

ANNUAL REPORT

1998-99

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VENUS SUGAR LTD.



VENUS SUGAR LIMITED

BOARD OF DIRECTORS

Shri Harminder Raj Singh, IAS	Chairman	(Nominee of UPSIDC)
Shri B. Singh	Director	(Nominee of UPSIDC)
Shri A.K. Bajaj	Director	(Nominee of UPSIDC)
Shri I.L. Nagpal	Director	(Nominee of ICICI)
Shri R.K. Kaul	Director	
Shri O.P. Rana	Director	
Shri B.D. Dikshit	Director	
Dr. Ishwar Singh	Director	
Shri R.K. Gupta	Director	
Smt. Shashi Rani	Director	
Smt. Shubhra Singh	Director	
Shri M.P. Singh	Managing Director	

BANKERS

State Bank of India, Chandausi
Punjab & Sind Bank, New Delhi

AUDITORS

G.K. Nigam & Associates
Chartered Accountants
New Delhi

PRINCIPAL & CORPORATE OFFICE

C-493, Yojna Vihar,
Delhi-110092

REGISTERED OFFICE & WORKS

Shiv Shakti Nagar,
Teh. Chandausi
Distt. Moradabad (U.P.)

MEERUT OFFICE

78, Bank Street
Meerut-250001

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eighth Annual Report of your company together with the Audited Accounts of the Company for the year ended on 30th June, 1999.

FINANCIAL HIGHLIGHTS	(Rs. in Lacs) Year Ended June 30, 1999	(Rs. in Lacs) Year Ended June 30, 1998
<i>Sale & Other Income</i>	3578.93	5577.54
Operating Profit before		
Interest & Depreciation	1007.76	647.02
Less : Interest	801.81	371.31
Depreciation	200.11	255.82
Profit for the year	5.84	19.89
Add: Balance brought forward		
from the Previous Year	230.41	210.52
Balance Carried Forward to next Year	236.25	230.41

REVIEW OF OPERATIONS:

Your sugar factory started crushing operation for season 1998-99 on 12th November 1998 and completed its crushing on 19th March, 1999. Operational Figures are given below:

	SEASON 1998-99	SEASON 1997-98
Duration of Season (days)	127	148
Sugar Cane crushed (in lac qtls.)	30.98	35.02
Average Recovery (in percentage)	8.41	8.82
Sugar Produced (in lac qtls.)	2.61	3.11
Cane Crushed per day (in thousand qtls.)	24.39	23.67

The operations of the factory for crushing season 1998-99 started a few days later than last year and your factory achieved the crushing of 30.98 lac qtls for the crushing season which is approx. 4 lac qtls less than the last year.

The decrease in crushing of cane as well as recovery is due to the climatic conditions of the area. This year the climatic conditions of the whole of the country were not enthusiastic. There was decrease in recovery rate varying from 0.5% to 1.5% from factory to factory in the country. However, the loss in recovery for your factory was 0.41% only, which is much lower than the loss in recovery of the neighbouring factories.

CANE AND SUGAR POLICY :

The Indian Sugar Industry has been driven to a near crisis because of surplus stock and irrational import policy of Government of India. The opening stock during 1998-99 was 54 lac tonnes, production was 154 lac tonnes, consumption was 144 lac tonnes and closing stock was 64 lac tonnes. The opening stock is equal to about five and half months consumption and 29 lac tonnes more than the norm of a reasonable level of 35 lac tonnes as per data published by ISMA.

The ratio of levy-free sugar remained unchanged at 40:60 for 1998-99 season. Since your Company comes under incentive scheme announced by the Government for new sugar factories, the production of 2,61,022 Sugar bags was allowed totally as Free Sale Sugar.

Your company has also undertaken necessary maintenance and plant balancing programme to fully equip your plant for higher crushing in coming season of 1999-2000.

AUDITORS OBSERVATION :

The observation of Auditors as referred to in the Auditors Report are suitably explained in Notes to the Accounts.

**DIRECTORS :**

Shri B.D. Dikshit, Shri O.P. Rana & Smt. Shubhra Singh, Directors of the company, will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

COMPLIANCE OF Y2K PROBLEM (YEAR. 2000)

Your company has taken all the necessary steps to ensure that all the software & hardware is Y2K compliant fully.

FIXED DEPOSITS :

The company has not invited any fixed deposits from the public during the financial year 1998-99.

AUDITORS AND THEIR APPOINTMENT :

M/s G.K. Nigam & Associates, Chartered Accountants, New Delhi hold office until conclusion of the forthcoming Annual General Meeting. They have shown their willingness to be reappointed as Auditors for the next year. It has been proposed to reappoint M/s G.K. Nigam & Associates, Delhi as Auditors for the next year 1999-2000 on a remuneration to be fixed later on in consultation with them by the Board of Directors. The necessary certificate required u/s 224 (1B) of the Companies Act, 1956 has been obtained from them.

CONSERVATION OF ENERGY, WATER MANAGEMENT, FOREIGN EXCHANGE, ETC.

The Plant was set up with most modern equipments in order to minimise energy consumption and increase profitability. Captive power generation and generation of steam from bagasse also provide cost reduction in energy consumption. High pressure boilers alongwith double effect Evaporators, Vapour Bleeding and Vapour Lime Juice Heater are some of energy saving measures.

No objection Certificate and consent from the State Pollution Control Board for the year under review i.e. 1998-1999 has since been obtained. As a result of various energy saving measures adopted, the quantity of bagasse saved during the year under review has increased as compared to previous year.

Details of energy conservation and research and development activities undertaken by the Company alongwith the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Company's disclosure of particulars in the Report of Board of Directors Rules, 1988 are given in Annexure 'A' to this Director's Report.

Expenditure in Foreign Currency is NIL. (Last year Rs. nil)

PARTICULARS OF THE EMPLOYEES AND INDUSTRIAL RELATION :

Requisite information in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 and forming part of Directors' Report for the year ended June 30, 1999 is annexed as Annexure 'B'.

ACKNOWLEDGEMENTS:

Your Directors convey their sincere thanks to the financial institution viz ICICI, IDBI, IFCI, State Bank of India, Punjab & Sind Bank and various departments of Government of Uttar Pradesh and Government of India for the continued cooperation extended to the Company at all the times. Your directors further express their deep appreciation for the contributions made by the staff towards the growth of the Company.

For & on behalf of the Board of Directors
VENUS SUGAR LIMITED

HARMINDER RAJ SINGH
IAS
CHAIRMAN

Place : Delhi
Dated : 28.08.1999.



ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE 'A'

Information as required under section 217 (1)(e) read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

The plant was set up with most modern equipment in order to minimise energy consumption and increase profitability. Captive power generation and generation of steam from baggasse also provide cost reduction in energy consumption. High pressure boilers alongwith vapour lime juice heater were installed as energy saving measure.

Total energy consumption and energy consumption per unit of production is given here below:

FORM - A

	Particulars	1998-99	1997-98
A	POWER AND FUEL CONSUMPTION		
1.	Electricity		
	a) Purchased		
	— Unit (KWH)	3,44,346	2,88,240
	— Total Amount (Rs./KWH)	21,87,760	16,70,721
	— Rate (Rs./Lacs)	2.60 / 3.90	2.60
	(b) Own Generation		
	(i) (Through Steam Turbine generator)		
	— Unit (KWH)	57,04,340	69,16,822
	— Unit per MT of Steam		
3.	Furnace Oil.		
4.	Other / Internal generation		
B.	CONSUMPTION PER UNIT OF PRODUCTION		
	— Electricity (KWH/KG)	0.217	0.224
	— Steam (kg/kg)	5.910	5.58

ANNEXURE 'B'

Statement of particulars under section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 30th June, 1999.

Employed throughout the financial year under review and were in receipt of remuneration for the financial year in aggregate of not less than Rs. 3,00,000/-

Name	Designation Nature of Duties	Remuneration Received in Rs.	Qualification	Experience (year)	Date of Commencement	Age Yrs.	Particulars of Last employment
M.P. Singh	Managing Director	787500/-	B.Sc. Eng. (Mech)	27 Years	10.01.91	50	Managing Directors Venus Cement Ltd.
R.P. Srivastava	President (Finance)	706669/-	M.Com, CAIIB	39 Years	01.10.97	60	C GM State Bank of India.



AUDITORS' REPORT

TO THE MEMBER OF VENUS SUGAR LIMITED

We have audited the attached Balance Sheet of Venus Sugar Limited, Moradabad as at June 30th, 1999 and Profit & Loss Account for the year ended on that date and report that :

As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we give our comments on the matters specified in paras 4 & 5 of the said order to the extent applicable as under:

1. Proper records of fixed assets have been maintained to show full particulars including quantitative details and situation. Physical verification of fixed assets has been carried out by the management during the year and no discrepancy is stated to have been noticed on such verification as compared to book records. In our opinion the frequency of physical verification is reasonable having regard to the size of the Company and the nature of the assets.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted by the management at reasonable intervals in respect of stores, finished goods and raw materials.
4. The procedures of physical verification of stocks followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. No discrepancy has been noticed on physical verification of stocks as compared to book records.
6. In our opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken any loans secured or unsecured, during the year from companies, firms or other parties listed in the register maintained under section 301 or section 370(1-C) of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms and other parties listed in the register maintained under section 301 and 370 (1-C) of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw material, plant & machinery, equipment & other assets and for sale of goods.
11. In our opinion and according to the information and explanations given to us, the transaction for the purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 50000/- or more in respect of each party, have been made at prices, which in our opinion are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which similar transactions have been made with other parties, and the company's business needs and exigencies.
12. The company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 and Rules framed thereunder.
13. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap and by-products.



14. As explained to us, the Company has regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. No such items have been determined by the Company during the year.
15. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
16. The Central Government has prescribed for the maintenance of Cost record under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed records have been maintained.
17. The Company, is regular in depositing its Provident Fund and Employees States Insurance dues with the appropriate authorities.
18. According to the information and explanation given to us and the books and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs duty and Excise Duty outstanding as at June 30th 1999 for a period exceeding six months from the date they became payable.
19. The Company has a policy of authorising expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorised on the basis of contractual obligation or accepted business practices having regard to company's business needs and exigencies. In terms of these observations we have not come across any expenses which in our opinion and judgement and to the best of our knowledge and belief could be regarded as personal expenses.
20. With regard to Y2K (Year 2000) compliance, which is solely a management responsibility. Audit is neither intended, designed or performed to identify or detect problems that may result from computer hardware, software or other automated processes' inability to properly process data which includes issues internal and external related to Y2K. However in the opinion of the management the problem of Y2K has been complied with.
21. 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.

Further to the above, we report that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) 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 those books.
- iii) The attached Balance Sheet & Profit & Loss Account are in agreement with the books of account.
- iv) In our opinion and to the best of information and according to the explanations given to us, the profit and loss account and balance sheet comply with the accounting standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956.
- v) In our opinion and to the best of our information and according to the explanation given to us, the said Accounts read together with the notes appearing thereon, give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (a) In the case of Balance Sheet the state of affairs of the company as at June 30th, 1999, and
 - (b) In case of Profit & Loss Account, the Profit for the year ended on that date.

For GK Nigam & Associates
Chartered Accountants

(G.K. Nigam)
Partner

Place : Delhi
Dated : 28.08.1999.



VENUS SUGAR LIMITED

BALANCE SHEET AS AT 30TH JUNE, 1999

	SCHEDULES	AS AT 30th JUNE 1999 (AMOUNT Rs.)	AS AT 30th JUNE 1998 (AMOUNT Rs.)
I. SOURCES OF FUNDS			
1) SHARE HOLDERS FUNDS			
a) Share Capital	A	255069000	253369000
b) Reserves & Surplus	B	23625365	23041496
		<u>278694365</u>	<u>276410496</u>
2) LOAN FUNDS			
a) Secured Loans	C	559455005	514979428
b) Unsecured Loans	D	13062835	13574520
		<u>851212205</u>	<u>804964444</u>
II. APPLICATION OF FUNDS			
1) FIXED ASSETS	E		
a) Gross Block		565174113	552819649
b) Less : Depreciation		108379307	88368605
c) Net Block		<u>456794806</u>	<u>464451044</u>
2) INVESTMENTS — NSC (MOLASSES)		100000	NIL
3) CURRENT ASSETS, LOANS & ADVANCES			
a) Current Assets	F	292589161	241025466
b) Loans & Advances	G	171615722	136513784
		<u>464204883</u>	<u>377539250</u>
Less:			
c) Current Liabilities	H	76732812	45612242
		<u>387472071</u>	<u>331927008</u>
4) MISCELLANEOUS EXPENDITURE (to the extent not w/off or adjusted)			
a) Miscellaneous Expenditure		6380328	7656392
b) Deferred Revenue Expenditure		465000	930000
		<u>851212205</u>	<u>804964444</u>
TOTAL			
III. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS	R		

For G K Nigam & Associates
Chartered Accountants

For & on Behalf of the Board of Directors
VENUS SUGAR LIMITED

(G.K. NIGAM)
Partner

HARMINDER RAJ SINGH
Chairman

M.P. SINGH
Managing Director

A.K. BAJAJ
Director

Place : New Delhi
Dated : 28.08.1999

I.L. NAGPAL
Director

R.P. SRIVASTAVA
President Finance

TILAK RAJ SETHI
Company Secretary