

# **Kashipur Sugar Mills Limited**

**\_\_\_\_\_38th\_\_\_\_\_**  
**Annual Report 2009-10**  
**\_\_\_\_\_**

## KASHIPUR SUGAR MILLS LIMITED

<b>BOARD OF DIRECTORS</b>	:	Dr. S.L.Keswani Sri Om Narayan Sri Harish Saluja Sri Amit Khandelwal Sri Rajesh Kumar Agrawal (Nominee, BIFR) Sri Sharad Sharma Sri R.K.Agrawal (Whole Time Director)
<b>COMPANY SECRETARY</b>	:	Sri M.C.Joshi
<b>BANKERS</b>	:	Punjab National Bank Uttarakhand State Coop. Bank Ltd.
<b>AUDITORS</b>	:	Mittal Gupta & Company Chartered Accountants, Lucknow
<b>REGISTERED OFFICE</b>	:	13, Civil Lines, Bareilly
<b>WORKS</b>	:	Kashipur Distt. Udham Singh Nagar Uttarakhand

## KASHIPUR SUGAR MILLS LIMITED

### KASHIPUR SUGAR MILLS LIMITED

Registered Office 13 Civil Lines Bareilly UP

#### NOTICE

Notice is hereby given that the 38th Annual General Meeting of the Members of the Company will be held on Thursday, the 24, March 2011 at 3.30 PM at the Registered office of the Company at 13 Civil Lines Bareilly to transact the following business.

#### ORDINARY BUSINESS.

##### AGENDA ITEM NO. 1 :

To receive, consider and adopt the audited Balance Sheet as at 30th September 2010 and Profit & Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.

##### AGENDA ITEM NO. 2 :

To appoint Director in place of Sri Om Narayan who retires by rotation and being eligible offer him self for reappointment.

##### AGENDA ITEM NO. 3 :

To appoint Director in place of Sri Amit Khandelwal who retires by rotation and being eligible offer him self for reappointment

##### AGENDA ITEM NO. 4 :

To appoint Director in place of Sri Rajeev K Agrawal who retires by rotation and being eligible offer him self for reappointment

##### AGENDA ITEM NO. 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.

#### SPECIAL BUSINESS

##### AGENDA ITEM NO. 6 :

Ordinary Resolution

##### APPOINTMENT OF DIRECTOR

To approve and if thought fit to pass with or without modification the following Resolution as an ordinary Resolution;

"RESOLVED THAT Sri Sharad Sharma be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of director by rotation"

New Delhi

Dated 29.11.2010

By order of the Board

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 17 TH. MARCH .2011 TO 24-TH MARCH 2011 (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 6 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 given under the Directors Report to the members.

New Delhi

Dated 29.11.2010

By order of the Board

M.C.Joshi

Company Secretary

#### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

##### Agenda item No 6

Sri Sharad Sharma aged about 48 years is a graduate has been appointed as Additional Director by the Board of Directors the Company in its meeting held on 29.11.2010

Sri Sharma has the extensive experience in corporate affairs and holding director ship in various companies.

The appointment of Sri Sharma will be beneficial and in the interest of the Company.

##### Memorandum of Interest

None of the Director except Shri Sharma is interested in the Resolution.

The statements made above may be regarded as an abstract as required under section 302 of the Companies Act, 1956.

By order of the Board

New Delhi

Dated 29.11.2010

M.C.Joshi

Company Secretary

# KSHIPUR SUGAR MILLS LIMITED

## Director's Report

### The Members,

Your Directors are pleased to present the 38th Annual Report of the Company together with the Audited Accounts for the year ended on 30th September 2010.

### Performance of the Company

#### Financial Results

(Rupees in Lacs)

Particulars	2009-2010	2008-2009
Sales (Net of Returns)	4269.64	6595.80
Profit (Loss) before Depreciation Interest and Tax	(343.37)	256.83
Interest and Finance Charge	220.24	97.73
Less : Provision for Depreciation	298.39	300.44
Profit (Loss) Before Tax	(862.00)	(141.34)
Fringe Benefit Tax	0.00	(2.13)
Profit (Loss) After Tax	(862.00)	(143.47)
Profit/(Loss) B/F from earlier years	(5430.62)	(5287.15)
(Loss) carried to Balance Sheet	(6292.62)	(5430.62)

### Management Discussions & Analysis

#### Operations

The overall total sales turnover of your company for the period under review stood at Rs 4269.64 Lacs as compared to previous year Rs 6595.80 Lacs, recording a decline in turnover by 35.26 %. The production of sugar stood at 1.78 Lac quintals in 2009-10 as against 1.73 lac quintals in last year . The company crushed 20.72 Lac Quintals of Sugar Cane during the year as against 19.34 lac quintals in previous year.

#### Operational Performance

Particulars	Sugar Season	
	2009-2010	2008-2009
Commencement of the crushing season	05.12.2009	21.11.2008
Closing of Crushing Season	10.03.2010	12.02.2009
Cane Crushed (Lac Qntls.)	20.72	19.34
Recovery (percent)	8.54	8.66
Sugar Production (Lac Qntsl.)	1.78	1.73

The Company continues to suffer on account of inadequate availability of sugarcane.

#### Dividend

In view of the loss incurred during the current year and brought forward losses, your directors do not recommend any dividend for the current year.

#### Rehabilitation Scheme

The Company is a sick industrial company within the meaning of section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

Hon'ble Board for Industrial and Financial Reconstruction (BIFR) had approved Rehabilitation Scheme vide their order dated 1<sup>st</sup> February, 2008 effective from 08.01.2008.

The Company has no outstanding term loans from banks/Fls. However, the reliefs and concession as envisaged under the scheme, inter alia, from State Government of U.P. and Uttaranchal are not being implemented in totality by the respective State Governments. The company hope that the same are allowed by the respective State Governments in terms of direction by Hon'ble BIFR.

#### Finance

The cash flow remained under pressure because of cash losses continuously incurred by the Company through out the year and inadequate working capital availability. Sugar sale realization also started declining from February 10 onwards and went down to even cost of production.

Your directors are hope full that the Company will certainly come out of the present phase and shall be able to make positive net worth in the next coming years.

The Company has not accepted any deposit from the public.

#### Industry Outlook

Sugar Industry is highly regulated industry in India. Government of India initiated reform process to decontrol the industry. The Decontrol of Sugar Industry is serious discussion now.

During the year, Imports of White/Raw sugar was allowed by the Government at zero import duty and without any export obligation.

During the year sugar production has been estimated at 19.00 million tones against 14.5 million tones in 2008-09 by Indian Sugar Mills Association. Country is expect to have closing stock of 6 million tones against opening stock of 4.4 million tones.

Sugar Price took a sharp correction after achieving peak in early part of year. The sugar prices went down to cost of production.

During the year, pricing of sugar cane continues to be vexatious issue. Despite the moderate increase in the SAP for the year 2009-10, cane cost per MT of Sugar in the State is higher than the current realization in the domestic market.

There has been a drastic increase in the state advised price of sugar cane during the year under report as compared to previous year. The State Government announced SAP at Rs 197.00 per quintal for early variety and Rs 192.00 for general verity as against Rs. 148.00 for early variety and Rs 143 for general verity of cane during the year 2008-09. Though the sugar selling process were also increased during early part of the year and there after the free sugar prices went down the cost of production of sugar, resulting in loss to the company.

Future prospects of sugar industry looks reasonably good next year. ISMA has projected sugar production of 23 million tones. However, the raw material cost is expected to be low as compared to this year resulting in positive margin from sugar operations

#### 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 occasions

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- The Central Government/State Government fixes the raw material cost of cane without referring it to prevailing sugar prices.
- The sugar industry has to supply 10% of its production to Central Government as levy Quota at the predetermined prices.
- Central Government may allow import of white/raw sugar of concessional rates of import duties, which will affect the sugar realization in domestic market.

### Directors

Sri Sharad Sharma was appointed as additional Director by the Board of Directors the Company in its meeting held on 29.11.2010.

Sri Sharma has the extensive experience in corporate affairs and holding director ship in various companies.

In accordance with the provisions of the Companies Act, 1956 and Articles and Association of the Company Sri Om Narayan, Sri Amit Khandelwal and Sri Rajeev Kumar Agrawal retires by rotation at ensuing Annual General Meeting of the Company and are eligible offer themselves for reappointment.

Brief resumes of the directors being reappointed at the ensuing AGM is given in terms of clause 49 of the listing agreement.

Name	Sri Om Narayan
Date of Appointment	22.09.1989
Nature of expertise in specific areas	Extensive experience in corporate bodies
Qualification	IIT Graduate, Chemical Engineer
List of other Directorships held excluding alternate Directorship and Private Companies	1. Dhampur Sugar Distillery P. Ltd. 2. Golden Sun Pvt. Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Member : 1. Share Transfer Committee 2. Remuneration Committee
Chairman/Member of the Committee of the Board of Directors of other companies in which he is a director	None

Name	Sri Amit Khandelwal
Date of Appointment	16.05.2007
Nature of expertise in specific areas	–
Qualification	MBA
List of other Directorships held excluding alternate Directorship and Private Companies	–
Chairman/Member of the Committee of the Board of Directors of the Company	Member : 1. Audit Committee
Chairman/Member of the Committee of the Board of Directors of other Companies in which he is a director.	None

Name	Sri Rajeev Kumar Agrawal
Date of Appointment	07.07.2008
Nature of expertise in specific areas	Experience in managing Sugar Mills for more than one decade
Qualification	Post Graduate
List of other Directorships held excluding alternate Directorship and Private Companies	None
Chairman/Member of the Committee of the Board of Directors of the Company	None
Chairman/Member of the Committee of the Board of Directors of other companies in which he is a director	None

### Statutory Information

The Particulars of Employees' remuneration under section 217(2A) of the Companies Act, 1956

The Company's does not have any employee drawing remuneration warranting disclosure under Companies (Particulars of Employees) Rules, 1975.

The information as required under section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is given in the annexure forming part of this report.

### Listing of Equity Shares

The Company's securities are listed at the Stock Exchange, Mumbai (BSE), The Delhi Stock Exchange Association Ltd., Delhi and the U.P. Stock Exchange Association Ltd. Kanpur.

### Report on Corporate Governance

A separate report on corporate governance pursuant to clause 49 of listing agreement with Stock Exchange 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 representation from the operating management confirm that

- In preparation of the Annual Accounts the applicable Accounting Standards have been followed along with proper explanation relating to material departure.
- They have in selection of the accounting policies consulted the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so far as to give true and fair view of the state of affairs of the Company at the end of Financial Year and of the loss of the company for the period.

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- (iii) They 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) They 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**

Your directors sincerely appreciate the cordial and harmonious relations with the staff, workers and other employees throughout the year.

### **Audit Committee**

The Audit Committee of the Board of Directors as required U/S 292A of the Companies Act, 1956 consisting of the following Non-Executive and Independent Directors

- Dr. S.L. Keswani
- Shri Harish Saluja (Chairman)
- Shri Amit Khandelwal

### **Auditors**

M/s Mittal Gupta & Company, Chartered Accountants, the Statutory Auditors of the company will retire at the forthcoming Annual General Meeting and being eligible offers themselves for reappointment.

### **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 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

**R.K. Agrawal**  
Whole Time Director

**Om Narayan**  
Director

Place : New Delhi  
Dated : 29.11.2010

## Addendum to the Director's 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 in their report read with the relevant notes to account are self-explanatory and therefore do not require further explanation.

ANNEXURE TO THE DIRECTORS REPORT ON 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 are given as per FORM B enclosed.

### (C) Foreign exchange earning and outgo.

The company has not earned any 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
<b>1. Electricity</b>		
(a) Purchased units	609602	609926
Total Amount (Rs.)	2462636	2181869.00
Rate/Unit (Rs.) (This is Factory Load only)	4.04	3.58
(b) Own Generators Through Diesel Generators Units	49400	52000
Unit/Liter of HSD	2.60	2.60
Cost/Unit (Rs.)	13.74	13.11
Through Steam Turbine Units	11277825	7021476
<b>2. Coal (Used in Boiler)</b>		
Quantity (MT)	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Average Rate Ton (Rs.)	NIL	NIL
<b>3. Other Internal Generation</b>	NIL	NIL
<b>4. Consumption/MT of Production</b>		
Production (Qtls.)	177700	172950
Electricity (Units/Qtls.)		

### FORM-B

Disclosure of particulars with respect to Technology Absorption

### Research & Development

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

M/s Dhampur Sugar Mills Ltd., Dhampur, the promoter Company has a separate Research & Development department to develop new variety of seeds for higher sugar recovery.

#### 2. Benefits derived as a result 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 trial and experiment would be undertaken on continuous basis.

#### 4. Expenditure in R & D

Expenditure made is non allocable.

#### Technology absorption, Adoption and innovation

- (a) To Economies 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 :

- **Product quality has improved.**

- **Improved Technology :**

- (a) Technology imported No technology was imported
- (b) Year of import NIL
- (c) Has technology been fully absorbed NA

#### Foreign Exchange Earnings and Outgo :

- Earnings NIL
- Outgo NIL

For and on behalf of the Board of Directors

**R.K. Agrawal**  
Whole Time Director

**Om Narayan**  
Director

Place : New Delhi  
Dated : 29.11.2010

# KASHIPUR SUGAR MILLS LIMITED

## Report on Corporate Governance

### (1) Company philosophy on Corporate Governance

Excellence in operations of the company stems 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 the same objective, the company is continuously strengthening and upgrading its systems and process in order to bring transparency and efficiency in its business.

### (2) Board of Directors

The Board is headed by the Non-Executive Chairman, Mr. Om Narayan and is composed of eminent persons with consideration professional experience in varied field and comprises a majority of Non-Executive Independent Directors. Over two- thirds of the Board comprises Non-Executive Directors of which the majority are independent directors. The details 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 Gaurav Goel (*)	Promoter/Non-Executive	2	No	8	–
Sri Gautam Goel (*)	Promoter/Non-Executive	3	No	7	–
Sri Amit Khandelwal	Non-Executive/Independent	1	No	Nil	–
Dr. S.L. Keswani	Non-Executive/Independent	3	No	5	–
Sri Om Narayan	Non-Executive/Independent	5	Yes	1	–
Sri Harish Saluja	Non-Executive/Independent	4	Yes	4	–
Sri R.K. Agrawal	BIFR Nominee	5	No	Nil	–
Sri R.K. Agrawal	Whole Time Director	5	Yes	Nil	–

(\*) Resigned on 11.09.2010

### Board Meeting & Annual General Meeting

During the year under review, 5 Board Meetings were held, the dates being 22th Oct.,2009, 29th Dec,2009, 29th Jan, 2010, 10th May, 2010 & 9th Aug, 2010.

The AGM was held on 30th Day of March, 2010

### Audit Committee

The Audit Committee of the Board of Directors, as required under Section 292A of the Companies Act, 1956 consisting of following Non- executive and Independent Directors,

- Dr. S.L. Keswani
- Sri Harish Saluja
- Sri Amit Khandelwal

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

To review the management information report, the Statutory Auditors' Report on the Financial statement, to generally interact with the Statutory Auditors, to review weaknesses in internal controls, to select and establish accounting policies and to review financial statement before submission to the Board, during the year under review four meeting of the Audit Committee were held on 29.12.2009, 29.01.2010, 10.05.2010, 09.08.2010.

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

Name	Meetings Attended
Sri Amit Khandelwal	1
Sri Harish Saluja	3
Dr. S.L. Keswani	3
Sri Om Narayan (Co-opted)	1

### Remuneration Committee

The Remuneration committee constituted by the Board of Directors to approve remuneration to the Directors consists of the following non executive and independent Directors as member

- Om Narayan (Chairman)
- Dr S L Keswani (Member)
- Sri Amit Khandelwal (Member)

During the year, no remuneration committee meeting was conducted.

The remuneration policy of the Company is to remunerate the Whole Time Director commensurate with the operational and financial performance of the Company and the performance of the individuals.



## KASHIPUR SUGAR MILLS LIMITED

### Directors Remuneration

Details of Remuneration paid to the Whole Time Director(s) during the year 2009-2010 are given below :

Name of Director	Salary & Perquisites	Total
Shri R.K. Agrawal WTD	450417.63	450417.63

Details of payment made to Non-Executive Directors during the year 2009-10 are given below :

Name of the Non-Executive Directors	Sitting Fees		Commission	Total
	Board Meeting	Committee Meeting		
Sri Gaurav Goel (*)	4000.00	0.00	0.00	4000.00
Sri Gautam Goel (*)	6000.00	0.00	0.00	6000.00
Sri Harish Saluja	8000.00	1500.00	0.00	9500.00
Sri Amit Khandelwal	2000.00	500.00	0.00	2500.00
Dr. S.L. Keswani	6000.00	500.00	0.00	6500.00
Sri Om Narayan	10000.00	500.00	0.00	10500.00
Sri Rajesh Kumar (BIFR Nominee)	10000.00	0.00	0.00	10000.00

(\*) Resigned on 11.09.2010

### Share Transfer & Shareholders/Investors Grievance Committee :

The Committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate Certificate by the Company and (ii) looks into various issues relating to shareholders including redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheets dividends etc. The Committee consists of 3 Non-Executive Directors

- Sri Om Narayan
- Dr. S.L. Keswani
- Sri Harish Saluja

The Committee met 23 times during the year and transferred 3350 Equity shares.

Name and Designation of Company Secretary : Sri M.C. Joshi  
Email : mcjoshi@dhampur.com.

Name and Designation of Compliance Officer : Sri Nalin K. Gupta  
Email : nalingupta@dhampur.com

No. of Shareholders Complaints received during the year : 14 and resolved

No. of complaints not resolved to the satisfaction of shareholders	Nil
No. of pending share transfer	Nil

### General Body Meetings :

(a) Location and time where last 4 AGM/EGM were held :

1. 25.03.2008	13 Civil Lines Bareilly UP	4.00 PM (AGM)
2. 30.06.2008	Sugar Mill Comp Kashipur	3.30 PM (EGM)
3. 26.3.2009	13 Civil Lines Bareilly UP	3.30 PM (AGM)
4. 30.3.2010	13 Civil Lines Bareilly UP	3.30 PM (AGM)
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. transaction of the Company of material nature, with its promoters, the directors of the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- (b) Details of non-compliance by the Company, penalties, and strictures imposed on the company by Stock Exchange of SEBI or any statutory authority, on any matter related to capital markets, during the last three years. None
- (c) The Company has complied all the mandatory requirement of clause 49 of the listing agreement relating to constitution of the Board and proportion of independent director vis a vis non independent directors.

### Means of Communication

- (a) Whether half-yearly report sent to each shareholders No
- (b) Quarterly results
- (i) which newspaper normally published in
- (a) Jansatta (Hindi)
- (b) Financial Express (English)

### General Shareholder's information

#### (a) AGM

Date	Time	Venue
24th March, 2011	3.30 PM	13, Civil Lines, Bareilly

#### (b) Financial Calendar (Tentative)

Finance reporting for the quarter ending 31st Dec, 2010	By 15th February 2011
Finance reporting for the quarter ending 31st March, 2011	By 15th May 2011
Finance reporting for the quarter ending 30th June, 2011	Before 14th August 2011
Finance reporting for the quarter ending 30th Sep., 2011	Last week of Nov, 2011
Annual General Meeting for the year ending 30th Sep., 2011	Last week of March 2012