

DIRECTORS' REPORT

To,
The Members

Dhampure Speciality Sugars Ltd

Your Directors are pleased to present the 27th Annual Report for the financial year ended on March 31st, 2019.

1. FINANCIAL RESULTS

| | Standalone | | Consolidated |
|---|-----------------|-----------------|----------------|
| | 2018-19 | 2017-18 | 2018-19 |
| FINANCIAL RESULTS | | | |
| Net Sales | 8,20,09,106.00 | 8,43,98,272.00 | 8,20,09,106.00 |
| Other income | 570398.00 | 31,62,323.00 | 37,10,110.00 |
| Profit before interest, depreciation and tax | 7711568.00 | 33,65,049.00 | 1,04,78,243.00 |
| Finance Cost (including Interest) | 1,63,449.00 | 3,84,941.00 | 4,75,437.00 |
| Depreciation | 19,33,583.00 | 11,76,421.00 | 27,75,420.00 |
| Exceptional Item | - | - | - |
| Profit before Tax | 56,14,536.00 | 18,03,687.00 | 72,27,386.00 |
| Provision for | - | - | - |
| - Current Tax | 12,59,742.00 | 3,43,692.00 | 14,34,519.00 |
| - Deferred tax | 8,83,268.00 | 6,81,128.00 | 9,79,938.00 |
| Profit after Tax | 34,90,039.00 | 8,57,001.00 | 51,99,552.00 |
| Extraordinary Item | - | - | - |
| Profit after tax including extraordinary item | 34,90,039.00 | 8,57,001.00 | 51,99,552.00 |
| Minority Interest | - | - | - |
| APPROPRIATIONS | | | |
| Less: | - | - | - |
| Dividend-Equity shares | 0.00 | 0.00 | 0.00 |
| Dividend Tax | 0.00 | 0.00 | 0.00 |
| General Reserve | 13,91,80,637.00 | 13,11,71,272.00 | 14,85,57,448 |

2. OPERATIONS

During the year under review total income of the Company was Rs. 8,20,09,106 as against Rs. 8,43,98,272 in the previous year. The Company hereby improved its marginal profit for the year of Rs. 34,90,039 against a profit of Rs. 8,57,001. Your Directors are putting in their best efforts to improve the performance of the Company.

3. STATEMENT OF AFFAIRS OF THE COMPANY

Dhampure Speciality Sugars Ltd is incorporated under the Companies Act, 1956 having registered office at Villageteh Pallawala Tehsil Dhampur Bijnor, Uttar Pradesh-246761. The Company is listed at Bombay Stock Exchange. During the year Company earned a profit of Rs. 34,90,039. Export sales of the company during the year is Rs. 11,26,800.

4. CHANGE IN NATURE OF BUSINESS OF THE COMPANY

There has been no change in the nature of business of the Company.

5. MATERIAL CHANGES ETC.

Save as mentioned elsewhere in this Report, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company- 31st March, 2019 and the date of this Report.

27th ANNUAL REPORT

6. DIVIDEND

The Board of Directors of your Company has decided to retain and plough back the profits into the business of the Company, thus no dividend is being recommended for this year.

7. EXPORTS

During the year under review total export sale of the Company was Rs. 11,26,800 as against Rs. 31,99,840 in the previous year. Your Directors are putting in their best efforts to improve the performance of the Company.

8. R & D

Continuous efforts on R & D and Application Development activities are being made to expand the domestic and export markets particularly in Sugar Industry.

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

10. DEPOSITS

The Company has not accepted deposit from the public within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

11. DETAILS OF SUBSIDIARY COMPANIES

As on 31st March, 2019 the company has two wholly owned subsidiaries viz-a-viz Dhampur Green Private Limited, and Sun Burst Services Private Limited.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the details of Conservation of Energy, Technology

Absorption, Foreign Exchange Earnings and Outgo are attached as 'ANNEXURE 1' which forms part of this report.

13. LISTING

At present, the equity shares of the Company are listed at BSE Ltd. The annual listing fees for the financial year 2019-20 to BSE has been paid.

14. CORPORATE GOVERNANCE

The Company has complied with the provisions of Regulation 27(2) of the Listing Obligation Disclosure Requirements (LODR), 2015 relating to the Corporate Governance. The Report on Corporate Governance as stipulated under Regulation 27(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 forms part of the Annual Report. A Certificate from Company Secretary in Practice on compliance of Regulation 49(9) SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015

Certificate of the CEO/CFO, inter-alia, confirming the correctness of the financial statements, compliance with Company's Code of Conduct, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of Regulation of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 with the Stock Exchanges, is attached in the Corporate Governance Report and forms part of this Report as ANNEXURE 4.

15. DIRECTORS

There is no change in the Board of Directors of the company during the financial year except Mr. Kamal Kumar whom sudden unexpected passing away on June 21, 2018 due to cardiac attack rest to it there were no any change further, Mrs. Praveen Singh is liable to retire by rotation making herself eligible to be re-appointed on the Board. Pursuant to the provisions under Section 134(3)(d) of the Companies Act, 2013, with respect to statement on declaration given by Independent Directors under Section 149(6) of the Act, the Board hereby confirms that all the Independent Directors of the Company have given a declaration and have confirmed that they meet the criteria of independence as provided in the said Section 149(6).

16. KEY MANAGERIAL PERSONNEL'S

| Name | Designation |
|-------------------------------------|-------------------------|
| Mr. Sorabh Gupta | Managing Director |
| Mr. Ghanshyam Tiwari | Chief Financial Officer |
| Mr. Harish Kr. Goswami ¹ | Company Secretary |

¹Mr. Harish Kr. Goswami Appointment w.e.f. from 13/11/2017

17. POLICY ON DIRECTORS APPOINTMENT AND POLICY ON REMUNERATION

Pursuant to the requirement under Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the policy on appointment of Board members including criteria for determining qualifications, positive attributes, independence of a Director and the policy on remuneration of Directors, KMP and other employees is attached which forms part of this report.

18. PARTICULARS OF REMUNERATION OF DIRECTORS/ KMP/EMPLOYEES

There are no employees who are in receipt of remuneration in excess of the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached which forms part of this report.

19. MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year 5 (Five) Board Meetings and 4 (four) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under Companies Act, 2013.

20. BOARD EVALUATION

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Agreement with Stock Exchanges, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors.

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, matters addressed in the Board and Committee meetings, processes followed at the meeting, Board's focus, regulatory compliances and Corporate Governance, etc. Similarly, for evaluation of Individual Director's performance, the questionnaire covers various aspects like his/her profile, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc.

Board members had submitted their response on a scale of 5(excellent) - 1 (poor) for evaluating the entire Board, respective Committees of which they are members and of their peer Board members, including Chairman of the Board.

The Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of executive and Non-Executive Directors.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance. The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever the respective term expires. The Directors expressed their satisfaction with the evaluation process.

27th ANNUAL REPORT

21. COMPOSITION OF AUDIT COMMITTEE

As on 31st March, 2019, the Audit Committee of the Company comprises the following directors:

Chairman : Mr. Murli Manohar (Independent Director)

Members : Mr. Deshraj Singh (Independent Director)

Mrs. Praveen Singh (Non Executive Director)

22. AUDITORS

STATUTORY AUDIT:

The Auditors, JLN US & Co, Chartered Accountants, were appointed with your approval at the 25th AGM to hold such office till the conclusion of the 30th AGM. The Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of JLN US & Co, from the conclusion of the ensuing AGM till the conclusion of the 30th AGM.

The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of JLN US & Co, for the financial year 2018-19.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory.

* The requirement related to annual ratification of appointment of auditors by members is omitted.

23. SECRETARIAL AUDITORS

Your Board, during the year, appointed M/s Anjani Kumar & Associates, to conduct secretarial audit of the Company for the financial year ended 31st March, 2019. The Report of M/s Anjani Kumar & Associates in terms of Section 204 of the Act is provided in the "ANNEXURE 2" forming part of this Report. The observations (including any qualification, reservation, adverse remark or disclaimer) are self-explanatory.

24. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134 (3) (c) of the Companies Act, 2013, your Directors state that:

- (i) In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company as of 31st March, 2019 and of the profits of the Company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts of the Company have been prepared on a going concern basis.
- (v) Proper Internal Financial Controls were in place and that the Financial Controls were adequate and were operating effectively.
- (vi) Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

25. CORPORATE SOCIAL RESPONSIBILITY COMMITTEES

The Company is not falling under the Section 135 of the Companies Act. So the applicability of Corporate Social Responsibility is not applicable on the Company.

26. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Details of internal financial control and its adequacy are included in the Management Discussion and Analysis Report, which forms part of this Report.

27. RISK MANAGEMENT POLICY

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

The Internal Audit Department facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. Through this programme, each Function and Unit addresses opportunities and risks through a comprehensive approach aligned to the Company's objectives. The Company has laid down procedures to inform the Audit Committee as well as the Board of Directors about risk assessment and management procedures and status.

Sustainability is embedded in the Corporate Enterprise Risk Management program, which gives an opportunity to increase the effectiveness of risk management practices and for improving business efficiency. The Company's social and environmental policies correlate strongly with the risk management strategy and ultimately the financial performance.

This risk management process, which is facilitated by internal audit, covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlights risks associated with chosen strategies. The current risk slate and the comprehensive risk policy have been further redefined during the year. The major risks forming part of the Enterprise Risk Management process are linked to the audit universe and are covered as part of the annual risk based audit plan.

28. VIGIL MECHANISM POLICY

The Company has adopted a Vigil Mechanism Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

29. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is available on website of the Company which link is www.sugarindia.com.

30. RELATED PARTY TRANSACTIONS

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered by the Company during the financial year, were in the ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract or arrangement with related parties which could be considered 'material' according to the policy of the Company on Materiality of Related Party Transactions. Your attention is drawn to the Related Party disclosures set out in Note no. 27 of the Financial Statements

31. STATUTORY STATEMENTS

As per the requirements of the Companies Act, 2013, the following information is given in separate statements annexed hereto, which form part of this report:

- a) Energy conservation, technology absorption and foreign exchange inflow/outgo pursuant to section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Account) Rules, 2014. **Annexure 1**
- b) Secretarial Audit Report (Form MR 3). **Annexure 2**
- c) Extract of Annual Return pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 which web link available in director report.
- d) Corporate Governance report **Annexure 4**

27th ANNUAL REPORT

32. PREVENTION OF SEXUAL HARRASMENT

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. Its redressal is placed on the intranet for the benefit of its employees. During the year under review, no complaints were reported to the Board.

33. APPRECIATION

Your Directors wish to place on record their appreciation of continued support extended by the dealers, distributors, suppliers, investors, bankers, financial institutions. Your Directors also express their appreciation for the committed services by the employees of the Company.

34. TOP TEN EMPLOYEE DETAILS

| SI. No. | NAME OF EMPLOYEE | DESIGNATION | SALARY DRAWN DURING THE YEAR |
|---------|------------------------|--------------------|------------------------------|
| 1 | Mr. Ghanshyam Tiwari | CFO | 7,94,034/- |
| 2 | Mrs. Sarika Singh | Marketing Manager | 5,01,456/- |
| 3 | Mrs. Usha Kumari | Manager Admin | 4,09,184/- |
| 4 | Mrs. Usha Rani | Administration | 3,74,251/- |
| 5 | Mr. Harish Kr. Goswami | Company Secretary | 3,64,959/- |
| 6 | Mr. Nanda Ballabh | Accounts Executive | 3,20,589/- |
| 7 | Mr. R. Gandhi | Marketing Manager | 4,40,926/- |
| 8 | Mr. Ajay Pandey | Marketing | 3,93,056/- |
| 9 | Mr. Shanky | Marketing | 4,13,406/- |
| 10 | Mr, Rajdev Yadav | Marketing | 4,65,800/- |

On behalf of the Board
Dhampure Speciality Sugar Ltd.

Sd/-
Sorabh Gupta
Managing Director
DIN: 00227776

Sd/-
Murli Manohar
Director
DIN: 01173857

Place: New Delhi
Date: 14th August, 2019