



1999-2000

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ANNUAL REPORT

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 Atul Kumar	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 Ninth Annual Report alongwith the Audited Accounts of the Company for the year ended 30th June, 2000.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs) Year Ended <u>June 30, 2000</u>	(Rs. in Lacs) Year Ended <u>June 30, 1999</u>
Sale & Other Income	3802.67	3578.93
Operating Profit before Interest & Depreciation	(323.89)	1007.76
Less : Interest	769.18	801.81
Depreciation	204.66	200.11
Profit/(Loss) for the year	(1297.73)	5.84
Prior Period Expenses	297.67	NIL
Balance Carried Forward to Balance Sheet	<u>(1595.40)</u>	<u>5.84</u>

REVIEW OF OPERATIONS :

Your sugar factory started crushing operations for season 1999-2000 on 11th November, 1999 and completed its crushing on 14th March, 2000. Operational Figures are given below :

	<u>SEASON 1999-2000</u>	<u>SEASON 1998-1999</u>
Duration of Season (days)	125	127
Sugar Cane Crushed (in lac qtls.)	25.53	30.98
Average Recovery (in percentage)	8.06	8.41
Sugar Produced (in lac qtls.)	2.05	2.61
Cane Crushed Per Day (in thousand qtls.)	20.43	24.39

The operational figures are less than the benchmark setup by your Company. The primary factors contributing to this situation were firstly the unfortunate breakdown in the cane mill and secondly, the labour strike in January 2000 when the crushing was at peak time of the season. And thirdly, another cause of unsatisfactory operational results was the crop infection due to pyorrhea attack. On account of aforesaid reasons, cane crushing as well as recovery was adversely effected.

In order to review the original book value of assets, and to relate them more closely to their current replacement value, your Company has revalued the assets during the year and the net increase is as given here : Land-Rs. 2.0 crores, Building-Rs. 3.0 crores and Plant & Machinery- Rs. 15.0 crores.

Due to acute liquidity constraints being faced by the Company, the Financial Institutions have kindly agreed in June 2000, to restructure the debt obligation to provide reliefs and concessions to the Company. The reliefs and concessions shall improve the viability of the Company and enable to discharge its restructured obligations.

CANE AND SUGAR POLICY :

Members are aware that U.P. has 19.62 lacs hectares of land under sugar cane cultivation which is about 50% of total land under sugar cane cultivation in the country (39.43 lacs hectares). However, the production of sugar cane in U.P. is only 40% of the total sugar cane production in the country because of low yield in U.P.

But the Government of India has provided some relief & welcome measures for the sugar industry in the year 1999-2000 as compared to the irrational decisions affecting sugar industries in the corresponding last year and previous years also. Firstly, the Government of India, through successive modes, has raised sugar import duties to a prohibitive 60% from 20% in the past 2 years. Due to this saving measure on the part of Indian Government India's sugar import market was declared dead by the traders. But, this measure can be called as a welcome step towards the future growth of the Indian domestic sugar industry. Simultaneously, Government also announced that it will allow export of 10 lacs tonnes of sugar in view of very satisfactory production level and accumulation of large stocks of sugar.



Secondly, the percentage of sale ratio of free sugar as compared to levy sugar was fixed at 70 : 30 for the year 1999-2000. Moreover, decision to not providing sugar quota under public distribution system to the income tax payees also seems to be beneficial for the industry. But, the scheme is applicable only for Delhi resident tax payers. However, the sale of sugar under levy scheme is not applicable on your Company due to substantial concession scheme announced by Government of India. Accordingly, 2,05,300 bags of sugar produced by the Company for the current season shall be available for sale under free sugar only.

According to the joint communique issued by ISMA & National Federation of Cooperative Sugar Factories Ltd. the total output/production during the season of 1999-2000 was 178.91 lacs tonnes as against 152.11 lacs tonnes during the corresponding period last season. The total offtake/consumption till June during the season 1999-2000 was 115.81 lacs tonnes (inclusive of 6.09 lacs tonnes of imported sugar) for internal consumption. The closing stock of sugar as on 30.06.2000 was 136.05 lacs tonnes (inclusive 0.20 lac tonnes of imported sugar) as against 101.06 lac tonnes (inclusive of 2.50 lacs tonnes of imported sugar) for the corresponding period last year.

AUDITORS OBSERVATION :

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

DIRECTORS :

Mr. Rajeev Kumar Gupta and Dr. Ishwar Singh, Directors of the Company, will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. Further, during the year under review, Mr. R.K. Kaul has resigned from the directorship of the Company on account of his ill health and Mr. O.P. Rana passed away on 12th November, 1999. Your directors place on record their appreciation for the valuable services rendered by both Mr. R.K. Kaul and Mr. O.P. Rana during their tenure with Company.

Furthermore, during the year under review, Mr. J.P. Kundra and Mr. Atul Kumar were appointed as additional directors of your Company. But Mr. J.P. Kundra has resigned due to his other preoccupations.

Hence, your directors recommend the reappointment of Mr. Rajeev Kumar Gupta, Dr. Ishwar Singh and confirmation of appointment of Mr. Atul Kumar as director on the Board of the Company.

COMPLIANCE OF Y2K PROBLEM (YEAR 2000) :

Your company had devoted adequate resources throughout the last year to avoid the risk & disruption for the "Year 2000 (Y2K) Problem".

Members will be pleased to note that your Company had done testing of all the software and hardware in compliance of the aforesaid problem and the Company has entered into new millenium successfully on this account. The total cost incurred on the achieving of Y2K compliance was around Rs. 5 lacs.

FIXED DEPOSITS :

The Company has started accepting fixed deposits from the willing cane growers of the area . The total FD's accepted till 30.6.2000 were to the tune of 201.55 Lacs.

DEMATERIALISATION OF COMPANY'S SECURITIES/SHARES :

As per the SEBI Circular No. SMDRP/POLICY/CIR-23/2000 dated 29.05.2000, the shares of the Company shall be compulsorily traded in demat form w.e.f. 25th September, 2000.

AUDITORS AND THEIR APPOINTMENT :

M/s G.K. Nigam & Associates, Chartered Accountants, New Delhi hold office untill 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 appoint M/s G.K. Nigam & Associates, Delhi as Auditors for the financial year 2000-01 on a



remuneration to be fixed in consultation with them by the Board of Directors. The necessary certificate required under section 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 boiler along with double effect Evaporators, Vapour Bleeding and Vapour Lime Juice Heater are some of energy saving measures.

Certificate and consent from the State Pollution Control Board for the year under review 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 along with the informations 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 & Earnings in Foreign Currency is NIL (Last year Rs. NIL) for the current year 1999-2000.

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, 2000 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 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

PLACE : NEW DELHI

Dated : 30.08.2000

HARMINDER RAJ SINGH
(IAS)
CHAIRMAN



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 along with 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	1999-2000	1998-99
A	POWER AND FUEL CONSUMPTION		
1.	Electricity		
	— Unit (KWH)	4,21,500	3,44,346
	— Total Amount (Rs./KWH)	21,88,199	21,87,760
	— Rate (Rs./Lacs)	3.90/150 per KVA	2.60/3.90
(b)	Own Generation		
	(i) (Through Steam Turbine generator)		
	— Unit (KWH)	52,81,310	57,04,340
	— Unit per MT of Steam	41.32	36.82
3.	Furnace Oil.	NIL	NIL
4.	Other / Internal generation	NIL	NIL
B.	CONSUMPTION PER UNIT OF PRODUCTION		
	—Electricity (KWH/KG)	0.278	0.217
	— Steam (kg/kg)	6.23	5.910

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, 2000.

Employed throughout the financial year under review and were in receipt of remuneration for the financial year in aggregate of not less than Rs. 6,00,000/-

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	1050000/-	B.Sc. Eng. (Mech)	28 Years	10.01.91	51	Managing Director Venus Cement Ltd.
R.P. Srivastava	President (Finance)	485484/- *	M.Com. CAIIB	40 Years	01.10.97	61	C GM State Bank of India

(* Salary for 7 months)



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, 2000 and Profit & Loss Account for the year ended on that date.

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. Some of the fixed assets namely Land, Building and Plant & Machinery have been revalued during the year at their current replacement values on the basis of valuation made by M/s. Abhay K. Rastogi, Moradabad, Chartered Engineers, Surveyors & Loss Assessor. The differences arising on revaluation has been separately disclosed in Balance Sheet.
3. Physical verification has been conducted by the management at reasonable intervals in respect of stores.
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. The basis of valuation of stocks are same as in the proceedings years.
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. 50,000/- 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 accepted the deposits from the cane growers and has complied with the provisions of section 58A of the Companies Act, 1956 and Rules framed thereunder.



13. In our opinion, 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 2000 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. The Company is not a sick industrial company within the meaning of clause (0) 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 is 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 information and according to the explanation given to us, the said Accounts give the information required by the Company's Act, 1956 in the manner so required and give a true and fair view in the case of Balance Sheet of the state of affairs of the Company as at June 30th, 2000 and in case of Profit and Loss Account, the Loss for the year ended on that date.

For GK Nigam & Associates
Chartered Accountants

Place : New Delhi
Dated : 30.08.2000

(G.K. Nigam)
Partner



VENUS SUGAR LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2000

SCHEDULES		AS AT 30th JUNE 2000 (AMOUNT Rs.)	AS AT 30th JUNE 1999 (AMOUNT Rs.)
I. SOURCES OF FUNDS			
1) SHARE HOLDERS FUNDS			
a) Share Capital	A	344569000	255069000
b) Reserves & Surplus	B	64084425	23625365
		<u>408653425</u>	<u>278694365</u>
2) LOAN FUNDS			
a) Secured Loans	C	484662450	559455005
b) Unsecured Loans	D	2500000	13062835
		<u>895815875</u>	<u>851212205</u>
II. APPLICATION OF FUNDS			
1) FIXED ASSETS			
a) Gross Block	E	774471309	565174113
b) Less : Deprecation		128658724	108379307
c) Net Block		<u>645812585</u>	<u>456794806</u>
2) INVESTMENTS — NSC (MOLASSES)		226000	100000
3) CURRENT ASSETS, LOANS & ADVANCES			
a) Current Assets	F	198542529	292589161
b) Loans & Advances	G	64131545	171615722
		<u>262674074</u>	<u>464204883</u>
Less :			.
c) Current Liabilities	H	97636423	76732812
		<u>165037651</u>	<u>387472071</u>
4) MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
a) Miscellaneous Expenditure		5104264	6380328
b) Deferred Revenue Expenditure		79635375	465000
		<u>895815875</u>	<u>851212205</u>
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 (IAS)
(Chairman)

M.P. Singh
(Managing Director)

A.K. Bajaj
(Director)

Place : New Delhi
Date : 30.08.2000

B.D. Dikshit
(Director)

I.L. Nagpal
(Director)

B.N. Mali
(Manager Finance)