



VENUS SUGAR LIMITED

19TH ANNUAL REPORT

2009-2010

BOARD OF DIRECTORS

Shri G. B. Pattanaik, IAS	Chairman	(Nominee of UPSIDC)
Shri J. P. Gupta	Director	(Nominee of UPSIDC)
Dr. B. D. Dikshit	Director	
Shri Sudhir Kumar Mittal	Director	
Shri Rajeev Kumar Gupta	Director	
Smt. Shashi Rani	Director	
Shri RPS Malik	Director	
Shri Arun Kumar Singh	Director	
Shri Madan Pal Singh	Managing Director	
Company Secretary	Shri Naresh Kumar	

BANKERS

State Bank of India, Lucknow & Chandausi
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

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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
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REGISTRAR AND SHARE TRANSFER AGENT Link Intime Pvt. Ltd. (Formerly Intime Spectrum Registry Limited)

A-40, IInd Floor,
Nariana Industrial Area,
Phase-II, New Delhi
Ph. No. : 011-41410592/94

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DIRECTOR'S REPORT

Dear Shareholders,
Your Directors are pleased to present the Nineteenth Annual Report along with the Audited Accounts of the Company for the year ended 30th June 2010.

FINANCIAL HIGHLIGHTS

	(Rs. In lacs) Year Ended June 30th, 2010	(Rs. In lacs) Year Ended June 30th, 2009
Sales	2223.48	5319.81
Profit/(Loss) before Interest & Depreciation	(183.44)	(73.96)
Less: Interest	253.52	377.17
Depreciation	237.05	212.76
Net Profit/(Loss) for the year	(674.01)	(663.89)

REVIEW OF OPERATIONS

Your factory started crushing operations for season 2009-10 on 29.11.2009, which lasted till 20.03.2010. Key operational figures are as under:

	SEASON 2009-10	SEASON 2008-2009
Duration of Season (Gross days)	111.00	94.00
Sugar Cane Crushed (Lac Qntls.)	10.68	11.01
Average Recovery (%)	8.07	8.59
Sugar Produced (Lac Qntls.)	0.84	0.96
Cane Crushed Per Day (Thousand Qntls.)	9.64	11.71

Due to lower cane yield in the state, the sugar production was lower as compared to previous year. During the crushing season 2009-2010, your factory achieved cane crushing of 10.68 Lacs Qntls. which is approximately 3% lower than the crushing of last season. Accordingly, number of sugar bags produced decreased to 0.84 lacs in 2009-10 in comparison to 0.96 lacs bags in last season. The season ended with a recovery of 8.07%, as compared to 8.59% of the last year. During the year under review your company had a net Loss of Rs.674.01 Lacs as compared to Rs.663.30 Lacs net Loss 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 domestic Sugar market entered into the scarcity phase due to sharp decline in production. Increased cane payment arrears and confusion in SAP & FRP, in UP had created restlessness among farmers and persuaded them to shift to other crops. Most of the mills had to face a shortage of cane, resulting in the short sugar season, which eventually lead to an early closure of the current season. Moreover, there had also been a significant drop in recovery %. Recent sugar scenario forced Government of India to review sugar industry policy comprehensively and the process is on. Unless both the State and Central Governments revise the policy realistically in terms of Cane price, and Import/Export of Sugar, the growth of this industry will be jeopardized. The country will face large cane payment arrears with consequent effect on the fortunes of farmers.

The salient features effecting the sugar cane availability / recovery are as under:-

Sugarcane Area

Sugarcane acreage in the major producing states, declined sharply due to the cultivators diversifying to other better cash crops last years. Moreover, cane plantation in UP during current year, had reported an increase of 15-20% in area because the farmers got very remunerative price during the season 2009-10. Your Company too has been affected by the cane shortage and increase in Sugar cane price. Despite of improvement in sugar prices, your Company will not be benefited much in view of shortfall in production.

Recovery %

There has been a significant drop in recovery percentage. Reports state that in U.P., the average recovery % declined was 0.75% to 0.95 % in the season 2009-10. The lower recoveries have been mainly on account of the late rains.

Recent Development in Government Policies

The current shortfall in sugar production and depletion of stocks has pushed sugar prices to record levels in the short span of time. Recently, the government had put limits on the amount of sugar that can be stocked by traders to avoid hoarding.

Levy obligation was doubled from 10% to 20% to protect PDS supply while levy sugar prices remained unrevised for over six years. However vide notification No GSR.527.E/ Ess. Comm./Sugar dated 21.06.2010 the Central Govt. has revised the Levy Sugar prices for the production of 2009-10. Duty-free raw sugar import facility was extended till end of 2010 besides opening duty-free white sugar imports for all. Further, bulk users of sugar were subjected to unrealistic inventory norms for holding domestic sugar that has forcibly moved them to imported sugar offering greater flexibility. Inventory and turnover norms were rigidly enforced on sugar traders followed by frequent raids.

The concept of Statutory Minimum Price (SMP) has been changed to Fair and Remunerative Price (FRP) for sugarcane from 2009-10 season. Such FRP takes certain additional factors into consideration over SMP, namely, reasonable margins for the growers of sugarcane on account of risk and profits. FRP was conceptually intended to be total compensation and hence the sole mandatory price for cane, restraining States from announcing higher SAP. However, the Centre bowing to political pressures had to make a quick retreat and remove the ban on SAP. Dual cane pricing would thus continue to daunt the industry with its deleterious impact.

FRP for 2009-10 season was fixed at Rs.129.84 per quintal linked to 9.5% of sugar recovery with a premium of Rs.1.37 for every 0.1% increase in the recovery. FRP has been hiked to Rs.139.12 for 2010-11 sugar season with premium of Rs.1.46 for every 0.1% increase for recovery in excess of 9.5%.

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.

CEO/CFO Certification

Mr. M.P. Singh, Managing Director and Mr. Sachin Gupta, Chief Financial Officer, have furnished a certificate relating to financial statements, internal controls and systems as per the format prescribed under Clause 49 of the Listing Agreement.

DIRECTORS

Mr.R.K. Gupta, Mrs Shashi Rani and Mr RPS Malik, Directors of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Your Directors recommend the reappointment of Mr.R.K. Gupta, Mrs Shashi Rani and Mr RPS Malik, Directors of the company.

FIXED DEPOSITS

The Company had not accepted any Fixed Deposits from the public during the period from July 2009 to June 2010. Further, there is no amount outstanding on the part of the company towards Fixed Deposits payment.

DIVIDEND

Your directors do not recommend any dividend for the year ended on 30th June 2010 (Last Year: Nil).



CREDIT RATING

The ICRA Limited vide their letter dated 19.04.2010 has allocated ' LC ' rating for the Working Capital Limtis for a sum of Rs 26.50 Crores.

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.

REFERENCE TO BIFR

It is observed that as per Audited Accounts of the Company as on June, 2010, the accumulated losses have exceed the net worth of the Company and it has become necessary to report the erosion in the net worth of the Company to BIFR under Sick Industrial Companies (Special Provision) Act,1985. Necessary resolution authorizing the Board of Directors to present before BIFR is included in the Notice convening the Annual General Meeting of the Company.

The main reasons of losses are as under:

1. The Company was continuously incurring losses, due to higher SAP announced by the State Government from year to year.
2. Lower recovery in the region.
3. Unviable capacity of 3500 TCD of the Plant.
4. Lower allotment of cone by the stete Government.

Thus, as per the current financial the Company is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

AUDITORS, THEIR APPOINTMENT AND AUDITORS REPORT

The auditors, M/s. G. K. Nigam & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment. The necessary certificate required under Section 224(1B) of the Companies Act, 1956 has been obtained from them.

The Notes to the Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any other explanation.

The Company's 100% net worth has been eroded; hence the company is a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of section 233B of the Companies Act 1956, M/s M.K.Singhal & Co.. Cost Accountants, have been appointed to conduct cost audit.

CONSERVATION OF ENERGY, 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 boiler along with double effect Evaporators, Vapour Bleeding and Vapour Lime Juice Heaters are some of energy saving measures.

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 the 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 2009-2010 (Last Year- NIL).

MANAGEMENT ANALYSIS AND PERCEPTION

A separate report is appended herewith.

CORPORATE GOVERNANCE REPORT

The Board of Directors supports the broad principles of Corporate Governance. The report on Corporate Governance as stipulated in clause 49 of the Listing Agreement of the Stock Exchanges for the year ended 30th June 2010 and Auditor's Certificate along with Corporate Governance are appended herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any material departures.
- b) appropriate 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 and Loss of the company for that period.
- c) 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.
- d) the annual accounts have been prepared on a 'going concern' basis.

HUMAN RESOURCES

Your Directors feel pleasure to inform that the industrial relations remained cordial during the year. Your Directors acknowledge with gratitude the co-operation and assistance received from all executives, staff and workmen of the Company.

The information as required under Section 217(2A) 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 sincere acknowledgement to the Company's stakeholders, Financial Institutions viz. IDBI/ SASF, IFCI, Standard Chartered Bank 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 their continued support extended to the Company at all times. Your Directors also record their appreciation for the relentless and dedicated efforts provided by the employees at all levels and look forward to their continued support for the growth of your company.

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

Sd/-

PLACE : NEW DELHI
DATED : 30th August,, 2010

(Rajeev Kumar Gupta)
Director



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	2009-10	2008-09
A POWER AND FUEL CONSUMPTION		
1. Electricity- Factory		
(a) Purchased Units		
- Units (KWH)	NIL	NIL
- Total Amount (Rs.)	NIL	NIL
- Rate/unit (Rs.)	NIL	NIL
(b) Own Generation		
(i) Through Steam Turbine generator		
- Units (KWH)	4272784	3826140
- Units per MT of Steam	44.78	40.20
2. Coal (Specify quality and where used)	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Others/Internal generation	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION		
- Electricity (KWH/Kg.)	0.49	0.40
- Steam (kg/kg)	10.99	9.94

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, 2010.

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 details of remuneration paid to the Managing Director is given here below:

Name	Designation	Remuneration Received in Rs.	Qualification	Experience (Years)	Date of Commencement of employment	Age (Years)	Particulars of Last employment
Sh. M.P. Singh	Managing Director	1500000/-	B.Sc.Eng.(Mech)	39 Years	10.10.91	63	Managing Director, Venus Cements Ltd.

MANAGEMENT ANALYSIS AND PERCEPTION

1. Industry Structure & Development

India has been known as the original home of sugar and sugarcane. In global sugar economy, the Indian Sugar industry has achieved a number of milestones. The Indian sugar industry is the second largest agro-processing industry in the country. Sugarcane (Saccharum officinarum) is the main source and key raw material for production of sugar in India. Sugar production in India is concentrated in six states viz., Maharashtra, Uttar Pradesh, Gujrat, Tamilnadu, Karnataka and Andhra Pradesh which together account for 85-90% of sugar production in India. The industry directly employs 0.5 million people while it indirectly provides gainful employment to another about 4.0 million people engaged in sugarcane cultivation.

Indian sugar production estimates often times remain suspect and prove vulnerable. Sugar production for 2009- 10 season was estimated at 140 lakh tones as recently as in January 2010 while trade guessed it even lower at 130 lakh tones. This led to a virtual spiral in sugar prices to reach dizzy heights. The concurrent story on larger Indian import demand propelled world sugar prices to a 29 year high level. Within couple of months, sugar production for 2009- 10 estimates scaled to 185 lakh tones. Further, the production outlook for 2010-11 is overly optimistic to reach self sufficiency and re-emerge as net exporter. This in turn brought an immediate collapse in sugar price.

Though the Government mandated price for sugarcane was only moderately moved up, sugar mills volunteered to pay much higher cane prices by almost 50% over last year in their chase for available scarce cane supply and to lure the farmer back to cane crop. This had its instantaneous impact with the farmer readily responding to the price signal, tending the cane crop better to get higher yield and switching over from other crops to plant more cane. This has doubtless been possible only on the strength of vibrant sugar prices.

According to nationwide survey conducted by AC Nielsen and adopted in KPMG Analysis, nearly 75% of the non levy sugar is consumed by industrial, business and high income household segments. Further, even for a low income household, 10% increase in sugar price would hardly have a dent of less than 1% impact in monthly food bill.

2. Outlook

ISO has predicted a smaller deficit for 2009-10 at 8.5 mln tonnes than 9.4 mln tonnes predicted in February 2010. The cumulative deficit of the two years is near about the two preceding surpluses in 2006-07 and 2007-08. Consequently it has drawn down most of the excess stock pile. World sugar production in 2010-11 is now set to strongly recover with Brazil and India alone producing an extra 10 to 12 mln. tonnes. Many other countries have also enlarged their cane planting. A marginally higher sugar ethanol mix in Brazil should also help boost overall sugar output. World sugar balance in 2010-11 will have a surplus varyingly estimated at 2 mln tones by ISO and 6 mln tonnes by Sudden. There has been a redoubtful resurgence in Indian sugar production during 2009-10 despite a deficit monsoon. With normal monsoon prediction, sugarcane and sugar output during 2010-11 season should comfortably exceed domestic consumption levels after two years. Sugar prices have been on bearish trend though the degree of decline is unintelligible viewed from a fairly well balanced demand supply parity. Sugar markets, both global and local, would remain significantly bearish in the near term. Sugar millers will have to brave themselves to combat higher input cost and lower output prices.

Value addition through downstream projects is now preferred option of sugar mills to mitigate the risks of the sugar industry. The concept of the 'Integrated Sugar Plant' (ISP) is now the corner-stone on which the industry growth will be driven.



3. Risks, Threats and Opportunities

Risks

Sugar Industry in India primarily faces the following risks:

- a. Raw Material risk
- b. Sugar Price risk
- c. Regulatory risk
- Being an agro based industry, the Company's business is inextricably linked to the availability of raw material and its costs. The raw material of the company is sugarcane. The company has risk of Govt. policies in respect of cane availability, SAP/ FRP & Cane area allocation. Sugarcane availability is primarily determined by the cultivable area under cane, the cane yield and the proportion of cane that is crushed by the mill out of the total cane available (drawl). Area under cane is determined primarily by the relative attractiveness of cane vis a vis other crops and timely payments. These factors are largely not within the control of the company. The company has sought to mitigate raw material availability risk by timely payment to farmers.
- Sugar prices exhibit volatility and are mainly dependent upon the demand and supply as well as business cycle conditions and are 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 in order to mitigate price volatility and optimize returns.
- Diversion of cane to jaggery and neighbouring sugar mills in defiance of contractual obligation.
- Uncertainties in Government policies and regulations governing sugar industry in India continue to pose a serious risk to the sugar industry. This risk arises out of factors such as those pertaining to cane fixation i.e. State Advised Price (SAP) and Fare Remunerative Price (FRP) for sugarcane; Control on sale of Molasses; Imposition of Levy Obligation (presently 20%) at very low price which is not subsidized by the Union Government; Imposition of stock limits on sugar dealers; Monthly release mechanism of Central Government which has an adverse impact on the free sugar trade; Introduction of compulsory packing of sugar in Jute bags; Higher weightage of sugar (3.63%) in Wholesale Price Index vis-à-vis with other commodities such as Wheat (1.38%) etc. leading to increased Governmental intervention to control Inflation; Volatile sugar export-import policy etc. The regulatory risks listed above are Government policy driven and beyond Company's control. Every effort is made to conform to regulatory requirement while judicial recourse is made when warranted.

Opportunities

- By product management particularly blending of ethanol with petrol and co-generation of power from bagasse are the future activities and sugar mills will be able to diversify their earnings and emerge as energy supplier.
- Consistent improvement in quality of sugar will lead to wider acceptability of Indian Sugar in the international market. Post implementation of WTO ruling and after the rationalisation of subsidies in agriculture in developed countries, India may emerge as a major sugar exporting country.

4. Segment wise Performance

Your company is having only one business segment i.e Manufacturing of White Crystal Sugar.

5. Internal Control Systems 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 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 Audit Committee of the Board, headed by an independent non-executive director, is in place to review the internal controls and other financial systems. The internal control system of the Company is monitored and evaluated by independent internal auditors and their reports are periodically reviewed by the Audit Committee. The observations and comments of the Audit Committee are apprised to the Board.

The internal auditors look into various areas of the company with following broad objectives

- a. To ensure critical examination of reasons with a view to trouble shooting of the problems that may arise due to shortcomings in systems and procedures.
- b. To review systems and procedures in purchase, capital investments and routine operations.
- c. To identify shortcomings that may adversely affect the company's operations and profitability.
- d. To ensure the compliance of Company policies and procedures.
- e. To identify non-performing assets and suggest the procedure for its disposal
- f. Any other assignment provided by the management

6. Financial and Operational Performance.

During the year under review, your Company crushed 10.68 Lacs Qtls. of sugar cane and produced 0.84 Lac bags of sugar. The recovery of your company was 8.07%

Further, during the year under review, gross turnover was of Rs. 2223.48 Lacs. Due to lower crushing, a loss of Rs. 674.01 Lacs has been incurred.

The Company's financial statements are prepared in compliance of the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management of the company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates/ judgements used in preparation of these statements. The estimates and/ or judgments have been made on a consistent, reasonable and prudent basis to reflect true and fair picture of the state of the affairs of the company.

7. Human Resources and No. of Employees employed.

The Company believes that its experienced and skilled manpower is the biggest strength for meeting the challenges of changing business environment. Organisations differ in their ability to harness the full potential of their employees to the creative pursuit of attaining excellence. To attract, retain and motivate the best talent, the company believes in empowering its employees. The 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. The basic HR philosophy of the company revolves around commitment to create an organization that nurtures talents and enterprise of its people. 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 30th June 2010 was 258.

8. Industrial Relations

The management and the workers in Venus Sugar Limited maintain cordial and harmonious relations - unanimous in their belief that they have one common objective- Sustainable Success of the Company. All areas concerning employees' involvement, safety, health and training development elicits their unqualified participation.

9. Cautionary Statement

Statement in the Management Discussion and Analysis report describing the company's objectives, projections, estimates and expectations may be 'forward looking' statements within the meaning of applicable laws and regulations and futuristic in nature. However actual results might differ from those earlier expressed or implied. Such statements represent intentions of the management and the efforts put in to realise certain goals. The success in realising these depends on various factors both internal and external. Investors, therefore, are advised to make their own judgements before taking any investment decisions.

Data and figures relating to industry and future expected developments in the industry have been taken from industry and industry-related publications and web-sites)



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, 2010 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 from 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 3 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 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 30th, 2010 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, 2010 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 2010 and,
 - ii) In the case of the Profit & Loss Account, of the Loss 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
(Regn. No. 04972N)

Place : New Delhi
Date : 30/08/2010

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) The fixed assets have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - c) During the year there has been no major disposal of fixed assets.
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 is 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 not granted but taken loans, secured or unsecured, during the year from companies, firms and other parties covered in the register maintained under section 301 of The Companies Act, 1956, as explained in the notes to Accounts(Schedules).
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 continuing failure to correct major weakness in the internal control.
5. To the best of our knowledge and belief and according to the information and explanations given to us, there were few transactions which are required to be entered and are entered into the register maintained under section 301 of The Companies Act, 1956.
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 examination of such records.
9.
 - a) According to the records, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it. However all the pending dues had been deposited.
 - b) According to the information and explanations given to us, no undisputed amount payable in respect of the Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues were in arrears as at 30th June 2010 for a period of more than six months from the date of becoming payable.



c) According to the information and explanations given to us, details of dues of Sales Tax, Income Tax, Excise Duty, Custom Duty, Entry Tax and Cess etc. 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.	U. P. Trade Tax Act, 1948	Tax imposed on Ex- U.P HSD Purchased and issued to transporters	1998-99	1.67	2nd Appeal in Tribunal, Meerut
2.	Tax on Entry of Goods Act, 1999	Entry Tax claimed by dept.	2001-02	2.00	2nd Appeal in Tribunal, Meerut
3	U. P. Trade Tax Act, 1948	UPTT imposed due to enhancement of sales of molasses & on the basis of Misc. Income	2001-02	4.55	2nd Appeal in Tribunal, Meerut
4	U. P. Trade Tax Act, 1948	UPTT imposed due to enhancement of sales of molasses & on the basis of Misc. Income	2002-03	6.00	2nd Appeal in Tribunal, Meerut
5	Tax on Entry of Goods Act, 1999	Entry Tax imposed by the Department	2002-03	0.60	2nd Appeal in Tribunal, Meerut
6	Tax on Entry of Goods Act, 1999	Entry Tax imposed by the Department	2003-04	42.94	1st Appeal pending in Tribunal, Meerut
7	U. P. Trade Tax Act, 1948	UPTT imposed due to enhancement of sales of molasses & on the basis of Misc. Income	2003-04	3.64	1st Appeal pending in Tribunal, Meerut
8	U.P. Trade Tax Act,1948	UPTT imposed due to enhancement of sales of molasses & on the basis of Misc. Income	2004-05	4.12	1st Appeal in Tribunal, Meerut
9	Tax on Entry of Goods Act, 1999	Entry Tax imposed by department on interstate Sale of Sugar	2004-05	85.08	1st Appeal in Tribunal, Meerut
10	Factory Act, 1948	2 Cases	1999	0.50	CJM, Moradabad
11	Factory Act, 1948	2 Cases	2003	0.20	ACJM, Chandausi
12	U. P Sugar Cane (Regulation of supply & purchase) Act, 1953	17 Cases	2002-03	0.34	CJM, Moradabad
13	U. P Sugar Cane Act	3 Cases	2006-07	0.34	High Court, Allahabad
14	Central Excise Act,1944	Demand of Excise Duty on Molasses	1995-96	7.73	Dy. Commissioner Moradabad
15	Central Excise Act, 1944	Demand on Difference of Rate on molasses	1996-97	1.71	Tribunal New Delhi
16	Central Excise Act, 1944	Demand on removal & wrong accounting of molasses & sugar bags	1997-98	83.89	Tribunal New Delhi
17	Central Excise Act, 1944	Demand on shortage of molasses & excess of sugar bags	1997-98	11.35	Tribunal New Delhi
18	Central Excise Act, 1944	Demand on shortage of molasses	2004-05	1.68	Tribunal New Delhi
19	Central Excise Act, 1944	Demand on removal of molasses without duty	2005-06	1.41	Tribunal New Delhi
20	Central Excise Act, 1944	Demand on excess molasses	2005-06	0.33	Tribunal New Delhi
Total				260.08	

10. The accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash loss during the financial year covered by our report, however there were cash losses in the immediately preceding financial year. Thus as per the current financials the Company is a Sick Industrial Company within the meaning of Sick Industrial Companies (Special Provisioun) Act, 1985.
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.
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 statue 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 under audit.
17. According to the information and explanations given to us and on the overall examination of the Balance Sheet of the company, we report that no short term funds were raised by the company which were used for long term investment 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 issued any Debentures during the year.
20. During the period covered by our audit report, the company has not raised any money by way of public issue.
21. On examination of the Books & explanations afforded to us, 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
(Regn. No. 04972N)

Place : New Delhi
Date : 30/08/2010

Sd/-
(Hari Om)
Partner
M.No 87129



VENUS SUGAR LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2010

SCHEDULES	AS AT		
	30TH JUNE 2010 (AMOUNT Rs.)	30TH JUNE 2009 (AMOUNT Rs.)	
I. SOURCES OF FUND			
1) SHARE HOLDERS FUNDS			
a) Share Capital	A	412000000	516540000
b) Reserve & Surplus	B	120509000	131930000
		532509000	648470000
2) LOANS FUNDS			
a) Secured Loans	C	317099580	335853803
b) Unsecured Loans	D	160780000	NIL
Total Sources		1010388580	984323803
II. APPLICATION OF FUNDS			
1) FIXED ASSETS			
a) Gross Block	E	826914153	828071398
b) Less : Depreciation		464213628	429889812
c) Net Block		362700525	398181586
2) INVESTMENTS – NSC (MOLASSES)			
		2184007	2058620
3) CURRENT ASSETS, LOANS & ADVANCES			
a) Current Assets	F	134455963	71345776
b) Loans & Advances	G	14467301	25175970
		148923264	96521746
Less :			
c) Current Liabilities	H	86194711	51991012
		62728553	44530734
4) MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
a) Profit & Loss Account	I	582775495	515374550
b) Deferred Revenue Expenditure		NIL	24178313
Total Applications		1010388580	984323803

For **G.K. Nigam & Associates**
Chartered Accountants
(Regn. No. 04972N)

For & on Behalf of the Board of Directors of
M/s Venus Sugar Limited

Sd/-
(Hari Om)
Partner
M.No. 87129

Sd/-
(RPS Malik)
Director

Sd/-
(Rajeev Kr. Gupta)
Director

Sd/-
(M. P. Singh)
Managing Director

Place : New Delhi
Date: 30/08/2010

Sd/-
(AK Singh)
Director

Sd/-
(Sachin Gupta)
Chief Financial Officer

Sd/-
(Naresh Kumar)
Company Secretary



VENUS SUGAR LIMITED

PROFIT & LOSS A/C FOR THE YEAR ENDED 30TH JUNE, 2010

SCHEDULES	YEAR ENDED 30TH JUNE 2010 (AMOUNT Rs.)	YEAR ENDED 30TH JUNE 2009 (AMOUNT Rs.)
I. INCOME		
a) Gross Turnover	222348133	531981040
b) Less Excise & Cess *	10853946	30756533
c) Net Turnover (a – b)	211494187	501224507
b) Other Income	45072169	2553587
Sub Total Income	<u>256566356</u>	<u>503778094</u>
(*Represents Excise duty on clearance of excisable goods, included in Turnover (Gross) and recovered from Customer)		
II. EXPENDITURE		
a) (Increase)/Decrease in Stock	(68279302)	271314120
b) Cost of Cane Consumed	269665693	170409194
c) Manufacturing Expenses	24852897	27655053
d) Salary, Wages & Others Benefits	28087158	24456159
e) Administrative Expenses	19894161	15516510
f) Selling & Handling Expenses	689003	1822897
g) Interest & Financial Charges	25351823	37717217
h) Depreciation & Amortisation	23705868	21276322
Sub Total Expenditure	<u>323967301</u>	<u>570167472</u>
III. PROFIT/(LOSS)	<u>(-67400945)</u>	<u>(-66389378)</u>
PROFIT/(LOSS)C/o to B/S	<u>(-67400945)</u>	<u>(-66389378)</u>
Earning per Share Basic/Diluted as per Note No. 15 of Notes on Accounts Schedule -S	(-1.76)	(-1.74)

For **G.K. Nigam & Associates**
Chartered Accountants
(Regn. No. 04972N)

For & on Behalf of the Board of Directors of
M/s Venus Sugar Limited

Sd/-
(Hari Om)
Partner
M.No. 87129

Sd/-
(RPS Malik)
Director

Sd/-
(Rajeev Kr. Gupta)
Director

Sd/-
(M. P. Singh)
Managing Director

Place : New Delhi
Date: 30/08/2010

Sd/-
(AK Singh)
Director

Sd/-
(Sachin Gupta)
Chief Financial Officer

Sd/-
(Naresh Kuamar)
Company Secretary



VENUS SUGAR LIMITED

	AS AT 30TH JUNE 2010 (AMOUNT Rs.)	AS AT 30TH JUNE 2009 (AMOUNT Rs.)
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SCHEDULE – “A” : SHARE CAPITAL

Authorised Capital

(Last year 5000000 Preference Shares of Rs.10/- each)	50000000	100000000
(Last year 60000000 Equity Shares of Rs.10/- each)	600000000	400000000

Issued, Subscribed & Paid Up

3,82,00,000 Equity Shares of Rs.10/-paid up	382000000	382000000
30,00,000 Preference Shares of Rs.10/-paid up (Redeemable within 20 years but after 10 years from Oct, 1999)	30000000	30000000

Unsubscribed & Pending Allotment

Share Application Money (Utilised for Cane Payment & Business Operations)	NIL	104540000
TOTAL	412000000	516540000

SCHEDULE – “B” : RESERVES & SURPLUS

FIXED ASSETS REVELUATION RESERVE	113009000	124430000
SHARE PREMIUM RESERVE (Utilised for Cane Payment & Business Operations)	7500000	7500000
TOTAL	120509000	131930000

SCHEDULE – “C” : SECURED LOANS

TERM LOANS :

STANDARD CHARTERED BANK (ICICI ASS)	24650000	38250000
IDBI, NEW DELHI	72085376	72085376
IFCI, NEW DELHI	28974692	29514688
ZERO COUPAN DEBENTURES-FI	NIL	48055000
INTEREST ACC. & DUE ON T/L	14101422	24902440

WORKING CAPITAL - LOANS

STATE BANK OF INDIA	76750146	23992042
ORIENTAL BANK F COMMERCE	30636842	28024799
PUNJAB & SIND BANK	30767834	28329458
LOAN AGAINST SEFASI-2007	39133268	42700000
TOTAL	317099580	335853803

- The Term Loan/ZCDs from the Financial Institutions are secured by first charge & mortgage on the Company's immovable & movable properties, both present & future (Subject to charge created and /or to be created by the company in favour of its bankers on its stock. Stores, Spares and book debts to secure borrowings for working capital) and also by the personal gurantee of Shri M.P Singh, Managing Director, Shri R.K Gupta and Smt. Shashi Rani, Directors of the Company.
- The Cash Credit from bank are secured by pledge of sugar stock, stores and spares and further secured by a second charge over all the companies movable and immovable properties both present & future and guranteed by Shri M.P Singh, Managing Director, Shri R. K Gupta and Smt. Shashi Rani, Directors of the Company. Further the loan against SEFASI-2007 is secured by residual value of Fixed assets.



VENUS SUGAR LIMITED

AS AT
30TH JUNE 2010
(AMOUNT Rs.)

AS AT
30TH JUNE 2009
(AMOUNT Rs.)

SCHEDULE – “D” : UNSECURED LOANS

UNSECURED LOANS (No Interest is payable)	160780000	NIL
TOTAL	160780000	NIL

SCHEDULE – “E” : FIXED ASSETS

PARTICULARS OF ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As On 01.07.2009	Addition	Sold/ Adj.	As On 30.06.2010	Up To 01.07.2009	For the Year	Adj.	Up To 30.06.2010	As On 30.06.2009	As On 30.06.2010
Land & Site Development	30103542	NIL	NIL	30103542	NIL	NIL	NIL	NIL	30103542	30103542
Plant & Machinery	564598317	708240	NIL	565306557	326068518	2685555	NIL	352924033	238529799	212382524
Office Equipment	2211126	NIL	NIL	2211126	1460140	139964	NIL	1600104	750986	611022
Furniture & fixture	8837595	11500	NIL	8849095	6557959	553344	NIL	7111303	2279636	1737792
Buildings	187801177	NIL	NIL	187801177	69479554	5515650	NIL	74995204	118321623	112805973
Vehicle	11069170	NIL	1876985	9192185	6874343	991785	803051	7063077	4194827	2129108
Computers	5078773	NIL	NIL	#REF!	4961774	24713	NIL	4986487	116999	92286
Misc. Fixed Assets	18371698	NIL	NIL	18371698	14487524	1045896	NIL	15533420	3884174	2838278
Total	828071398	719740	1876985	#REF!	429889812	35126867	803051	464213628	390181586	362700525
Previous Year	825884338	2280140	93080	828071398	397233389	32697322	40900	429889812	428650949	398181506



VENUS SUGAR LIMITED

	AS AT 30TH JUNE 2010 (AMOUNT Rs.)	AS AT 30TH JUNE 2009 (AMOUNT Rs.)
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SCHEDULE – “F” : CURRENT ASSETS

1. INVENTORIES

(As taken valued & Certified by Management)

(a) FINISHED GOODS		
I) SUGAR	110956790	42208038
II) MOLASSES	NIL	NIL
III) BAGASSE	750000	1500000
IV) BROWN SUGAR	5128280	2592000
(b) STANDING CROP OF SUGAR CANE	1500000	1500000
(c) GENERAL STORE	12217114	11722821

2. SUNDRY DEBTORS

(a) TRADE (Unsecured-Considered Good)		
– Out standing exceeding 6 months	NIL	NIL
– Others Debts	979069	8623873

3. CASH & BANK BALANCES

(a) CASH IN HAND	90181	399536
(b) BALANCE WITH SCHEDULED BANKS		
I. CURRENT ACCOUNTS	21526	81505
II. TERM DEPOSIT	2813003	2718003
TOTAL	134455963	71345776

SCHEDULE – “G” : LOANS & ADVANCES (UNSECURED-CONSIDERED GOOD)

ADVANCES

I. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	10812224	20914158
II. EXCISE DUTY	284885	196634
III. PREPAID EXPENSES	318750	326358
IV. SECURITY DEPOSITS	465428	480428
V. STAFF ADVANCE	2586014	3258392
TOTAL	14467301	25175970



VENUS SUGAR LIMITED

	AS AT 30TH JUNE 2010 (AMOUNT Rs.)	AS AT 30TH JUNE 2009 (AMOUNT Rs.)
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SCHEDULE – “H” : CURRENT LIABILITIES

(A) CURRENT LIABILITIES

I. SUNDRY CREDITORS	16075229	12992165
Ia. Due to SSI & SMME	1824482	
Ib. Others Creditors	14250747	
II. SECURITY DEPOSITS & RETENTION MONEY	3011220	3282172
III. TAX & DUTY	5694213	2291162
IV. CANE DUES	18503617	10048065
V. INTEREST ACCRUED BUT NOT DUE ON F.I.S.	382000	382000
VI. ADVANCE FROM CUSTOMERS & OTHERS	30219326	12014888
(B) EXPENSES PAYABLE	12309106	10980560
TOTAL	86194711	51991012

SCHEDULE – “I” : PROFIT & LOSS ACCOUNT

LOSS B/F FROM LAST YEAR	515374550	448985172
LOSS TRANSFERRED FROM P&L A/C	67400945	66389378
TOTAL	582775495	515374550

	YEAR ENDED 30TH JUNE 2010 (AMOUNT Rs.)	YEAR ENDED 30TH JUNE 2009 (AMOUNT Rs.)
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SCHEDULE – “J” : SALES

SUGAR SALES	182000177	501550625
MOLASSES SALES	24109969	25840464
BAGASSE & OTHER SALES	16237987	4589951
TOTAL	222348133	531981040

SCHEDULE – “K” : OTHER INCOME

INTEREST ACCRUED ON BANK / N.S.C	235997	464548
MISCELLANEOUS INCOME/MALI	41358287	173175
INSURANCE CLAIM	NIL	97474
SCRAP RECEIPT	1440176	1330648
INCOME FROM CANE MILL FARM	2037709	487742
TOTAL	45072169	2553587



VENUS SUGAR LIMITED

	YEAR ENDED 30TH JUNE 2010 (AMOUNT Rs.)	YEAR ENDED 30TH JUNE 2009 (AMOUNT Rs.)
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SCHEDULE – “L” : (INCREASE)/DECREASE IN STOCK

OPENING STOCK SUGAR	42208038	330982771
OPENING STOCK MOLASSES	NIL	NIL
OPENING STOCK BAGASSE	1500000	1500000
OPENING STOCK STANDING CROP	1500000	1540000
OPENING STOCK BROWN SUGAR	2592000	2052000
TOTAL–A	47800038	336074771
CLOSING STOCK SUGAR	110956790	42208038
CLOSING STOCK MOLASSES	NIL	NIL
CLOSING STOCK BAGASSE	750000	1500000
CLOSING STOCK STANDING CROP	1500000	1500000
CLOSING STOCK BROWN SUGAR	5128280	2592000
TOTAL– B	118335070	47800038
TOTAL–(B–A)	70535032	288274733
Add/(Less) Excise Duty on Cl. Stock	4033660	1777930
Add/(Less) Excise Duty on Op. Stock	1777930	(18738543)
(Increase)/Decrease in Closing Stock transferred to P&L A/c (Refer Note No. 6 of Schedule No-S)	(68279302)	271314120

SCHEDULE – “M” : COST OF CANE CONSUMED

SUGAR CANE	263371420	165444890
PURCHASE TAX	2135386	2201016
SOCIETY COMMISSION	4158887	2682159
TRANSPORTATION CHARGES		81129
TOTAL	269665693	170409194

SCHEDULE – “N” : MANUFACTURING EXPENSES

PACKING MATERIAL CONSUMED	6854339	6367117
BAGASSE HANDLING	475170	415000
ELECTRICITY EXPENSES	402844	346714
FUEL (D.G. SET)	3575018	4099472
REPAIRS & MAINTENANCE		
PLANT & MACHINERY	6553337	8726821
BUILDING	236947	414207
OTHERS	720270	773795
OTHER MANUFACTURING EXPENSES	2788980	3698138
SULPHUR	1217783	1404446
LIME	2028209	1409343
TOTAL	24852897	27655053

SCHEDULE – “O” : SALARY, WAGES & OTHERS

SALARY – MANAGING DIRECTOR	1500000	1500000
SALARY TO STAFF	23938727	19855039
OTHER EMPLOYEE BENEFITS	2648431	3101120
TOTAL	28087158	24456159



VENUS SUGAR LIMITED

	YEAR ENDED 30TH JUNE 2010 (AMOUNT Rs.)	YEAR ENDED 30TH JUNE 2009 (AMOUNT Rs.)
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SCHEDULE – “P” : ADMINISTRATIVE EXPENSES

OFFICE EXPENSES	1278937	1245346
TRAVELLING & CONVEYANCE	1741111	1302634
TRAVELLING EXPENSES (DIRECTORS)	46879	35820
VEHICLE RUNNING & MAINTENANCE	2461493	1927460
SWEEPING & GARDENING	154270	251350
WATCH & WARD EXPENSES	1878549	1245443
NEWSPAPER, BOOKS & PERIODICALS	17130	26073
PRINTING & STATIONERY	360577	440510
POSTAGE, TELEGRAM & TELEPHONE EXPENSES	853957	814325
RENT	1496795	1411700
LEGAL, PROFESSIONAL & CONSULTANCY CHARGE	6824812	5089695
INSURANCE EXPENSES	841658	1022514
ADVERTISEMENT EXPENSES	256872	321880
MISCELLANEOUS, GIFT & DONATION	26491	125217
POOJA & FESTIVAL EXPENSES	176354	144417
AUDITORS REMUNERATION	104859	112125
LOSS ON SALE OF VEHICLE	443934	NIL
FEES ROC etc.	929483	NIL
TOTAL	19894161	15516510

SCHEDULE – “Q” : SELLING & HANDLING EXPENSES

SUGAR SALE COMMISSION	145230	765885
SUGAR HANDLING EXPENSES	514086	1034946
OTHER/ PRESS MUD HANDLING	29687	22066
TOTAL	689003	1822897

SCHEDULE – “R” : INTEREST & FINANCIAL EXPENSES

INTEREST ON TERM LOAN TO F.I.S.	11479563	10914878
INTEREST ON W/C LIMIT TO BANKS	12509864	26402822
INTEREST OTHERS & BANK CHARGES	1362396	399517
TOTAL	25351823	37717217



VENUS SUGAR LIMITED

SCHEDULE TO THE ACCOUNTS

SCHEDULE – S : SIGNIFICANT ACCOUNTING POLICIES, NOTES TO THE ACCOUNTS & CONTINGENT LIABILITIES

I. SIGNIFICANT ACCOUNTING POLICIES

The Accounts of the company are prepared under the historical cost convention in accordance with the applicable Accounting Standards, except where otherwise stated. For recognition of income and expenses, accrual basis of accounting is followed (Excise Duty payable on un-cleared finished goods has been accounted for in accordance with Accounting Standard (AS -2) issued by The Institute of Chartered Accountants of India).

A. FIXED ASSETS

- These are valued at cost less depreciation. Cost includes purchase price and other attributable expenses for bringing the assets to their present working condition for the intended use.
- Depreciation on fixed assets is provided on straight line method in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956, (As Amended). Depreciation on additions to fixed assets during the year is charged on pro rata basis for the period of use.

B. INVENTORIES:

Description

- Raw Material (Sugar Cane) is valued at Cost.
- Finished Goods:
 - Inventories (other than By-products, Scrap and Standing crop) are valued at Lower of Cost or Net realizable value. The cost of Inventories is computed on weighted average basis. The cost of Finished goods and Work-in-Process include cost of conversion and other cost incurred in bringing the Inventories to their present location and condition.
 - By-products (Molasses & Bagasse), Scrap and Standing Crop are valued at net realizable value.
- Stores & spares are valued at Average cost.
- Loose Tools & Equipments are valued at Average cost.

C. REVENUE RECOGNITION :

- Sale is recognized on the basis of dispatch of goods to customers.
- Sale is taken into account including Excise Duty, & Cess.

D. Insurance claim accounted for on settlement of claim.

E. No provision has been made for taxation in view of the benefits available to the company in terms of the provisions of the Income Tax Act, 1961.

II. CONTINGENT LIABILITIES

- Claims by or against the Company not acknowledged as debts in respect of pending cases in various Courts of law, relating to Factory's Act and Industrial Dispute Act - approx. amount Rs. 1.04 lacs.
- Disputed Liability of Rs. 2.00 Lacs, Rs. 0.60 lacs, Rs. 42.94 Lacs & Rs.85.08 Lacs for the year 2001-02, 2002-03, 2003-04 & 2004-05 respectively for Entry Tax on Sale of Sugar.
- Disputed Liability of Rs. 1.67 lacs for the Year 1998-99 for Trade tax on Ex- Up HSD Purchased and issued to transporters.
- Disputed Liability of Rs. 4.55 Lacs, Rs. 6.00 Lacs, Rs. 3.64 lacs & Rs. 4.12 Lacs for the Year 2001-02, 2002-03, 2003-04 & 2004-05 for trade tax.
- Disputed Liability of Rs. 7.73 Rs., 1.71 lacs, Rs. 95.24 lacs, Rs. 1.68 lacs 1.74 Lacs & Rs.3.09 Lacs respectively for the Years 1995-96,1996-97, 1997-98, 2004- 05, 2005-06 & 2006-07for excise duty on sale, shortage & excess of molasses
- Disputed Liability of Rs. 303.00 lacs for the cane dues of difference of SMP & SAP for the year 2002-03.
- Disputed Liability of Rs. 0.34 lacs for the year 2002-03 in respect of various challan of cane centers.

III. NOTES TO THE ACCOUNTS

- The outstanding balance of Creditors / Debtors & Advances are subject to confirmation.
- In the opinion of the Board of Directors and the best of their knowledge and belief, the value of the realisation of Current Assets, Inventories, Loans & Advances in the ordinary course of business would not be less than the amount to which they are stated in the Balance Sheet.
- Estimated amount of contracts remaining to be executed on Capital account and not provided for Nil Lacs (net of advances) (previous year Nil).
- The levy sugar obligation has been increased from 10% to 20% from the year 2009-10. Further vide notification No GSR.527.E/ Ess. Comm./Sugar dated 21.06.2010 the Central Govt. has revised the Levy Sugar prices from the production of 2009-10 onwards.
- Excise Duty & Cess on Stock : The amount of Excise Duty & Cess on Stock shown in Schedule-L represents differential Excise Duty & Cess on opening & closing stock of finished goods/by products.
- Salary to Managing Director, Sh. M. P. Singh during the year is Rs. 15,00,000 (Last year Rs. 15,00,000).
- Payment of Audit Fee to Statutory Auditors for the year 2009-2010 is Rs 44160/-, Rs 22160/-, Rs 22160/- as Statutory Audit, Tax Audit and Review audit fees respectively. (previous year Rs. Rs. 39326/-, Rs. 22472/-, Rs. 22202/- respectively). This includes Service Tax & Education Cess as applicable.
- Term Deposits of Rs 28.13 Lacs (previous year Rs. 27.18 lacs) are earmarked for construction / repair of Molasses tanks and repayment of Staff security.
- a) Amount due to Small Scale Industrial Undertaking: Rs. 18.24 lacs (previous year Rs. 26.93 lacs) (Based on information furnished by the creditors)
- b) List of Small Scale Industrial Undertakings to whom outstanding is over 30 days (as per the terms & conditions of the orders):
M/s Aishwarya Chemicals, M/s Ajendra Printers, M/s Durex Rubber Industries, M/s Geeta Flow Pumps (I) P. Ltd., M/s Guru Mehar Industries, M/s Heavy Chemicals, M/s Hydro Chem Chemicals Pvt. Ltd., M/s Industrial Insulations, M/s Jai Sugtech (India), M/s Jyoti Divya Fab. P. Ltd, M/s K. Engineering, M/s Krishi Udyog Shala, M/s Nikumbh Engineering Works Pvt. Ltd., M/s Pansy Industries, M/s R. K. D Weighing Systems Pvt. Ltd., M/s Radhey Packagings, M/s Rajukesh Industries, M/s Popman Engg. Corporation , M/s Sartak Lime & Chemicals, M/s Sondh Engg. Works, M/s Special Lime Stone Pvt. Ltd., M/s Subhash Rubber Works, M/s Superior Engineering & Mfg. Works, M/s Techno Fabricators India P Ltd, M/s Thermosil Engineers GZB, M/s Uttara Khand Rubber Works, M/s Turbo Tech Engineers.
- c). The Company has invited balance confirmation from the Creditors for the compliance of Small, Medium and Micro Enterprises Development Act, 2006 but reply from them is still awaited.
- The Hon'ble Supreme Court vide their order dated 08.01.2010 has dismissed the Contempt petition filed by the State Government. The Company had since paid all the amount as per their records.
- Pursuant to AS - 15 (Revised) liability in respect of present or future payment of Gratuity & Leave encashment has been ascertained and has been provided for in the accounts as per the law and valued by Actuary. Summary of the results and calculation is as under:

a)	The table below shows a summary of the key results for period ending 30.06.2009.	
	A. Present value of obligation as per Actuary	4079489
	B. Fair Value of plan Asset	0
	C. Net asset/(liability)recognized in balance sheet	(4079489)
- The Company has not funded the liability
- The key assumptions used in the calculations are as under:
The principal assumptions are the (1) discount rate & (2) Salary increase
The financial assumptions employed for the calculations are as follows:
Discount Rate: The discount rate has been chosen by reference to market yields on government gilt bonds as at the same date.
Salary Increases: Salary increase rate has been assumed keeping in view the inflation rate & other increases on long term basis.
Demographic assumptions by Actuary:
Mortality: We have assumed that active members of the Scheme will experience in service mortality in accordance with the standard table LIC (1994-96) ultimate.
Withdrawal: Plan Members are assumed to withdraw in accordance with the following table:

Age	Withdrawal Rate (%)
Up to 30 years	3.0
Up to 44 years	2.0
Above 44 Years	1.0

 Disability: No explicit allowance
- The methodology used in the calculations is set out below:
We have used the Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service and incapacity benefits.



Under the PUC method a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The "projected accrued benefit" is based on the plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation projected to the age at which the employee is assumed to leave active service. The plan Liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year active members.

- e) We have made full actuarial valuations as at the start and end of the accounting period, based on member data and plan information provided to us at these dates.
12. The Company has only one business segment i. e Sugar, hence AS-17 is not applicable to the Company.
13. Pursuant to the disclosure under AS -18, Sh. M. P. Singh Managing Director is the key personnel of the company and during the year he was paid Rs. 15,00,000 as remuneration and relatives of Sh. M. P. Singh are Smt. Shashi Rani, Sh. Atul Kumar, Smt. Shubhara Singh, Smt. Suveta Singh, Smt. Akanksha Singh, Ms. Pooja Singh, Sh. Harpal Singh, Smt. Kamlesh Singh, Smt. Leelawati and Smt. Rajbala. Further the following are the related party / enterprise in which key managerial personnel and / or their relative hold the office of key management personnel. It is further reported that during the year following transactions have been executed with relatives or related party / enterprise.
14. Transactions with Related parties

Rs. In Lacs

Name of Transactions/Name of Related Party	Subsidiaries	Associates	Enterprises in which KMP and their relatives have substantial interests	Key management personnel (KMP)	Relatives of (KMP)	Total
Finance (Interest Free-Unsecured Loans)						
i Vishwakarma Holdings Ltd	Nil	Nil	164	Nil	Nil	164
ii Devon Viniyog Pvt Ltd.	Nil	Nil	47	Nil	Nil	47
iii Arunavi Infrastructure Pvt Ltd.	Nil	Nil	443	Nil	Nil	443
iv Avi Aru Infrastructure Pvt. Ltd.	Nil	Nil	445	Nil	Nil	445
v Enamour Educational Consultants Pvt. Ltd.	Nil	Nil	25	Nil	Nil	25
B Guarantees by KMP provided for Loans obtained by the Company)						
i Mr. M.P. Singh	Nil	Nil	Nil	3171	Nil	3171
ii Mr M.P.Singh	Nil	Nil	Nil	Nil	3171	3171
iii Mrs Shashi Rani	Nil	Nil	Nil	Nil	3171	3171
C Receiving of Services (Salary paid to KMP by the company)						
	Nil	Nil	Nil	15	Nil	15

15. Pursuant to AS- 20, it is reported that earnings per share is Rs. **EARNINGS PER SHARE (EPS)**
- | Particulars | Rs. | Current Year Rs. | Previous Year |
|--|-------|------------------|---------------|
| Profit/(Loss) after tax as per profit & loss account | | (67400945) | (66389378) |
| Less: Dividend and tax thereon in respect of preference shares | | NIL | NIL |
| (Loss)/Profit for the year | (A) | (67400945) | (66389378) |
| No. of equity shares | (B) | 38200000 | 38200000 |
| Earnings per share | (A/B) | 1.76 | -1.36 |
16. Pursuant to AS- 22, it is reported that in view of accumulated carry forward losses under tax laws and there is no virtual certainty of future taxable income against which such deferred tax assets can be realized, hence no deferred tax liability / assets has been recognized as a matter of prudence.
17. (a) Pursuant to AS-28, the company has ascertained recoverable values of Cash Generating Units, applying value in use method, which are higher than the corresponding book values of assets of CGUs and signifies absence of any impairment during the year.
 (b) CGUs comprise Moradabad plant of the Company.
 (c) Annual discount rate considered for arriving at value in use of assets of CGU is 9%, which is total of interest rate for borrowings plus risk factor at 2% per annum.
18. Since the Contingent Liabilities and Contingent Assets could not be ascertained, hence no provisions has been made in the accounts as per AS-29
19. Additional information pursuant to the provisions of paragraph 3 & 4 of Para II of Schedule VI of the Companies Act, 1956
- (i) Licenced Capacity 5000TCD (ii) Installed Capacity As Certified by the Management 3500TCD
- (iii) Particulars of goods dealt with
1. **PRODUCTION**
- | | 2009-2010 (QTY. IN QTLS.) | 2008-2009 (QTY. IN QTLS.) |
|------------------|---------------------------|---------------------------|
| a) Sugar (White) | 84325 | 94381 |
| (Brown) | 2419 | 1350 |
| Total | 86744 | 95731 |
| b) Molasses | 66462 | 62900 |
2. **SALES**
- | | 2009-2010 Qty (Qtls) Amount Rs. | 2008-2009 Qty (Qtls) Amount Rs. |
|------------------|---------------------------------|---------------------------------|
| a) Sugar (White) | 65195 182000177 | 267449 501550625 |
| b) Molasses | 65306 24109969 | 62899 25840464 |
3. **WASTAGE**
- | | | |
|-------------|------|-----|
| a) Sugar | NIL | NIL |
| b) Molasses | 1156 | 1 |
4. **RAW MATERIAL CONSUMED (100% Indigenous)**
- | | 2009-2010 Qty (Qtls) Amount Rs. | 2008-2009 Qty (Qtls) Amount Rs. |
|---|---------------------------------|---------------------------------|
| a) Sugar Cane Crushed | 1067693 264530506 | 1100507 163086132 |
| b) Consumption of stores, spare and component (100% indigenous) | 10100331 | 9180906 |
| c) Information in regard to | | |
| (a) Value of Imports | | NIL |
| (b) Expenditure/ Remittance in Foreign Currency | | NIL |
| (c) Earning/Receipts in Foreign Currency | | NIL |
5. **STATISTICAL DATA:**
- | Season | Duration (Days) | Total Cane Crushed (Qtls) | Total Sugar Manuf.(Qtls) | Recovery (% age) |
|-----------|-----------------|----------------------------------|--------------------------|-------------------------------|
| 2009-2010 | 111 | 1067693 | 84325 | 8.07 |
| 2008-2009 | 94 | 1100507 | 94381 | 8.59 |
| | | Closing Stock of Molasses | | Closing Stock of Sugar |
| | Qty (Qtls) | Value(Rs.) | Qty (In Qtls) | Value (In Rs.) |
| 2009-2010 | 0 | 0 | 41971 | 42208038 |
| 2008-2009 | 0 | 0 | 22841 | 42208038 |
18. None of the remaining para of part II of schedule VI are applicable to the company.
19. Figures of the previous year have been regrouped/ rearranged / recast wherever necessary to conform to figures of this year.

For G.K. Nigam & Associates
Chartered Accountants
(Regn. No. 04972N)

For & on Behalf of the Board of Directors of
M/s Venus Sugar Limited

Sd/-
(Hari Om)
Partner
M.No. 87129

Sd/-
(RPS Malik)
Director

Sd/-
(Rajeev, Kt. Gupta)
Director

Sd/-
(M. P. Singh)
Managing Director

Place : New Delhi
Date: 30/08/2010

Sd/-
(AK Singh)
Director

Sd/-
(Sachin Gupta)
Chief Financial Officer

Sd/-
(Naresh Kumar)
Company Secretary



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
SCHEDULE VI PART IV COMPANIES ACT 1956**

I. Registration Details

Registration No State Code (Refer Code List I)

Balance Sheet
Date Month Year

II. Capital Raised during the Year (Amount in Thousand)

Public Issue

Right Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and deployment of Funds (Amount in Thousand)

Total Liabilities

Total Assets

Sources of Funds

Paid up Capital

Reserves & Surpluses

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Thousand)

Turnover

Total Expenditure

+ / - Profit / Loss Before Tax

+ / - Profit / Loss After Tax

Please tick Appropriate Box (+) for profit, (-) for Loss

Earning per Share in Rs.

Dividend

V. Generic Names of Three Principal Products / Services of Company (As per Monetary Terms)

Item Code No (ITC Code)

Product Description



VENUS SUGAR LIMITED

	(Rs. in Lacs) 2009-2010	(Rs. in Lacs) 2008-2009
A. CASH FLOW FROM OPERATIVE ACTIVITIES		
Net Profit/(Loss) after Interest and Depreciation	(674.01)	(663.84)
ADD: Adjustment for		
Depreciation	237.06	212.76
Interest Expenses	253.52	377.17
Loss on sale of assets	10.75	NIL
	<u>(172.68)</u>	<u>(73.96)</u>
Less: profit on sale of assets	NIL	NIL
Operating profit before working capital charges	(172.68)	(73.96)
LESS : Adjustment for increase in working capital:		
Decrease/(Increase) in trade and other Receivable	183.53	(76.85)
Decrease/(Increase) inventories	(710.29)	2867.84
(Decrease)/Increase in trade payable	342.04	(1132.66)
Cash generated from operations	(357.40)	1584.37
Less: Interest paid	(361.53)	(325.32)
Cash Flow before Extraordinary Items	(718.93)	1259.06
Extraordinary Items	NIL	NIL
Net Cash Flow from Operating Activities	<u>(718.93)</u>	<u>1259.06</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Inflow		
Sale of Investment	NIL	NIL
Sale Fixed Assets	NIL	NIL
Out Flow		
Purchase of Fixed Assets	7.20	21.87
Deferred Revenue Expenditure	(241.78)	0.00
Purchase of Investment	1.25	1.68
Net Cash Flow From Investing Activity	<u>233.33</u>	<u>(23.55)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Inflow		
Proceeds from Long Term Borrowings	(35.7)	167.00
Proceeds From Other Borrowings	NIL	NIL
Share Application Money pending Allotment	2185.89	431.40
Out Flow		
Repayment of Long Term Borrowings	621.95	24.74
Repayment of Short Term Borrowings	1045.40	1811.87
Net Cash Flow from Financing Activities	<u>482.87</u>	<u>(1238.20)</u>
Net Changes in Cash & Cash Equivalents (A+B+C)	(2.74)	(2.70)
Cash & Cash Equivalents (Including Earmarked Deposits) Opening Balance	31.99	34.69
Cash & Cash Equivalents (Including Earmarked Deposits) Closing Balance	29.25	31.99
Represents net of opening & closing Cash & Bank Balances as indicated in Schedule 'F' to the Balance Sheet as at 30.06.2010	<u>(2.74)</u>	<u>(2.70)</u>

CERTIFICATE

We have examined the attached Cash Flow Statement of **Venus Sugar Limited** for the year ended 30th June 2010. The statement has been prepared by the Company in accordance with the requirements of listing agreement with Stock Exchange and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the company.

For **G.K. Nigam & Associates**
Chartered Accountants
(Regn. No. 04972N)

For & on Behalf of the Board of Directors of
M/s Venus Sugar Limited

Sd/-
(Hari Om)
Partner
M.No. 87129

Sd/-
(RPS Malik)
Director

Sd/-
(Rajeev Kr. Gupta)
Director

Sd/-
(M. P. Singh)
Managing Director

Place : New Delhi
Date: 30/08/2010

Sd/-
(AK Singh)
Director

Sd/-
(Sachin Gupta)
Chief Financial Officer

Sd/-
(Naresh Kumar)
Company Secretary



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Good Corporate Governance is the adoption of best business practices which ensure that the company operates not only within the regulatory framework, but is also guided by ethics. The adoption of such corporate practices ensures accountability of the persons in charge of the company and brings benefits to investors, customers, creditors, employees and the society at large. The company firmly believes in practicing good Corporate Governance in true spirit and endeavor to improve on these aspects as ongoing process.

Corporate Governance is based on transparency, accountability, fairness, equity and social responsibility and compliance of which guide the company towards fulfilling the consistently high standards of Corporate Governance. Your company makes its best efforts to uphold and nurture these core values in its operations.

Board of Directors

a) Composition of the Board

The Board of Directors of the Company is a combination of promoters, executive, non-executive, nominee(s) and independent directors. Presently, there are 9 directors on the Board including the Chairman and Managing Director. Chairman is a Non-Executive Director and is nominated by UPSIDC.

b) Number of Board Meetings

During the year ended 30th June, 2010 meetings of the Board of Directors were held on: -
(1) 8th August, 2009, (2) 8th August, 2009, (3), 10th October, 2009 (4) 29th January, 2010 (5) 30th April 2010.

c) Directors' attendance at the Board Meetings, directorship and membership in other Companies

Sl. No.	Name of Director	Category of Directorship	Attendance at the Company's Board Meeting	Directorship of Other Indian Companies	Membership of other Companies Committees	Chairmanship of other Companies Committees
1.	Sh.G. B Pattanaik, IAS	Chairman, Non-Executive Independent & Nominee Director	3	Nil	Nil	Nil
2.	Sh. M. P. Singh	Promoter & Managing Director	5	1	Nil	Nil
3.	Dr. B. D. Dikshit	Non- Executive & Independent Director	2	3	2	Nil
4.	Sh. Rajeev Kr Gupta	Promoter & Non- Executive Director	4	Nil	Nil	Nil
5.	Smt. Shashi Rani	Promoter & Non- Executive Director	1	1	Nil	Nil
6.	Sh. S.K Mittal	Non- Executive & Independent Director	Nil	1	Nil	Nil
7.	Sh. R P S Malik	Non- Executive & Independent Director	3	Nil	Nil	Nil
8.	Sh A K Singh	Non- Executive & Independent Director	3	Nil	Nil	Nil

d) Notes & Disclosures

- All Directors other than Sh. M. P. Singh, Managing Director are Non-Executive Directors on the Board of the Company..
- The Company has effected no material transaction with any of the Non-Executive Directors during the year under review.
- None of the Director is member in more than five committees or a Chairman of more than five committees across all Companies in which he/she is a director as required under clause 49 of the Listing Agreements.

Information to Board

It is the company policy and practice that apart from matters requiring the Board approval under law, all major decisions affecting the operations of the Company are placed before the Board for consideration and approval. The information regularly provided to the Board includes the following:

- Annual operating plans and budgets and any updates
- Capital budgets and any updates.
- Quarterly/Half Yearly/ Yearly Results of the company
- Minutes of all meetings of Committees of the Board, as also resolutions passed by circulation
- The information on recruitment and remuneration of senior officers/executives
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Any fatal or serious accidents, dangerous occurrences, any material or pollution problems
- Sale and acquisition of material nature, of assets, investments, etc. which is not in normal course of business
- Industrial disputes, if any

Board Committees

a) Audit Committee

The Audit Committee constituted by the Company consists of four non-executive/ independent Directors viz., Dr. B. D. Dikshit, Sh. Rajeev Kumar Gupta, Sh. R P S Malik and Sh. Arun Kumar Singh, while Sh. M. P. Singh is a permanent invitee to this Committee. The Committee during the year was reconstituted on 08th August, 2009.

The terms of the reference of the Audit Committee are in accordance with Clause 49 (ii) of the Listing Agreements entered into with Stock Exchanges and inter-alia includes the followings: -

- Overseeing the Company's financial reporting process and ensuring correct, sufficient and credible disclosure of financial information;
- Recommending appointment and removal of statutory or any other external auditors and fixing of their remuneration;
- Reviewing with management, the annual financial statements with special emphasis on accounting policies and practices, compliance of accounting standards and other legal requirements concerning financial statements;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors.

The Committee is chaired by Sh. R K Gupta during the year under review, four meetings were held on 8th August 2009, 10th October 2009, 29th January 2010, 30th April 2010. The details of attendance at the meetings are as under

Sl. No.	Name of Member	Details of Attendance
1	Dr. B. D. Dikshit	1
2.	Sh.Rajeev Kumar Gupta	3
3.	Sh.R P S Malik	3
4.	Sh. Arun Kumar Singh	3
5.	Sh. M. P. Singh (Permanent Invitee)	4

b) Remuneration Committee

Terms of reference:

The committee reviews and recommends the salaries, commission, service agreements and other employment conditions for the Executive Directors based on their performance and defined assessment criteria.

Composition:

The Remuneration Committee was re constituted by the Board of company in August 2009 and consists of Dr. B. D. Dikshit, Sh. S.K. Mittal, Shri RPS Malik and Shri A.K. Singh. No meeting of the Committee was held during the year.

Detail of remuneration paid to Managing Director

Name	Status	Salary
Sh. M. P Singh	Managing Director	Rs. 15,00,000/-

Remuneration as above has already been approved by the Remuneration Committee, Board of Directors, Shareholders and the Central Government. Further no Sitting fee & Commission is being paid to Directors.

c) Shareholders/Investors' Grievance Committee

The Share Transfer Committee which was formed in July, 1992 and last reconstituted in August 2009.

The main areas and functions looked after by this Committee are as under

- Redressal of shareholders & investors complaints relating to transfer of shares, non-receipt of Balance Sheet, etc.
- Consolidation and sub-division of share certificates.
- Approving transfer(s), transmission(s) and issue of duplicate share certificates.
- Any other matter relating to the shareholders/investors grievance.



This Committee consists of Sh. S K Mittal, Sh. Rajeev Kumar Gupta, Sh. R P S Malik and Sh. Arun Kumar Singh, Directors of the Company. Sh. Naresh Kumar, Company Secretary of the Company is the Compliance Officer of this Committee. During the year FY: 2009-2010, 21 Shareholders/Investors Grievance Committee meetings of the Board were held and no demat/transfer request were pending as on 30.06.2010.

Means of Communication

- All the quarterly financial results (limited review results) published in the Performa prescribed under the Listing Agreements are approved by the Board of Directors and thereafter intimated to the Stock Exchanges and also published in the daily newspapers generally in Jansatta (Hindi) & Financial Express (English).
- As per the requirement of Clause 51 of the listing Agreements, all the data relating to quarterly financial results, shareholding pattern etc was to be electronically filed on the EDIFAR website www.sebidifar.nic.in, but the SEBI vide circular No. CIR/CFD/DCR/3/20 dated 16.04.10 have shut down the edifar site wef 01.04.10.
- Management Analysis Report is the part of the Annual report.

General Body Meetings

The details of the last three Annual General Meetings are as under :

Financial Year	Date held	Time	Place of Meeting
2005-06	30 th Oct, 2006	10.00 a.m.	Shiv Shakti Nagar, The.Chandausi, Distt. Moradabad (U.P.)
2006-07	24 th Oct,2007	10.00 a.m.	Shiv Shakti Nagar, The.Chandausi, Distt. Moradabad (U.P.)
2007-08	15 th Nov,2008	10.00 a.m.	Shiv Shakti Nagar, The.Chandausi, Distt. Moradabad (U.P.)
2008-09	10 th Oct.,2009	10.00 a.m.	Shiv Shakti Nagar, The.Chandausi, Distt. Moradabad (U.P.)

Resolutions are generally passed on a show of hands. The company has passed Special Resolutions for the following businesses in the last three Annual General Meetings:

- (1) Appointment of Statutory Auditors of the Company, (2) Issue of Equity Share by way of Preferential Allotment. Chairman of Audit Committee was present at the last A.G.M.

General Shareholders Information

1. Registered Office & Works: Shiv Shakti Nagar, Teh. Chandausi, Distt. Moradabad (U.P.)
2. Financial Calendar of the Company is 1st July to 30th June.

Financial Year calendar for 2010-11 (Tentative)

- Results for the 1st Quarter : Fourth week of October 2009 ending 30th September, 2009
- Results for the 2nd Quarter : Fourth week of January 2010 ending 31st December, 2009
- Results for the 3rd Quarter : Fourth week of April 2010 ending 31st March, 2010
- Results for the 4th Quarter : Fourth week of August 2010 ending 30th June, 2010

3. The Company's Equity Shares are listed on the following Stock Exchanges:
(a) Uttar Pradesh Stock Exchange Association Ltd., Padam Towers, 14/113, Civil Lines, Kanpur-208001 (b) The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

Stock Code BSE code for VSL is 507472
ISIN number for VSL is INE 972B01010

4. M/s Link Intime Spectrum Registry Limited has been appointed as Registrar and Share Transfer Agents as well as depository of the Company w. e. f 31.03.2003. Their contact details are: M/s Link Intime Spectrum Registry Limited, A-40, IInd Floor, Naraina, Phase-II, New Delhi -110028. Telephone: 41410592/93

5. All enquiries relating to shareholders accounting records, share transfers, transmission of shares, change of address, non-receipt of dividend, loss of share certificate, etc. can be addressed to the Principal & Corporate Office of the Company. The address for correspondence is:-

M/s Venus Sugar Ltd., Space-32, CSC-2, First Floor, C-Block Market, Yojana Vihar, Delhi - 110092.
Phone:011-22160479/89 Fax:011-22163473 E-mail: venussugar@rediffmail.com

6. The Company processes the shares received for transfer, transmission, etc. every 15 days. Transfer/transmissions, which are complete in all respects, are processed and the certificates in respect thereof are returned to the lodger/shareholder within 20 days of lodgment. During the year, we have received the following queries/ complaints and to the best of the knowledge of the Company, resolved all the queries/complaints within reasonable period of time, wherever the documents were proper and complete:

Nature of Queries/ Complaints	Received	Resolved	Unresolved
No. of requests for change of address	07	07	Nil
No. of requests for transmission	14	14	Nil
Non-receipt of Share Certificates/ bonus shares/ Annual Report/dividend etc	11	11	Nil
Letter from SEBI & Stock Exchanges	02	02	Nil
Issue of Duplicate Share Certificates	02	02	Nil

7. Disclosures

- i) **Disclosures on materially significant related party transactions i.e transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large:**

- ii) **Detail of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or statutory authority, on any matter related to the capital markets, during the last three years:**

None

- iii) **Disclosure of Adoption/ non-adoption of the non-mandatory requirements:**

Clause (b) regarding Remuneration Committee of Annexure 3 of Non-Mandatory requirement of clause 49 of the Listing Agreement has been adopted.

8. Details of Share Capital of the Company as on 30th June, 2010.

Authorised Capital	:	Equity	Rs. 60,00,00,000
		Preference	Rs. 5,00,00,000
Issued, Subscribed & Paid up Capital	:	Equity	Rs. 38,20,00,000
		Preference	Rs. 3,00,00,000

Market Price Data

Month	Stock Price of VSL at The Stock Exchange, Mumbai	
	High	Low
Jul-09	4.30	3.24
Aug-09	5.95	3.95
Sep-09	5.19	4.01
Oct-09	4.52	3.67
Nov-09	4.20	3.41
Dec-09	4.63	3.80
Jan-10	5.66	3.37
Feb-10	4.42	3.60
Mar-10	4.01	2.84
Apr-10	3.39	2.85
May-10	3.22	2.74
Jun-10	3.48	2.71

Distribution of Shareholding as on 30th June, 2009

RANGE	SHAREHOLDERS		SHARES	
	No. of Shares	Number	Number	% age
Upto -500		41650	6340700	16.60
501 - 1000		2680	2392774	6.26
1001 - 2000		1233	2049749	5.37
2001 - 3000		396	1039895	2.72
3001 - 4000		198	728775	1.91
4001 - 5000		216	1045862	2.74
5001 -10000		231	1747328	4.57
10001 and above		225	22854912	59.83
Total		46829	38200000	100.00



Shareholding Pattern as at 30.06.2010

A	Promoter's Holding	No. of Shares	Percentage
1	Promoters		
	Indian Promoters	16487900	43.18
	Foreign Promoters		
	Sub -Total	16487900	43.18
B	Non-Promoters Holding		
1	Mutual funds, UTI, Banks, Fls, etc.	1759100	4.60
2	Body Corporates	2194792	5.75
3	Individuals	17749990	46.46
4	Others	8218	0.02
	Sub -Total	21712100	56.84
	Total	38200000	100

9. Dematerialization of shares and Liquidity

The Company has entered into an Agreement with both the Depositories registered under the Depositories Act, 1996, i.e. NSDL and CDSL to facilitate holding and trading of the shares of the company in dematerialized form in accordance with the provisions of the aforesaid Act.

As per SEBI guidelines, ordinary shares of the company are compulsory traded in the dematerialized form with effect from 5th September 2000. As on 30th June 2010, 17718485 shares representing 46.38% of the total ordinary share capital of the Company are in dematerialized form. The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL is INE 972B01010.

10. Outstanding GDRs/ADRs/ Warrants or any convertible instruments Conversion date and likely impact on equity : None

11. Annual General Meeting

The Nineteenth Annual General Meeting of the Company will be held on Wednesday the 29th day of September 2010 at 10.00 A.M. at the Registered Office situated at Shiv Shakti Nagar, Tehsil Chandausi, Distt. Moradabad, U.P.

12. Book Closure

The register of members and transfer books of the Company will remain closed from Monday, the 27th day of September 2010 to Tuesday, the 28th day of September 2010 (both days inclusive).

13. Nomination

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of concerned registered shareholders. The prescribed form for such nomination can be obtained from the company/ transfer agent. Nomination facility in respect of shares held in electronic form is also available with depository participant as per the by-laws and business rules applicable to NSDL & CDSL.

DECLARATION FOR COMPLIANCE OF CODE OF CONDUCT

The Shareholders,

I, M. P. Singh, Managing Director, hereby declare that all the Board Members and Senior Management personnel have affirmed compliance with code of conduct of the Company during the financial year 2009-2010.

Place : Delhi
Date : 30/08/2010

Sd/-
(M.P.Singh)
Managing Director

CEO/CFO CERTIFICATION

We, M. P. Singh, Managing Director and Sachin Gupta, Chief Financial Officer of Venus Sugar Ltd. hereby certify that :-

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **VENUS SUGAR LIMITED**

Place : Delhi
Date : 30/08/2010

Sd/- (M.P.Singh) Sd/- (Sachin Gupta)
Mg. Director CFO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s Venus Sugar Limited for the year ended 30th June 2010 as stipulated in Clause 49 of the Listing Agreements of the said company with Stock Exchanges.

On the basis of our examination and according to the information and explanations given to us and the representations made to us by the management, we state that to the best of our knowledge and belief, the company has complied with the conditions of the Corporate Governance as stipulated in the abovementioned Listing Agreements

For **G. K. Nigam & Associates**
Chartered Accountants
(Regn. No. 04972N)

Place : New Delhi
Date : 30/08/2010

Sd/-
(Hari Om)
Partner
M.No 87129

COMPARISON OF PHYSICAL DATA

Year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Cane Crushed (Qtls)	4629331	3952040	3510805	3195537	2731506	4681639	2133698	1100507	1067692
Sugar Produced (Qtls)	420796	365757	329020	288755	240610	423330	202952	94381	84325
Average Recovery (%)	9.10	9.24	9.25	9.07	8.81	9.09	9.50	8.59	8.07
Crushing Duration (Days)	167	153	125	147	131	157	108	94	111
Crushing Per Day (Qtls)	27720	25830	28086	21738	20851	29819	19756	11708	9641
Molasses Produced (Qtls)	199873	176698	156361	133110	142416	270762	112692	62900	66462
Brown Sugar (Qtls)	1704	1333	1080	2110	1500	2995	1800	1350	2419
Total Losses (%)	1.98	2.04	2.00	1.98	2.15	2.26	2.06	2.34	2.53
Gate Cane (Qtls)	2513306	1564654	1068169	708817	1272493	2329585	1514615	1090205	327031
Out Center Cane (Qtls)	2111161	2381064	2436453	2481494	1454347	2347024	615406	8499	739027
Total Hours Crushed	3343	2965	2646	2091	2474	2973	1765	1033	889
Sugar Releases (Qtls)	386792	312167	433649	307683	325441	298528	214477	267449	66231
Sugar Realisation (Rs./Qtl.)	1354	1153	1268	1572	1720	1597	1458	1778	2686

ANNUAL REPORT

2009 - 2010



SWEET ROUTE TO SUCCESS

VENUS SUGAR LTD.

AN ISO 9001 : 2000 CERTIFIED COMPANY

BOOK POST



If Undelivered please return to :

Registered Office :

VENUS SUGAR LTD.

Shiv Shakti Nagar,
Tehsil Chandausi,
District Moradabad, U.P. (202412)
Ph. : 05921-250841, 250842