

33rd Annual Report 2004-05



Dhampur Sugar (Kashipur) Limited



DHAMPUR SUGAR (KASHIPUR) LIMITED

BOARD OF DIRECTORS

Shri V.K. Goel
Shri A.K. Sanghi
Shri A.K. Goel (Managing Director)
Shri A.K. Gupta
Shri Gaurav Goel
Shri Gautam Goel
Dr. S.L. Keswani
Shri Om Narayan

COMPANY SECRETARY

Shri M.C. Joshi

BANKERS

Punjab National Bank
Uttaranchal State Cooperative Bank Ltd.

AUDITORS

Mittal Gupta & Company
Chartered Accountants, Lucknow

REGISTERED OFFICE

13, Civil Lines, Bareilly (U.P.)

WORKS

Kashipur, Distt U.S. Nagar
(Uttaranchal)



NOTICE

NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the Members of the Company will be held on Saturday, the 28th day of January, 2006 at 03.30 PM at the Registered office of the Company at 13, Civil Lines, Bareilly (U.P.) to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 30th September 2005 and Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Sri (Dr) S L Keswani, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint Director in place of Sri V.K. Goel, who retires by rotation and being eligible offer himself for reappointment.
4. To appoint Director in place of Sri Gautam Goel, who retires by rotation and being eligible offer himself for reappointment.
5. To appoint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board

Place :New Delhi
Dated 23.11.2005

M.C.Joshi
Company Secretary

NOTES :

1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. AN APPLICATION FORM OF PROXY IS ENCLOSED WHICH SHOULD BE RETURNED TO THE COMPANY DULY SIGNED, IF NECESSARY, NOT LESS THAN 48 HOURS BEFORE THE ANNUAL GENERAL MEETING.
2. THE REGISTER OF SHARE HOLDERS AND SHARE TRANSFER BOOK OF THE COMPANY WILL BE CLOSED FROM 24.01.2006 TO 27.01.2006 (BOTH DAYS INCLUSIVE) FOR THE PURPOSE OF THE ANNUAL GENERAL MEETING.
3. The relevant explanatory statement pursuant to section 173(2) of the Companies Act 1956, in respect of Agenda item no and is annexed hereto.
4. Corporate members are intending to send their representative(s) are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
5. Additional information in term of clause 49 of the listing agreement on directors being re appointed is as under.

By order of the Board

Place :New Delhi
Dated 23.11.2005

M.C.Joshi
Company Secretary



DIRECTOR'S REPORT

The Members,

Your Directors are pleased to present the 33rd Annual Report on the operations of your Company and the Audited Statement of Accounts for the year ended on 30th September 2005.

THE PERFORMANCE OF THE COMPANY

FINANCIAL RESULTS

(Rs. in Lac)

Particulars	2004-05	2003-04
Turnover	8642.51	7242.14
Profit before Depreciation Interest and Tax	1588.61	841.65
Interest & Finance Charges	266.12	402.46
Depreciation	277.16	269.11
Extra Ordinary Items	753.70	(87.13)
Profit before Tax	1799.03	82.95
Fringe Benefit Tax	1.43	—
Profit after Tax	1797.60	82.95
Balance brought forward from earlier year	(5353.06)	(5436.01)
Additional Sugar Cane Price for 2002-03	(787.47)	—
Deficit carried to Balance Sheet	(4342.93)	(5353.06)

MANAGEMENT DISCUSSION AND ANALYSIS:

OPERATIONS

During the year under review, the turnover of the company improved by 19.33% to Rs. 8642.51 lacs in 2004-05 from 7242.14 lacs in 2003-04. The improvement of the financial health of the company is mainly attributable to better realization of sugar & molasses and cost reduction measures taken by the company. Net profit of the company improved significantly to Rs. 1797.60 lacs in 2004-05 from Rs. 82.95 lacs in 2003-04. The unit crushed 41.47 lacs qtls sugar cane as against 51.42 lacs qtls. in previous year. The decline in cane crushing is due to overall shortage of cane in region.

FINANCE:

During the year, the company paid all the dues of State Bank of India in term of settlement arrived with them. Also company made regular payment to IFCI Ltd. The company has issued 7% redeemable cumulative preference shares of Rs. 1000 lacs. The company has tied up working capital arrangements with Uttaranchal State Cooperative Banks Ltd.

I. Name : Shri V. K. Goel
Age : 65 Years
Qualification : Chemical Engineer
Experience : 45 Years
Other Directorship :

- | | | |
|---|--|----|
| 1 | The Dampur Sugar Mills Ltd. | 8 |
| 2 | Delton Cables Ltd. | 9 |
| 3 | DSM Exports (P) Ltd. | 10 |
| 4 | Goel Investments Ltd. | 11 |
| 5 | Mansurpur Sugar Mills Ltd. | 12 |
| 6 | VLS Finance Ltd. | 13 |
| 7 | Vashulinga Sugar & General Industries Ltd. Nepal | |

Member of Committees : Nil

State Bank of India, the operating agency, is in process of making the rehabilitation scheme of the company. The same shall be forwarded to Hon'ble BIFR for the necessary approval.

The Company has not accepted any deposit from the public.

INDUSTRY OUTLOOK

During the year, better sugar realization helped the companies to improve their overall financial health. Due to lower production in the country during the year, closing stock at the end of 2004-05 is expected to be around 4.7 mn tones, which is the lowest in last ten years. In the past one year, sugar prices have improved by more than 20%. Opening stock and production in coming year should just be enough to meet the domestic consumption, which should result in further increase in sugar prices. Cane availability shall depend upon the rainfall, monsoon being the critical factor.

A lot of companies are diversifying into generation of surplus power for export and manufacturing ethanol from molasses, which will strengthen the turnover and profits of the companies. Moreover, existing capacities are enhanced and new capacities are coming up.

Over all, the industry is expected to do well in coming future.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has proper and effective internal control system commensurate with size and scale of business to ensure that all controls, procedures and policies of are adhered to.

RISKS AND CONCERNS:

1. The sugar industry is cyclical industry and its' performance is subject to climatic conditions like timely rainfall. The industry has been affected by drought and irregular rain on various occasion.
2. The raw material cost of cane is fixed by the Central Government/ State Government without referring it to prevailing sugar prices.
3. The Sugar industry has to supply 10% of its production to Central Government as levy Quota at the predetermined prices.
4. Central Government may allow import of whit/raw sugar at concessional rates of import duties, which will affect the sugar realization in domestic market.

DIRECTORS:-

In accordance with the provisions of the Companies Act 1956 and Articles and Association of the Company S/Sri V.K Goel, Gautam Goel and Dr S L Keswani retires by rotation at ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Brief resume of the Directors, being re-appointed, is given below in terms of clause 49 of the Listing Agreement.

- | | |
|----|----------------------------------|
| 8 | Gaurav Overseas Exports (P) Ltd. |
| 9 | Hitech Aluminium Products Ltd. |
| 10 | South Asia Entertainment Ltd. |
| 11 | Sumac International Ltd. |
| 12 | Utkal Sugar & Chemicals Ltd. |
| 13 | Saraswati Properties Ltd. |



II. Name : Shri Gautam Goel
 Age : 31 Years
 Qualification : Graduate
 Experience : 10 Years
Other Directorship :

- | | |
|---------------------------------|---------------------------------|
| 1 The Dhampur Sugar Mills Ltd. | 6 Intellecta Infotech Pvt. Ltd. |
| 2 Mansurpur Sugar Mills Ltd. | 7 KSM Holding Ltd. |
| 3 Goel Investments Ltd. | 8 Saraswati Properties Ltd. |
| 4 Dhampur Speciality Sugar Ltd. | 9 Sonitron Ltd. |
| 5 DSM Hitech Products Ltd. | 10 Allegra Infotech Pvt.Ltd. |

Member of Committees : Nil

III. Name : Dr. S.L. Keshwani
 Age : 73 Years
 Qualification : Ph. D. (Pulp & Paper)
 Experience : 53 Years
Other Directorship :

- | | |
|-------------------------------------|--------------------------------------|
| 1 Chemprojects Consulting Pvt. Ltd. | 5 Cheema Paper Mills Ltd. |
| 2 Perfect Pac Ltd. | 6 Madhyaadesh Papers Ltd. |
| 3 Khatema Paper & Board Mills Ltd. | 7 Prakash Industries Ltd. |
| 4 B.N. Mathur Consultants Pvt. Ltd. | 8 Chemcon Fabricators (Delhi) P Ltd. |

Member of Committees: two

The Information as required under section 217(2A) of the Companies Act, 1956 and Rules made there to- NIL

LISTING OF EQUITY SHARES:

The equity shares of the company are listed on The Stock Exchange, Mumbai, Delhi Stock Exchange and Uttar Pradesh Stock Exchange, Kanpur, and presently being traded at BSE.

REPORT ON CORPORATE GOVERNANCE:

A separate report on corporate governance pursuant to clause 49 of listing agreement with Stock Exchanges is separately given as part of Board Report.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the Provisions of Section 217(2AA) of the Companies Act 1956 (here in after referred as Act) your directors based on the representations from the operating Management confirm as follows

- (i) That in preparation of the Annual Accounts the applicable Accounting Standards have been followed along with proper explanations relating to material departures.
- (ii) That the Directors have in selection of the accounting policies consulted the statutory auditors and applied them consistently and made judgments and estimates that they are reasonable and prudent so far as to give the true and fair view of the state of affairs of the Company at the end of financial year and of the Profit of the company for that period.
- (iii) That the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the 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 on a going concern basis.

The required information in accordance with section 217 (1)(e) of the Companies Act 1956 read with Companies (Disclosure of

particulars in respect of Board of Directors)) Rules 1988 is given in the annexure.

PERSONNEL :

Throughout the year relations with all the employees remained cordial.

AUDIT COMMITTEE:

The audit committee formed in due compliance with section 292A of The Companies Act 1956, consists of Shri Gaurav Goel, Director, Dr. S. L. Keshwani (Independent Director), Shri Om Narayan (Independent Director). Shri Om Narayan is Chairman of the audit committee. Mr. Ashwani K. Gupta, Independent Director has been inducted as member of the committee w.e.f. 15th November, 2005

AUDITORS:

M/s Mittal Gupta & Company, Chartered Accountants retire and offer them selves for reappointment.

COST AUDIT :

As per the directions of the Government of India, M/s S.R. Kapoor, Cost Accountant has been appointed as Cost Auditor for the financial year ended 30th September 2005.

APPRECIATION :

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

For and on behalf of the Board of Directors

A.K.Goel	Ashwani K Gupta	Dr. S.L. Keshwani
Managing Director	Director	Director

Place : New Delhi
 Dated : 23rd Nov .2005



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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 :

Observations of auditors are self explanatory.

ANNEXURE TO THE DIRECTORS REPORT PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

(A) CONSERVATION OF ENERGY :

Energy conservation measures taken :

- (i) Instrumentation of Boilers and others machineries to save energy.
- (ii) Steps are taken for further reduction of consumption of energy.
- (iii) 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 expenditure in foreign exchange are outlined in note No. 13(b) in Schedule No. 17.

FORM - A**POWER AND FUEL CONSUMPTION :**

	CURRENT YEAR	PREV. YEAR
1- ELECTRICITY		
(a) Purchased Units	NIL	NIL
Total Amount (Rs.)	NIL	NIL
Rate/Unit (Rs.)	NIL	NIL
(This is Factory Load only)		
(b) Own Generators Through Diesel Generators Units	NIL	NIL
Units/ Litre of HSD	NIL	NIL
Cost/Unit	NIL	NIL
2- COAL (USED IN BOILER)		
Quantity (MT)	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Average Rate Ton (Rs.)	NIL	NIL
3- OTHER INTERNAL GENERATION		
Baggass/Paddy Husk		
Quantity (MT)	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Rate/Unit (Rs.)	NIL	NIL

4- CONSUMPTION / MT OF PRODUCTION

Electricity	NIL	NIL
Bagasse	NIL	NIL

FORM - B

Disclosure of particulars with respect to Technology Absorption

RESEARCH & SEVELOPMENT

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

The holding Company viz M/s Dhampur Sugar Mills Ltd., Dhampur have as separate research & development department to develop new variety of seeds for higher sugar recovery and yield in Sugar Cane.

- 2- Benefits derived as a results of above R & D Improvement in Product Quality Higher yield of sugar cane and better recovery have been achieved.

3- FUTURE PLAN OF ACTION

The Company proposes to introduce certain promising variety of cane, suitable for its area of operation.

The trail and experiment would be undertaken on continuous basis.

4- EXPENDITURE IN R & D

Expenditure made in non allocable.

TECHNOLOGY ABSORPTION, ADOPATION AND INNOVATION

- (a) To Economize the operation and for energy conservation, technology available in India like cooling towers and Process control system have been installed.
- (b) Improved juice clarification for manufacture of better quality sugar (Low ICUMSA).

- 5- Benefits derived as a results of the above efforts.

Installed capacity of paper machine increased product quality has improved.

IMPROVED TECHNOLOGY

- (a) Technology imported no. technology was imported
- (b) Year of Import
- (c) Has technology been fully absorbed

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings	NIL
Outgo	NIL

For and on behalf of the Board of Directors

A.K.Goel Managing Director	Ashwani K Gupta Director	Dr. S.L. Keshwani Director
Place : New Delhi		
Dated : 23 rd Nov .2005		

REPORT ON CORPORATE GOVERNANCE

(1) Companies philosophy

Excellence in operation of a company steams from good corporate governance. Your company is firmly committed to corporate governance and transparency in its dealings and lays emphasis on integrity and regulatory compliance. With objective the company has continuously strengthening and upgrading its systems and process in order to bring transparency and efficiency in its business.

(2) Board of Directors:

The Board of Directors of the Company is a combination of Promoters, Executive, non executive and independent directors comprising 8 Directors as on 30th September 2005 of whom one is Managing Director.

Details of attendance of each Director at the Board Meetings, AGM, number of other directorship and membership of committees are given below :

Directors	Whether Promoter, Executive, or Non-Executive/Independent	No. of Board Meeting Attended	Last AGM Attended	No. of outside Directorships held	No. of Board Committees of other Companies in which a Member
Sri. V.K.Goel	Chairman-Promoter/ Non-Executive	6	Yes	10	Nil
Sri A.K. Sanghi	Non-Ex Executive/ Independent	5	No	6	1
Sri Gaurav Goel	Promoter/ Non-Executive	5	Yes	11	2
Sri Gautam Goel	Promoter/ Non-Executive	3	Yes	11	1
Dr. S.L.Keswani	Non-Executive/ Independent	7	No	8	2
Sri Om Narayan	* Non-Executive/ Independent	6	Yes	-	-
Sri A.K.Goel	Promoter – Managing Director	6	No	8	2
Sri Ashwani K. Gupta	Independent/Non Executive	5	Yes	13	3

BOARD MEETINGS & AGM :

During the year under review, 7 Board Meetings were held on : 30th Nov. 2004, 27th Dec 2004, 22nd Jan., 2005, 18th Apr.,2005, 25th Jul.,2005. 24th Aug 2005 and on 29th Sept 2005.

The AGM was held on 29th Mar.2005

AUDIT COMMITTEE:

The Audit Committee of the Directors, as required under section 292A of the Companies Act, 1956 has been constituted, consisting of following non-executive and independent Directors:

- Shri Gaurav Goel
- Dr. S.L.Keswani
- Shri Om Narayan

The brief description of terms of reference of the Audit Committee is:

The Committee discharge such duties and functions generally indicated in clause 49 of the listing agreement with the Stock Exchanges and such other functions as may be specifically delegated to the committee by the Board from time to time The constitution of audit committee also meets with the requirements under section 292 A of the Companies Act 1956.

During the year under review four meetings of the Audit Committee were held on

17th Dec 2004, 22nd Jan.,2005, 18th Apr.,2005 25th July 2005

Details of Attendance of each member at the Committee Meetings are as follows :-

Sl. No.	Name	Meetings Attended
1	Shri Gaurav Goel	4
2	Dr. S. L.Keshwani	4
3	Shri Om Narayan	4

DIRECTORS' REMUNERATION :

Detail of Remuneration paid to the Managing Director & Whole Time Director during the year 2004-05 are given below :

Name of Directors	Salary & Perquisites	Total
Sri A.K.Goel	682223.00	682223.00

Details of payments made to Non-Executive Directors during the year 2004-05 are given below :

Name of the Non-Executive Directors	Sitting Fees Board Meeting	Fees Committee Meeting	Total
Sri. V.K.Goel	8000	-	8000
Sri A.K. Sanghi	7000	-	7000
Sri Gaurav Goel	6000	2000	8000
Sri Gautam Goel	6000	-	6000
Dr. S.L.Keswani	9000	2000	11000
Sri Om Narayan	8000	2000	10000
Sri Ashwani K Gupta	7000	-	7000

SHARE TRANSFER & SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

The Committee

- approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate Certificates by the Company and
- looks into various issues relating to shareholders including redressal of complaints form shareholders relating to transfer of shares, non-receipt of Balance Sheets, Dividends etc. The


DHAMPUR SUGAR (KASHIPUR) LIMITED

Committee look after the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor's service. The Committee consisted of 3 Non-Executive Directors.

- Dr. S. L. Keshwani
- Shri Om Narayan
- Shri A.K.Sanghi

The Committee met 22 times during the year and transferred 31,600 shares (including 10,013 shares transmitted).

Name and Designation of Company Secretary : Shri M.C. Joshi

Name and Designation of Compliance Officer : Shri Nalin K Gupta

No. of Shareholders' Complaints received/resolved during the year 26

No. of complaints not resolved to the satisfaction of share holders' Nil

No. of pending share transfer Nil

General Body Meetings :

(a) Location and time where last three AGM/EGM were held :

DATE	LOCATION	TIME
1. 29.03.2005	13, Civil Lines Bareilly	3.30 PM
2. 27.03.2004	13, Civil Lines Bareilly	4.00 PM
3. 29.03.2003	13, Civil Lines Bareilly	4.30 PM

Whether special resolution were put through postal ballot last year: No

Are votes proposed to be conducted through postal ballot this year: No

OTHER DISCLOSURES :

(a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company at large.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years **None**

MEANS OF COMMUNICATION:

Half-yearly/quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirements of Clause 41 of the Listing Agreement.

Half-yearly/quarterly results are normally published in Financial Express in English and Jansatta/Veer Arjun in Hindi.

GENERAL SHAREHOLDERS INFORMATION:

(a) AGM :

DATE	TIME	VENUE
28 th January, 2006	3.30 P.M.	13, Civil Lines, Bareilly (U.P.)

(b) FINANCIAL CLAENDAR (TENTATIVE) :

Financial reporting for the quarter ending 31st Dec., 2005. : End of Jan.2006

Financial reporting for the quarter ending 31st Mar.,2006 : End of Apr.2006

Financial reporting for the quarter ending 30th Jun., 2006 : End of July 2006

Financial reporting for the quarter ending 30th Sept.,2006 : End of Oct.,2006

Annual General Meeting for the year ending 30th Sept.2006 : Last week of March 2007

(c) Book closure period 24th January, 2006 to 27th January ,2006 (both days inclusive)

(d) **Listing on Stock Exchanges :**

The Company's securities are listed at : Stock Code

(i) The Stock Exchange, Mumbai 502512

(ii) The Delhi Stock Exchange Association Ltd. N.A.

(iii) The U.P. Stock Exchange Association Ltd. Kanpur N.A.

(e) Distribution of Share holding as on 30.09.2005

Share Holding of Nominal Value of Rs	Shareholders		Share Amount	
	Number	% of Total	In Rs.	% of Total
Up to 5000	10585	93.334	17881850	12.255
5001 to 10000	521	4.594	3296250	2.259
10001 to 20000	121	1.067	1748000	1.198
20001 to 30000	35	0.309	862750	0.591
30001 to 40000	13	0.115	476250	0.326
40001 to 50000	11	0.097	525250	0.36
50001 to 100000	21	0.185	1525450	1.045
100001 to Above	34	0.3	119601200	81.965
Total	11341	100.00	145917000	100.00

(f) **Dematerialization of Shares**

The Equity Shares of the Company are available for dematerialization under ISIN INE735A01013 with NDSL and CDSL. The Company's security is available under transfer cum demat scheme from the year 2000 onwards. 77.82% shares the Company's Equity Shares are held in electronic mode.

(g) **Audit Compliance certificate**

As required by clause 49 of the listing Agreement Auditors Certificate is an annexure to this report.

(h) **Registrars and Transfer Agents**

Alankit Assignments Limited
2E /8 1st Floor Jhandewalan Extension
New Delhi 110 055
PHONE No 011 51540060-63

Address for Correspondence:
Dhampur Sugar(Kashipur) Limited

221, Okhla Industrial Estate
New Delhi – 110 020

Sugar Mill Compound
Kashipur 244 714
Distt US Nagar (UA)