



PONNI SUGARS (ORISSA) LIMITED





DIRECTORS

MR G RAJAGOPAL

MR N RAMANATHAN

MR K RAJAN

MR J K MOHANTY

AUDITORS

M/s R SUBRAMANIAN & CO., CHENNAI

SECRETARY

MR A S PANCHAPAKESAN

FINANCIAL INSTITUTIONS

ICICI BANK LIMITED

INDUSTRIAL DEVELOPMENT BANK OF INDIA

UNIT TRUST OF INDIA

REGISTERED OFFICE

"Esvin House", Perungudi, Chennai 600 096

Email : ponnisugars@satyam.net.in

WORKS

Sagarpalli, Deogaon 767029

Balangir District, Orissa

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Ponni Sugars (Orissa) Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at New Woodlands Hotel Pvt Ltd, 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 on Saturday, the 20th July 2002 at 12.00 Noon to transact the following business:

ORDINARY BUSINESS**1. Adoption of Accounts etc.**

To consider and adopt the audited Balance Sheet as at 31st March 2002, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

2. Reappointment of retiring Director

To appoint Director in the place of Mr N Ramanathan, who retires by rotation and being eligible, offers himself for reappointment.

3. Appointment of Auditor

To consider and if thought fit, to pass with or without modifications, the following resolution, as an Ordinary Resolution:

"RESOLVED that pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s R Subramanian & Co, Chartered Accountants, Chennai, the retiring Auditors be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting on a remuneration of Rs10,000/- plus service tax and reimbursement of out-of-pocket expenses incurred."

SPECIAL BUSINESS**4. Appointment of Manager**

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that in accordance with Sections 198, 269, 387, 388, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals of the Central Government / Financial Institutions and others as may be necessary, Mr G Venkataraman be and is hereby appointed as 'Manager' within the meaning of Companies Act, 1956 and be designated 'Chief Executive' for the period 01-04-2002 to 31.03.2005 on terms and conditions set out in the Explanatory Statement attached to this Notice, a copy whereof initialled by the Chairman for identification is placed before this meeting.

RESOLVED FURTHER that the Board be and is hereby authorised to increase, vary or amend the terms of the appointment from time to time subject to the condition that the revised remuneration shall also be in conformity with Schedule XIII to the Companies Act, 1956 and other applicable Government guidelines on managerial remuneration and subject to the approval of the Central Government, Financial Institutions and others as required."

(By order of the Board)

For **PONNI SUGARS (ORISSA) LIMITED****A.S.Panchapakesan**
SecretaryChennai
7th June 2002



NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a member of the company.**
2. Proxies in order to be effective, must be filed not later than 48 hours before the meeting, viz, by 12 Noon on 18th July 2002.
3. The Register of Members and the Share Transfer Register will be closed from Tuesday, the 16th July 2002 to Saturday, the 20th July 2002 (both days inclusive).
4. Information on Directors seeking reappointment at the meeting pursuant to Clause 49 of the Listing Agreement entered with Stock Exchanges is appended.
5. Members are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the meeting.
6. Members holding shares in demat form are requested to bring in their depository account number (Client ID number) for ease of identification and recording of attendance at the meeting.

EXPLANATORY STATEMENT

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

Item No.4: Appointment of Manager

As part of restructuring consequent upon the Demerger Scheme coming into effect, Mr G.Rajagopal resigned from the Managing Directorship of the company effective close of 25th October 2001. The company is required to appoint a whole-time managerial person either as Manager or Whole-time Director or Managing Director to comply with Section 269 of the Companies Act, 1956.

The Board of Directors at its meeting held on 7th June 2002 have appointed Mr G Venkataraman as 'Manager' under the Companies Act, 1956 with the designation 'Chief Executive' for the period from 01.04.2002 to 31.3.2005 on the following terms:

I	Tenure	01.04.2002 to 31.03.2005
II	Salary	Rs.25000/- (Rupees Twenty Five Thousand only) per month including all allowances.
III	Bonus	Rs.60,000/- per annum
IV	Perquisites	Perquisites valued as per Income Tax Rules 1962 shall be restricted to an amount equal to the annual salary. Contribution to Provident Fund, Superannuation Fund and Gratuity shall however be excluded in reckoning the said ceiling.
V	Minimum Remuneration	In the event of loss or inadequacy of profit in any financial year, the Manager shall be paid the remuneration by way of salary, bonus and perquisites specified above.

Note: Profit for purpose of managerial remuneration shall be as per computation under Sections 349 and 350 of the Companies Act, 1956.

Ponni Sugars (Orissa) Limited

Mr G Venkataraman has more than 30 years of experience in sugar industry and is associated with the Orissa operations of the company since start. He is presently the Chief Executive of the Company. In terms of Sections 198, 269, 387 and 388 read with Schedule XIII of the Companies Act, 1956, the appointment and payment of remuneration to Mr G Venkataraman requires approval of shareholders. Accordingly, the resolution is placed before the shareholders for approval.

In terms of the amendment to Schedule XIII from 16-1-2002, remuneration payable by companies having no profits or inadequate profits, where such company has made any default in repayment of any of its debts or debentures or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of managerial person would not meet with the exemption criterion stipulated under the said Schedule XIII and hence would require the consent of the Central Government. While the remuneration proposed is much below the ceilings stipulated under Schedule XIII, the appointment of Manager and payment of remuneration by the Company may therefore require the consent of the Central Government having regard to the default in discharge of debt obligations by the company owing to the closure of Balangir Sugar Mill operations and pendency of rehabilitation scheme therefor. The Company will make necessary application to the Government after the resolution is passed at the AGM.

The notice and explanatory statement may be treated as an abstract of the terms of the contract with Mr G Venkataraman, Manager as required under Section 302 of the Companies Act, 1956.

A copy of the Board resolution passed in this respect is available for inspection of members on any working day of the company between 10.30 AM to 12.30 PM.

None of the Directors is concerned or interested in the above appointment.

(By order of the Board)

For **PONNI SUGARS (ORISSA) LIMITED**

A.S.Panchapakesan
Secretary

Chennai
7th June 2002

Details of the Director seeking reappointment at the 20th Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr N Ramanathan
Date of Birth	14.06.1954
Date of appointment	19.12.2001
Expertise in specific functional areas	Vast experience in diverse disciplines of finance, taxation and general management
Qualification	ACA, AICWA and ACS. Has an impressive academic back-ground as a rank holder at University and all India levels.
Directorships in other companies (excluding foreign companies)	Nil
Committee/ executive positions held in other companies	Vice President (Finance) & Secretary of Ponni Sugars (Erode) Ltd.



DIRECTORS' REPORT

Your Directors present their 20th Annual Report and the audited statement of accounts for the year ended 31st March 2002.

	(Rs.crores)	
	Year ended 31-3-2002	Six months period ended 31-3-2001
Turnover	2.77	5.73
Profit/(Loss) before Interest & Depreciation	(0.83)	(6.68)
Interest	3.46	1.74
Depreciation	2.22	1.11
Profit/(Loss)	(6.51)	(9.53)

Dividend

Having regard to the persistent losses, no dividend could be recommended for the financial year 2001-02.

Operating Performance

As reported last year, your Board effected closure of the Balangir Sugar Mill undertaking effective 16th April 2001 owing to acute funds crunch and waning prospects of funds tie-up. Available sugar stocks were liquidated during the year that helped in full discharge of compensation to employees on closure per negotiated settlement. Presently the company is only engaged in asset preservation with the help of funding assistance from Ponni Sugars (Erode) Limited (PEL) by way of Inter-Corporate Advance.

Finance

16% NCDs have been redeemed in full together with interest payable thereon in the case of small and marginal holders. As such the company is left with only 22 large Debentureholders whose redemption tenure has been rescheduled to commence from 30th September 2002. Interest dues thereon could not be serviced since March 2000 due to resources constraint. The moratorium and interest funding facilities granted by the Financial Institutions have come to a close by March 2002. Servicing of debt obligations now hinges upon further restructuring plan.

In deference to SEBI's Regulations, ICICI Bank Ltd. exited from the Debenture Trusteeship. Western India Trustee and Executor Co Ltd. have been appointed as Debentureholders Trustees for the 16% NCDs from 26.7.2001. The company has extended Demat facility for Debentures in response to requests received from some of the Debentureholders. For this purpose it has entered into requisite Agreement with NSDL and the 16% NCDs have been allotted ISIN Code "INE096D07011". Cameo Corporate Services Limited have been retained as Registrar and Transfer Agents essentially for the purpose of providing electronic connectivity with the Depositories.

No consensus could yet be reached with Bargarh Co-operative Sugar Mills Limited (BCSM) for the recovery of amount due from them consequent upon the termination of Management Contract by them. Suits for recovery of sum initiated by the company as also the Money suit filed by BCSM for the recovery of royalty dues from the company are pending in the Court of Bargarh. Concurrently the company is in continued discussions with BCSM and at higher levels of Orissa Government in an endeavour to reach an amicable out of court settlement.

Debt Recovery Proceedings initiated against the Company are being defended. The company is further faced with certain legal actions for recovery of alleged dues of Sales Tax and Land Revenue claims which are being contested.

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Demerger Implementation

The Completion Date of Demerger Scheme is 18th October 2001 while its effective date is 1st April 1999. Pursuant to the said Scheme, 3 Equity/Preference Shares of Rs.10 each were allotted on 21.11.2001 for every 5 Equity/Preference Shares of Rs.10 each held in the company. Simultaneously the existing paid-up capital of 158.98 lakh Equity Shares and 50 lakh Preference Shares stood cancelled.

New share certificates for physical segment were despatched in December 2001, treating the old share certificates as invalid and without calling for surrender of same. Electronic credit of new Equity Shares were effected in April 2002, after Listing approvals were received from all the three Stock Exchanges, namely, Madras, Bombay and National Stock Exchanges for the new Equity Shares that has been allotted a new ISIN 'INE096DO1022'.

SBI has challenged the order of the Madras High Court on Demerger Scheme before the Division Bench. No order for its admission or interim stay has been passed. The company is in continued pursuit of enlisting SBI's support for the demerger. Though this has been taking a longer time frame than earlier envisaged, it is hopeful of resolving the imbroglio shortly.

Change of Name

Pursuant to the approval of the members obtained at the last Annual General Meeting, the name of the company is changed from Ponni Sugars and Chemicals Limited to Ponni Sugars (Orissa) Limited. This has come into effect from 21st December 2001 in terms of fresh certificate of incorporation issued by the Registrar of Companies.

Sick Industrial Company

The company was registered with the Board for Industrial and Financial Reconstruction (BIFR) as a 'sick industrial company' under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. Consequent upon the improvement of its net worth exceeding the accumulated losses as at 30th September 2000 and 31st March 2001 upon giving effect to the Demerger, a Miscellaneous Application for deregistration was made in November 2001. The Company's reference came up for hearing before BIFR on 23rd May 2002 and its order on deregistration is awaited.

While so, the accumulated losses of the company are now in excess of its net worth as at 31st March 2002. Accordingly the company has made a fresh reference to BIFR.

Rehabilitation Efforts

Press advertisement issued by ICICI Bank Ltd. inviting offers for the takeover of the Balangir Mill failed to invoke credible response. Local initiatives for takeover of the sugar mill by forming an industrial cooperative outfit have not borne fruits. While so, the Company continues to be engaged in pursuit of efforts aimed at firming up funding support for the restart of Balangir Sugar Mill, though much headway has not been made so far.

The Company is simultaneously working on a contingency plan and has furnished a proposal to the Financial Institutions for shifting usable plant and equipment and utilizing same for the expansion of PEL's Sugar Mill at Erode. This could pave way for restructuring remnant stakeholders' interest in the company. Pending tie up of requisite funds by PEL and the need to forge consensus amongst secured creditors, this proposal is only in its formative stage.

Corporate Governance

Your Company, has always been a firm believer in and steadfast practitioner of the core value of Corporate Governance concepts. It lays continuous stress on business ethics, transparency in dealings, dissemination of information with due disclosures, strict adherence to statutory and regulatory prescriptions, constant pursuit of efforts aimed at servicing all its constituents within extant constraints.



As stated in last year's Report, the company has discontinued for the present with the Audit Committee and Investors Grievance Committee, having regard to its vastly reduced volume of operations. Nonetheless the functions expected of these Committees are directly taken care of and discharged by the Board.

Directors' Responsibility Statement

Your Directors, in terms of Section 217(2AA) of the Companies Act 1956, confirm that:

- (i) all applicable accounting standards have been followed in the preparation of the annual accounts;
- (ii) your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2002 and of the loss of the Company for the year ended that date;
- (iii) proper and sufficient care has been taken 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; and
- (iv) the annual accounts have been prepared on going concern basis as stated in Note 4 of Schedule 17 - Notes on Accounts.

Employee particulars

No employee of the Company was in receipt of remuneration during the financial year 2001-02 in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956.

Conservation of Energy etc.

With no production operations at the Balangir Sugar Mill during the year, information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) are not applicable.

Directors

ICICI Bank Ltd. withdrew the nomination of Mr K J Rajasimha from the directorship of the company effective 23-11-2001. Your Directors wish to place on record the valuable counsel received from Mr K J Rajasimha during his tenure of directorship in the company.

Mr N Ramanathan retires at this meeting and being eligible seeks re-election.

Manager

The Board of Directors have designated Mr.G.Venkataraman, Chief Executive, to be the Manager under the Companies Act, 1956 effective 1st April 2002. Necessary resolution for his appointment and remuneration is being placed for the approval of the members at the meeting.

Auditors

M/s R.Subramanian & Co, Auditors of the Company retire at this meeting and are eligible for reappointment.

Appreciation

Your Directors wish to thank the officials of Government, Financial Institutions, Banks and all others for their continued cooperation and encouragement to the company.

For Board of Directors

Chennai
7th June 2002

G. Rajagopal
Director

Shareholder Information**AGM Details**

Date and Time	July 20, 2002, 12.00 Noon
Venue	New Woodlands Hotel Pvt Ltd, 72-75, Dr Radhakrishnan Road, Mylapore, Chennai 600 004
Book Closure Dates	Tuesday, the 16 th July 2002 to Saturday, the 20 th July 2002 (both days inclusive)

Listing

Name & Address	Madras Stock Exchange Ltd "Exchange Building" 11 Second Line Beach Chennai 600 001 Phone:044-5228951/ 5224382/ 5224392 Email:mseed@md3.vsnl.net.in	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone:022-2721234/2721233 Fax:022-2721919/ 2723027	National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai 400 051 Phone:022-6598100-6598114 Fax:022-6598237 Email:cmist@nse.co.in
Listed from	April 2002	April 2002	April 2002
Stock Code	PSG	507427	PONNIORISA

Listing fee is paid to Mumbai and National Stock Exchanges upto the year 2002-03. Delisting has been sought from Madras Stock Exchange from 2002-03 pursuant to the special resolution passed by Members at the last AGM.

Dematerialisation

The Equity Shares of the Company are traded in compulsory demat form and are available for trading under both the Depository Systems in India, namely, NSDL and CDSL. Its International Securities Identification Number (ISIN) allotted under the Depository System is INE096D01022.

Mode of holding as on 7.6.2002	Shareholders		Equity Shares	
	No.	%	No.	%
Physical	16484	88.52	3680535	38.58
Demat	2138	11.48	5860374	61.42
Total	18622	100.00	9540909	100.00

Registrar and Share Transfer Agent

For Physical Segment:

In-house Registry at the registered office of the Company
Esvin House, Perungudi, Chennai 600 096
Phone :4961920 / 4960293, Fax:4960156
E-mail: ponnisugars@satyam.net.in