS' REPORT

(AS REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE)

- i) The fixed assets records maintained by the company have not been updated and produced for our verification. The fixed assets were not physically verified by the management during the year and discrepancies, if any, could not in the circumstances, be known. The management has informed us that necessary steps for physical verification of fixed assets and completing the record wherever possible are being taken by them.
- ii) None of the Fixed Assets have been revalued during the year.
- iii) We have been informed that the management carried on physical verification of stocks of finished goods and raw materials at the end of the year and stock of stores, spare parts etc., were not physically verified.
- iv) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- v) The discrepancies noticed on physical verification of stock as compared to book records were not material and the same have been properly dealt with in the books of account.
- vi) In our opinion, the valuation of stock is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

DSM AGRO PRODUCTS LIMITED

- vii) In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from Companies under the same management as listed in register under Section 301 and 370 (1-B) of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
- viii) According to the information and explanations given to us, the Company has not granted any loans to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, and/or to the companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956.
- ix) The parties to whom loans or advances in the nature of loans have been given are repaying the principle and interest, wherever applicable as stipulated and are also regular in payment of interest wherever charged.
- x) In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, including components, plant and machinery, equipment and other assets, and for the sale of goods.
- xi) In our opinion and according to the information and explanations given to us the transactions of purchase and sale of goods during the year under review of the stores, spare parts, components and raw materials have been made from the firms, companies or other parties in which Directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956, including purchases of raw materials exceeding Rs.50,000/- in value from the holding company. In our opinion, and according to the information and explanations given to us by the management, the price paid for such transactions are reasonable, having regard to the prevailing market prices for such goods.
- xii) We are informed by the management that the Company has a system of determining unserviceable or damaged stores, raw materials, and finished goods and adequate provisions for losses, wherever necessary, have been made in accounts.
- xiii) The Company has not accepted any deposits from the public.
- xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scraps and waste.
- xv) The company has no formal internal audit system.
- xvi) We are informed by the management that the cost records required to be maintained by the company pursuant to the orders made by the Central Government for the maintenance of cost records for sugar and paper industries under Section-209(1)(d) of the Companies Act, 1956, are under preparation/finalisation/reconciliation.
- xvii) According to the records of the Company, the Provident Fund dues have generally been deposited with the appropriate authorities in time except in case of Paper unit and as explained to us the provisions of Employees State Insurance Act, 1948 are not applicable to the Company. The arrears of Provident Fund as on 30.9.98 are Rs. 9,39,926/-.
- xviii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding for a period of more than six months as at 30th September, 1998 from the date they become payable except a sum of Rs. 9,81,595/- in respect of excise duty & trade tax.
- xix) According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those incurred in accordance with generally accepted business practices and on the basis of contractual obligations.
- xx) The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Mittal Gupta & Company
Chartered Accountants
Ajay Rastogi
Partner

Place : Camp New Delhi
Date : 17th March, 1999