



**A
N
N
U
A
L

R
E
P
O
R
T**

2003-2004

VENUS SUGAR LTD.

AN ISO 9001 : 2000 CERTIFIED COMPANY



VENUS SUGAR LIMITED

13TH ANNUAL REPORT

2003-2004

BOARD OF DIRECTORS

Shri G. B. Pattanaik, IAS	Chairman	(Nominee of UPSIDC)
Shri A. K. Bajaj	Director	(Nominee of UPSIDC)
Shri B. D. Dikshit	Director	
Dr. Ishwar Singh	Director	
Shri Rajeev Kumar Gupta	Director	
Smt. Shashi Rani	Director	
Shri M.P. Singh	Managing Director	
Shri Anupam Singh	Director	
General Manager (Corporate)	Shri Vipul Jindal	
Company Secretary	Shri Sanjeev Gupta	

BANKERS

State Bank of India, Lucknow
Punjab & Sind Bank, New Delhi
Oriental Bank of Commerce, New Delhi

AUDITORS

M/s. G. K. Nigam & Associates
Chartered Accountants
2061/39, Nai Wala
Karol Bagh, New Delhi-5
Ph. : 011-25730621

COST AUDITORS

M/s. M.K. Singhal & Co.
Cost Accountants
'Panchvati' Opp. M.M. College,
Modi Nagar - 201204
Ph. : 01232-242726/242992

PRINCIPAL & CORPORATE OFFICE

C-493, Yojna Vihar,
Delhi - 110092
Ph. : 011-22160479, 22160489
Fax : 011-22163473

REGISTERED OFFICE & WORKS

Shiv Shakti Nagar,
Tehsil Chandausi
Distt. Moradabad (U.P.)
Ph. : 05921-250841, 250842
Fax : 05921-256914

MEERUT OFFICE

78, Bank Street
Meerut-250001
Ph. : 0121-2641017-18
Fax : 0121-2647064

REGISTRAR AND SHARE TRANSFER AGENT In Time Spectrum Registry Limited

A-31, IIIrd Floor, Nariana,
Phase-I, New Delhi
Ph. No. : 011-51410592/94

CONTENTS

1. Board of Directors	1
2. Directors Report	2-4
3. Management Analysis and Perception	5
4. Auditors Report	6-7
5. Balance Sheet	8
6. Profit & Loss Account	9
7. Schedules	10-15
8. Notes to the Accounts	16-17
9. Balance Sheet Abstract	18
10. Cash Flow Statement	19
11. Report on Corporate Governance	20-22
12. Comparison of Physical Data	22



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report along with the Audited Accounts of the Company for the year ended 30th June, 2004.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs) Year Ended June 30, 2004	(Rs. in Lacs) Year Ended June 30, 2003
Sales	6285.77	4186.11
Operating Profit before Interest & Depreciation	843.25	(27.51)
Less : Interest	547.71	633.15
Depreciation	284.09	218.25
Profit/(Loss) for the year	11.45	(878.91)

REVIEW OF OPERATIONS

Your sugar factory started crushing operations for season 2003-04 on 29.11.2003, which lasted till 1.4.2004. The crushing was closed early due to shortage of cane in the area and in line with the closure of other sugar factories. Highlights of the physical operational results are as under:

	SEASON 2003-2004	SEASON 2002-2003
Duration of Season (Gross days)	125	153
Sugar Cane Crushed (in lac qtls.)	35.11	39.52
Average Recovery (in percentage)	9.25	9.24
Sugar Produced (in lac qtls)	3.30	3.67
Cane Crushed Per Day (in thousand qtls)	28.09	25.83

Due to early closure of factory, the sugar production is lower as compared to the previous year. During the crushing season 2003-2004, your factory achieved cane crushing of 35.11 Lacs qtls, which is approximately 11.16 % lower than the crushing of last season. Accordingly, number of sugar bags produced decreased to 3.30 lacs in comparison to 3.67 lacs bags in last season. The season ended with a recovery of 9.25 %, which is almost equivalent to the recovery of the last year. During the year under review your company has earned profit of Rs. 11.45 Lacs as compared to loss of Rs. 878.91 Lacs incurred during the previous year as already indicated above.

CANE AND SUGAR POLICY

Government policies continued to influence the performance of the sugar industry. The salient feature of the sugar policy for 2003-04 were as follows:

- The ratio of levy and free sale sugar remained unchanged at 10:90.
- Since the price of levy sugar for the 2003-04 season was not announced, sugar was delivered at the levy price applicable in the previous season (2002-03).
- The Statutory Minimum Price (SMP) of sugarcane was fixed at Rs. 73.00 per qtls., linked to a basic recovery 8.5 percent with a premium for higher recovery, compared to Rs. 69.50 per quintal in the previous year. Accordingly the SMP of sugarcane fixed for your factory is Rs. 79.80 per quintal for the year 2003-04 as compared to Rs. 75.24 per quintal in the previous year.

However, the State Government granted a relief of Rs. 2.50 per quintal in the form of Cane Purchase Tax and Society Commission, which was passed on to the farmers by way of an increased cane price in addition to the above stated price.

- The govt. extended the period of buffer stock of 20 lac tonnes of sugar created in 2003 for another year upto 17 December 2004.
- The subsidy announced by the government to encourage exports through a compensation of the internal transport cost (from factory to shipment point and ocean freight) continued.
- The government of UP continued its molasses policy and factories were allowed to 'export' 10 percent of their production to other states.

ISO CERTIFICATION

Your company continues to hold the ISO: 9001:2000 certification, which was obtained during the year 2001-2002, from M/s NQA Quality Systems Register Ltd. in collaboration with JAS-ANZ-a joint Accreditation system of Australia & New Zealand. In this regard, they have completed their audit satisfactorily during the year under review.

AUDITORS OBSERVATION

The observations of Auditors as referred to in the Auditors Report are dealt with in the Notes to the Accounts at appropriate places and being self-explanatory, need no further explanation.

DIRECTORS

Shri Rajeev Kumar Gupta and Dr. Ishwar Singh, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment. During the year under review, Shri Anupam Singh has been appointed as Additional Director on 20.10.2003. Pursuant to Section 260 of the Companies Act, 1956, Shri Anupam Singh will hold office as Additional Director upto the date of the ensuing Annual General Meeting.

Your Directors recommend the reappointment of Shri Rajeev Kumar Gupta, Dr. Ishwar Singh and Shri Anupam Singh.

FIXED DEPOSITS

The Company had not accepted any fixed deposits from the public during the period from July 2003 to June 2004. Accordingly, there is no amount outstanding on the part of the company towards fixed deposits.

RESTRUCTURING OF OVERDUE DEBT

Your directors wish to inform that the company has submitted its proposal with the Financial Institutions for restructuring/ OTS of overdues amounting Rs. 1068.55 Lacs (Principal: Rs. 477.16 Lacs, Interest: 326.52 Lacs and Zero Coupon Debentures: Rs 264.87 Lacs). The proposal with regard to OTS is under active consideration with all the Financial Institutions. In this regard,



ICICI, the lead institution, has appointed a valuer for valuation of assets of the Company. The valuation has been completed and the valuer has submitted the relevant report to ICICI.

APPLICABILITY OF THE PROVISIONS OF SECTION 23 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 provides that at the end of any financial year, if accumulated losses of an industrial Company result in erosion of 50% or more of its peak net worth during the immediately preceding four financial years, such Company shall, within a period of sixty days from the date of finalisation of the duly audited accounts of the Company for the relevant financial year, report the fact of such erosion to the shareholders. According to the above provision, your company has already filed Form-C with the BIFR in the year 2002-2003.

However, the Company is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

SUPREME COURT JUDGEMENT ON SUGAR CANE PRICE

The Supreme court in a majority judgement decided that State Government with State Enactment's on sugar cane and who had acquired powers to fix sugar cane prices under the said Act, can fix sugar cane prices, thereby overruling the interim judgement of the Allahabad High Court.

After examining the majority judgement as well as the other two separate judgements, which supported a contrary view, legal experts have expressed the view that this is a fit case for the industry, affected by the judgement, to seek a review thereof and/or curative action. The U.P Sugar Mills Association has initiated suitable action.

ALLOTMENT OF EQUITY SHARES AND ZERO COUPON DEBENTURES

Your company has not issued any security during the year under review.

AUDITORS AND THEIR APPOINTMENT

The auditors, M/s. G. K. Nigam & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have indicated their willingness to accept re-appointment. The necessary certificate required under section 224(1B) of the Companies Act, 1956 has been obtained from them. Your Directors request you to appoint the aforesaid auditor and fix their remuneration.

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

The Plant was set up with most modern equipment in order to minimize energy consumption and increase profitability. Captive power generation and generation of steam from bagasse also provide cost reduction in energy consumption. High-pressure Boilers along with double effect Evaporators, Vapour Bleeding and Vapour Lime Juice Heaters are some of energy saving measures.

No objection Certificate and consent from the State Pollution Control Board for the year under review has been renewed.

Details of energy conservation and research and development activities undertaken by the Company alongwith the information's in accordance with the provisions of Section 217(1) (e) of Companies Act, 1956 read with Company's disclosure of particulars in the Report of Board of Directors Rules, 1998 are given in Annexure 'A' to this Director's Report.

Expenditure/Income in Foreign Currency is Rs. NIL for the year, 2003- 2004 (last year Nil)

CORPORATE GOVERNANCE REPORT

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor's confidence, improving investor's protection and maximizing long term shareholders value. The certificate of the Statutory Auditors, M/s G. K Nigam & Associates, confirming compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement of the Stock Exchanges has been obtained.

A separate report on Corporate Governance is attached herewith as a part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any material departure.
- That such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the annual accounts have been prepared on a 'going concern' basis.

INDUSTRIAL RELATIONS & EMPLOYEES' COST

Your Directors feel pleasure to inform that the industrial relations remained cordial during the year. The total wage bill has come to Rs. 242.06 Lacs as against Rs. 259.37 Lacs in the previous year.

The information as required under sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 (as amended) in respect of employees of the Company is given in Annexure 'B' and forms part of this report.

ACKNOWLEDGEMENTS

Your Directors express their gratitude to the Company's stakeholders, Financial Institutions viz. ICICI, IDBI, IFCI, and Bankers viz. State Bank of India, Punjab & Sind Bank and Oriental Bank of Commerce and various departments of Government of Uttar Pradesh and Government of India for the continued cooperation and support extended to the Company at all times. Your Directors also record their appreciation of the commitment and support provided by the employees at all levels and look forward to their continued support for the growth of your company.

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

**PLACE : NEW DELHI
DATED : 12.8.2004**

**Sd/-
G.B. Pattanaik
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 minimize 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.

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

FORM - A

Particulars	2003-2004	2002-2003
A POWER AND FUEL CONSUMPTION		
1. Electricity		
--- Unit (KWH)	NIL	NIL
--- Total Amount (Rs./KWH)	NIL	NIL
--- Rate/Unit (Rs./KWH)	NIL	NIL
(b) Own Generation		
(i) (Through Steam Turbine generator)		
--- Unit (KWH)	6743956	8026429
--- Unit per MT of Steam	32.85	34.36
2. Coal (Specify quality and where used)	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Other/Internal generation	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION		
--- Electricity (KWH/KG)	0.20	0.21
--- Steam (kg/kg)	6.21	6.40

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, 2004.

Employed throughout the financial year under review and were in receipt of remuneration for the financial year in aggregate of not less than Rs. 24 Lacs. None of the employee has received remuneration of Rs. 24 Lacs or more during the financial year under review. In spite of non applicability of the provisions to the company, the detail of remuneration paid to the Managing Director is given here below:

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	1500000/-	B.Sc. Eng. (Mech)	32 Years	10.10.91	55	Managing Director, Venus Cements Ltd.



MANAGEMENT ANALYSIS AND PERCEPTION

1. Industry structure & Development

Sugar is India's second largest agro based industry with more than 300 lacs farmers and their families being involved in sugarcane cultivation and its harvesting operations. The interface between the industry and the farmers is of maximum intensity as compare to other agro based industries. With around 450 operating sugar mills in different parts of the country, the Indian sugar industry provides a strong focus to socio-economic development in rural India.

The byproducts generated by the sugar industry can be profitably converted into value added income sources. Bagasse can be used profitably either in paper industry or for the generation of electricity to meet the process requirement. Down stream distilleries convert molasses into value added products like alcohol and ethanol. Over the last couple of years, their relevance has increased. The government has made it mandatory to blend 5% ethanol with petrol in the 11 sugar growing states (Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu, Uttar Pradesh, Goa, Madhya Pradesh and Uttaranchal) and four union territories (Daman & Diu, Dadra and Nagar Haveli, Chandigarh and Pondicherry). The irony of the fact is that even a decade after our country decided to deregulate and liberalize its economy, the sugar industry continues to remain heavily regulated. Not only does the Government of India impose a levy quota on the sugar produced, it also decides what quantum of the sweetener will be released by the mills in the open market each month. Thus the distortions in the agricultural trade, especially in Sugar still continues.

2. Outlook

The sugar industry has been passing through a very difficult time. Owing to a lower production and the consequent liquidation of an excess inventory, sugar prices have been revived w.e.f January 2004 and are expected to remain firm in 2004-5. With excess inventory being removed from the system robust sugar consumption expected to sustain, a positive scenario for sugar manufacturers is likely to be witnessed over the coming years.

Companies business is likely to be benefited following a decline in the productions of Sugar and increase in the prices of co-products/by products.

3. Risks, Threats and Opportunities

Sugar Industry in India primarily faces the following risks:

- Raw Material
- Sugar Price
- Regulatory

Sugarcane and hence sugar production is influenced by climatic vagaries, sugarcane by nature is a weather resistant crop and mostly remains unaffected by moderately high or low rainfall. The steps indicated by the Company to strengthen irrigation facilities across its command area will alleviate the risk of low rainfall.

Sugar prices exhibit volatility and is not controlled by any single player due to the fragmented nature of the industry. Prices are also affected by the sales allocations made by the Government on a monthly basis as well as stocks held by the mills. The company has a detailed system of monitoring prices and the booking of orders so as to mitigate price volatility and optimize returns.

Uncertainties in Government policies and regulations governing sugar industry in India continue to pose a serious risk to the sugar industry. The price for sugarcane to be paid to farmers by a manufacturer is fixed by the Government. This is a systemic risk and cannot be alleviated unless the Government completely decontrols the sugar industry.

After years of increasing output, India is likely to report a sharp decline in the production of sugar. The production of sugar in India is estimated to be lower at 140 to 145 lac tonnes during 2003-2004 season as against 201 lac tonnes in the preceding season. As a result, the closing stock is expected to be substantially lower than in the previous year. This sharp decline is the result of inadequate rainfall in the major sugar producing regions of Maharashtra and Karnataka.

4. Segmentwise Performance.

Your company is having only one business segment i.e manufacture of white crystal sugar. As already explained in the Directors Report the results for the year under review are better than last year due to higher realisation of sugar price in the open market.

5. Internal Control system and their adequacy.

Your company maintains adequate Internal Control Systems designed to provide reasonable assurance that assets are safeguarded. Transaction are executed in accordance with management's authorization and are properly recorded and accounting records are adequate for preparation of financial statements and financial information. A comprehensive system of internal controls employed by the company ensures optimal use of the resources available at its disposal. Internal Audit and checks are on going process within the Company. The internal control system of the Company is monitored and evaluated by internal auditors and their Internal Audit reports are periodically reviewed by the Audit Committee of the Board of Directors. The observation and comments of the Audit Committee are apprised to the Board.

6. Financial and operational Performance.

During the year under review, your Company crushed 3952040 Qtls. of sugar cane and produced 367090 bags of sugar. The recovery of your company was 9.25%.

Further, during the year under review, turnover was of Rs.6285.72 Lacs, which is 50.16% higher than last year. Due to higher price realization and cost reduction measures, a profit of Rs. 11.45 lacs has been earned.

The financial statements are prepared in Compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management of company accepts the responsibility for the integrity and objectivity of there financial statements.

7. Human Resources

It is indisputable that employees are a key resource of an organisation. Organisations differ in their ability to harness the full potential of their employees to the creative pursuit of attaining excellence. Your company continues to enjoy a cordial and harmonious relationship with its employees. We believe, it is our people alone who provide us with the greatest sustainable and competitive advantage. Your Company's employees fully identify with your Company's vision and business goals. Training needs are identified in a systematic manner and regular training programmes are being organised to develop the knowledge and skill levels of the employees. Since the industry is of seasonal nature, hence during season time (from November to April) skilled contractual labour is also hired. Total number of employees (including contractual labour) as on June 2004 were 238.

8. Cautionary Statement

Details given herein above relating to the Company's objectives, projections and expectations may be 'forward looking' Statements within the meaning of applicable laws and regulations. However, actual results might differ from those either expressed or implied.



AUDITORS' REPORT

TO THE MEMBERS OF VENUS SUGAR LIMITED

1. We have audited the attached Balance Sheet of M/s **VENUS SUGAR LIMITED** as at 30th June 2004 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government in terms of sub section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the company, as far as appears from our examination of such books, and the above mentioned accounts are in agreement therewith;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts of the company;
 - d) In our opinion, the mandatory provisions of the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3c) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on June 30, 2004 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on 30th June 2004 from being appointed as director, in terms of clause (g) of sub-section (1) to section 274 of the act;
 - f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June 2004 and,
 - ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date and,
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **G.K. Nigam & Associates**
Chartered Accountants

Place : New Delhi
Dated : 12.08.2004

Sd/-
Hari Om
Partner
M. No. : 87129

ANNEXURE TO AUDITORS REPORT : (Referred to in paragraph 3 of our report of even date)

1.
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, fixed assets have been physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its business. No material discrepancy was noticed on such physical verification.
 - c) The Company has not disposed off substantial part of Fixed Assets during the year and the going concern status of the company is not effected.
2.
 - a) The Inventories have been physically verified by the Management. In our opinion, the frequency of verification is reasonable.
 - b) The procedure of physical verification of Inventories followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of Inventories. No material discrepancies were noticed during verification between the physical stocks and book records.
3. In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, during the year to/from companies, firms and other parties covered in the register maintained under section 301 of The Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of Inventory, Fixed Assets and also for the Sale of goods. During the course of our audit, we have not observed any major weakness in the internal control.
5.
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, there were no transactions which are required to be entered into the register maintained under section 301 of the Companies Act, 1956.
 - b) In our opinion and according to the information and explanations given to us, there were no transactions in pursuance of contracts or arrangements which were required to be entered in the register maintained under section 301 of the Companies Act, 1956 aggregating to Rs. 5,00,000 (Rupees Five Lacs Only) or more in respect of any party during the year.



6. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public within the meaning of section 58A & 58AA of the Companies Act 1956, at the end of the period covered by our audit report.
7. In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under section 209 (1)(d) of the Companies Act, 1956, in respect of White Crystal Sugar and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We, are however, not required, and have therefore not made a detailed examinations of such records.
9.
 - a) According to the records, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues was outstanding as at 30 th June 2004 for a period of more than six months from the date of becoming payable.
 - b) According to the information and explanations given to us, details of dues of Sales Tax, Income Tax, Excise Duty, Custom Duty and Cess which have not been deposited on account of any dispute before appropriate authorities are given below:

Sl. No.	Name of the Statute	Nature of Dues	Year to which related	Amount in Lacs	Forum in which the dispute is pending
1	Tax on Entry of Goods Act, 1999	Penalty	2000-01	14.67	2nd Appeal in Tribunal, Meerut
2	U.P.Trade Tax Act, 1948	Tax on scrap Sale	2000-01	0.50	Tribunal, Meerut
3	U.P.Trade Tax Act, 1948	Tax on Diesel Sale to Transportes	2000-01	7.39	Tribunal, Meerut
4	Tax on Entry of Goods Act, 1999	Penalty	2001-02	27.92	Tribunal, Meerut
5	U.P.Trade Tax Act, 1948	Tax on Diesel Sale to Transportes	2001-02	10.82	Tribunal, Meerut
6	U.P.Trade Tax Act, 1948	Dispute against Form 3 B	2001-02	10.37	Tribunal, Meerut
7	Factory Act, 1948	2 Cases	1999	0.50	CJM, Moradabad
8	Factory Act, 1948	1 Cases	2003	0.02	ACJM, Chandausi
9	U.P Industrial Dispute Act, 1947	2 Cases	2003	0.04	ACJM, Chandausi
10	Contract Labour (Regulation & Abolition) Act, 1970	5 Cases	2003	0.09	ACJM, Chandausi
11	Industrial Dispute Act, 1961	1 Cases	2003	0.02	ACJM, Chandausi
12	Gratuity Payment Act, 1972	3 Cases	2003	0.05	ACJM, Chandausi
13	U. P Sugar Cane (Regulation of supply & purchase) Act, 1953	17 Cases	2002-03	0.34	CJM, Moradabad
14	Central Excise Act, 1944	2 Cases	2000-01	2.15	The Custom, Excise Service Tax Appellant Tribunal, Delhi

10. The accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has not incurred cash loss during the financial year covered by our report, however there were cash losses to the tune of Rs. 660.67 lacs in the immediately preceding financial year.
11. *Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has defaulted in repayment of dues to Financial Institutions. The default continues since August 2002. Dues to FI's aggregating Rs. 803.68 Lacs relate to overdue balance of principal & interest. Further dues to FI's relating to ZCD's principal overdue for repayment to the tune of Rs. 264.87 lacs since August 2003. However there are no over dues to Banks.*
In accordance with the information, explanation and records produced before us, the matter of OTS is in active consideration of the FI's
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to this company.
14. The company is not dealing or trading in shares, securities, debentures or other investments. However the investments made by the company in securities have been held by the company in its own name.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loan taken by others from banks and financial institutions.
16. In our opinion and according to the information and explanations given to us, the company has not raised any new term loan during the year.
17. According to the information and explanations given to us and on the overall examination of the Balance Sheet of the company, the company has neither raised any short term nor long term funds during the year under review.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. During the period covered by our audit report, the company has not raised any money by way of public issue.
20. No fraud on or by the company has been noticed or reported in respect of the year under audit.

For **G.K. Nigam & Associates**
Chartered Accountants

Place : New Delhi
Dated : 12.08.2004

Sd/-
Hari Om
Partner
M. No. : 87129



VENUS SUGAR LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2004

	SCHEDULES	AS AT 30th JUNE, 2004 (AMOUNT Rs.)	AS AT 30th JUNE, 2003 (AMOUNT Rs.)
I. SOURCES OF FUNDS			
1) SHARE HOLDERS FUNDS			
a) Share Capital	A	388103000	379903000
b) Reserves & Surplus	B	(171516163)	(163738838)
		<u>216586837</u>	<u>216164162</u>
2) LOAN FUNDS			
a) Secured Loans	C	631120828	699516503
b) Unsecured Loans	D	1400000	1450000
Total Sources		<u>849107665</u>	<u>917130665</u>
II. APPLICATION OF FUNDS			
1) FIXED ASSETS	E		
a) Gross Block		810563647	801108033
b) Less : Depreciation		<u>248145034</u>	<u>211143212</u>
c) Net Block		<u>562418613</u>	<u>589964821</u>
2) INVESTMENTS — NSC (MOLASSES)		970000	599000
3) CURRENT ASSETS, LOANS & ADVANCES			
a) Current Assets	F	289502099	420902160
b) Loans & Advances	G	<u>39549814</u>	<u>40150763</u>
		<u>329051913</u>	<u>461052923</u>
Less :			
c) Current Liabilities	H	<u>151675685</u>	<u>243466935</u>
		<u>177376228</u>	<u>217585988</u>
4) MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
a) Miscellaneous Expenditure		2552136	3190168
b) Deferred Revenue Expenditure		<u>105790688</u>	<u>105790688</u>
Total Applications		<u>849107665</u>	<u>917130665</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 of
M/s. VENUS SUGAR LIMITED

Sd/-
Hari Om
Partner
M.No. 87129

Sd/-
Rajeev Kumar Gupta
Director

Sd/-
A.K. Bajaj
Director

Sd/-
M. P. Singh
Managing Director

Sd/-
G. B. Pattanaik
Chairman

Place : New Delhi
Date : 12.08.2004

Sd/-
B. D. Dikshit
Director

Sd/-
Shashi Rani
Director

Sd/-
Vipul Jindal
General Manager Corporate

Sd/-
Sanjeev Gupta
Company Secretary