

6<sup>th</sup>

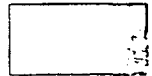
Annual Report  
1996-97



Prudential Sugar Corporation Limited

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



**PRUDENTIAL SUGAR CORPORATION LIMITED****BOARD OF DIRECTORS**

Shri C.B. Mouli, *Chairman*  
 Shri Vinod Baid  
 Shri R.S. Tulsian  
 Shri K.L. Jain  
 Shri R.S. Chowdhury  
 Smt Nalini Hari (*Nominee - I.F.C.I*)  
 Shri P.M. Nair, *Managing Director*

**Sr. VICE PRESIDENT & COMPANY SECRETARY**

Shri H.R. Baid

**AUDITORS**

Laxminiwas & Jain  
 Chartered Accountants, Hyderabad

**BANKERS**

Bank of India.  
 The South Indian Bank Ltd.  
 The Dhanalakshmi Bank Ltd.  
 Bank of Maharashtra  
 Indian Bank.

**REGISTERED OFFICE**

No: 54, 1st Floor, Lattis Bridge Road,  
 Tiruvan Mayur,  
 CHENNAI - 600 041.

**CORPORATE OFFICE**

"SABOO TOWERS",  
 6-3-905, 4th Floor,  
 Raj Bhavan Road, Somajiguda  
 HYDERABAD - 500 082

**FACTORY**

"PRUDENTIAL NAGAR"  
 P.O. Koppedu  
 Nindra Mandal  
 Dist. - Chittor, Pin - 517 591

**Kind. Attn. Members**

1. The process of Issuing New Share Certificates in exchange of old certificates has already started. Hence Members who have not yet exchanged their old certificates are requested to send their certificates to the Company's Corporate office before 16th December 1997.
2. All correspondence regarding to share transfers or related issues be made to the 'Corporate Office' of the Company.

**PRUDENTIAL SUGAR CORPORATION LIMITED****NOTICE**

Notice is hereby given that the 6th Annual General Meeting of the Members of PRUDENTIAL SUGAR CORPORATION LIMITED will be held on Friday, the 26th December, 1997 at 11.00 A.M. at Hotel Chandra Towers Ltd., 9, Gandhi Irwin Road, Egmore, Chennai - 600008 to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Profit and Loss Account for the year ended 30th June, 1997 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri. C.B.Mouli who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of Shri.Vinod Baid who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

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

"RESOLVED that pursuant to the Provisions of Sec.293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for creation of such mortgages, charges and hypothecations in addition to the existing mortgages and charges and hypothecations created by the Company as the Board may direct, on such assets of the Company both present and future, in such a manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of any or all Financial Institutions/Banks/ other Investing agencies / Trustees for the holders of the Debentures/Bonds/Other instruments which may be issued to and subscribed by all or any of the Financial Institutions/Banks/any other investing agencies or any other person(s) bodies Corporate by private placement or otherwise, to secure rupee/ foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs.250 Crores (Rupees Two Hundred and Fifty Crores only) i.e. limits approved under section 293(1)(d) of the Companies Act, 1956 together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on repayment, or redemption costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the Agreements/Arrangements entered into/to be entered into by the Company in respect of the said loans, debentures, bonds or other instruments.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for Creating the mortgages, charges and hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this resolution.

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

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and together applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves and consent is accorded to the reappointment and payment of the following remuneration and perquisites to Shri P.M.Nair upon his reappointment as Managing Director & Chief Executive of the Company for a period of five years with effect from 06.04.1998.

**PRUDENTIAL SUGAR CORPORATION LIMITED**

I. Salary is fixed at the @ Rs.20,000/- per month and Rs.5,000/- per month as Conveyance Allowance and an annual increment as may be approved by the Board from time to time.

II. Perquisites :

**Category - A**

(a) **Housing** : Expenditure by the Company on hiring, furnished accommodation for the Managing Director shall be subject to the following ceilings:

(1) (a) Mumbai, Calcutta, Delhi and Chennai - 60% of the Salary.

(b) Other Places - 50% of the Salary.

(2) In case, the accommodation is owned by the company, 10% of the salary of the the Managing Director shall be deducted by the Company.

(3) In case, no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance subject to the ceilings laid down in (1).

**Explanation** : The expenditure incurred by the Company on Gas, Electricity, Water and furnishings shall be valid as per Income Tax Rules, 1962 and subject to a ceiling of 10% of the salary.

(b) **Medical Reimbursement** : Expenditure incurred for self and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(c) **Leave Travel Concession** : For self and his family once in a year in accordance with the rules of the Company.

(d) **Leave** : Earned leave with full pay and allowances as per the rules of the Company but not exceeding one month's leave for every eleven months of service. Encashment at the end of the tenure will be allowed as per the rules of the Company.

(e) **Club Fees** : Subject to a maximum of two clubs. This will not include Admission and Life Membership.

(f) **Personal Accident Insurance** : Personal Accident Insurance Premium not to exceed Rs.5000/- per annum.

**Category - B**

Contribution to Provident Fund and Gratuity as per the rules of the Company. Gratuity payable shall not exceed half month's salary for each completed year of service.

**Category - C**

Provision of Car for use on Company's business and Telephone at Residence will be considered as perquisites. Personal long distance calls and use of car for Private purposes shall be billed by the company to the Managing Director.

"RESOLVED FURTHER that the Board in its descretion, if deem fit, may vary or alter the terms and conditions of the said reappointment and/or agreement in accordance with the Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in this regard."

"RESOLVED FURTHER that the agreement may be terminated by either party giving the other party six months notice or company paying the six months salary in lieu thereof."

**PRUDENTIAL SUGAR CORPORATION LIMITED**

"RESOLVED FURTHER that if at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director."

"RESOLVED FURTHER that subject to the approval of the Central Government (if necessary) under Section 309 read with Section 198 and other applicable provisions if any, of the Companies Act, 1956 the aforesaid remuneration be paid to Shri P M Nair as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his term of office."

7. To Consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED that in supersession of resolution No.2 passed at the Extraordinary General Meeting of the Company held on 9th January, 1995, the Company hereby approves that all Registers, Returns, Documents and Papers as are required to be kept at the Registered Office of the Company under provisions of the Section 163 of the Companies Act 1956, be kept and maintained at the Company's Corporate Office: 6-3-905, "SABOO TOWERS", IV Floor, Somajiguda, Hyderabad - 500 082 or such other new office of the Company within the city as may be decided by the Company in future."

8. To Consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

" RESOLVED that consent of the Company be and is hereby accorded to the Board of Directors of the Company to buy back such number of Equity Shares of the Company from Open Market or through negotiation or other arrangement as and when section 77 and other applicable provisions of the Companies Act, 1956 amended and on such terms and conditions as they deem fit ,subject to the statutory guide lines/provisions in force at the time of the buy back ".

By Order of the Board

Place : Hyderabad  
Date : 30.09.1997

H.R. Baid  
Sr.Vice President & Company Secretary.

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and proxy need not be a member of the Company. Proxy Form in order to be effective, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.
2. The Register of Members and Share Transfer Books shall remain closed from 16.12.97 to 26.12.97 (both days inclusive)
3. Members should bring the attendance slip duly filled in for the meeting.
4. Members desiring any information as regards the Accounts, are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
5. The Instruments of Shares Transfer, complete in all respects, should reach the Company prior to the closure of Register of Members as stated above.
6. Members are requested to notify change in address, if any, immediately to the Share Department of the Company quoting their folio number.
7. Members who are holding in identical order of names in more than one folio, are requested to write to the Company to consolidate their holdings in one folio.
8. Due to prohibitive cost of paper and printing, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report with them for the meeting.

**PRUDENTIAL SUGAR CORPORATION LIMITED****EXPLANATORY STATEMENT**

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

**ITEM No. 5.**

To meet the increased working capital needs, and also Capital Expenditure requirements, the Company proposes to obtain in the coming years financial assistance upto an equivalent aggregate value not exceeding Rs.250 Crores i.e limits approved under section 293(1)(d) of the Companies Act, 1956 from financial institutions /banks /other investing agencies by way of loans(including foreign currency loans), issue of debentures/bonds/other instruments on private placement basis or otherwise as set out in the resolution.

To secure such borrowings, the Company may be required to mortgage/charge/hypothecate the assets and properties of the Company, both present and future as may be required by the lenders/trustees. As the documents to be executed between the Company and the lenders/trustees for the debentures/bonds/other instruments may contain events, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Act, before the creation of the mortgages/charges/hypothecations.

The Board recommends the adoption of the resolution.

Mrs. Nalini Hari, the Nominee Director of the I.F.C.I on the Board of the Company may be deemed to be concerned or interested in the Resolution at Item No.9 of the Notice.

**ITEM No : 6**

Shri P.M.Nair was appointed as Managing Director and Chief Executive of the company for a period of five years from 06.04.1993. Shri P.M.Nair's term of office expires on 05.04.1998.

Considering the operations and proposed expansion of the Company, the Board of Directors considers it desirable to reappoint Shri P.M.Nair as Managing Director and Chief Executive of the Company for a further period of five years from 06.04.1998. The resolution set out in the notice of the meeting together with this explanatory statement be treated as abstract of the terms of appointment of Shri P.M.Nair, Managing Director and Chief Executive, u/s302(7) of the Companies Act 1956 and the same is hereby circulated to the members accordingly.

**ITEM No : 7**

In the Extraordinary General Meeting of the Company held on 19th January, 1995, the Company decided to keep all Registers, Returns, Documents and Papers as are required to be kept at the Registered Office of the Company u/s. 163 of the Companies Act 1956, at the Office of the Company's Registrars M/s.AMI Computers (I) Ltd., 2-2-57/20, United Chambers, II Floor, Pan Bazar, Secunderabad-500 003.

Now the management of M/s.A.M.I. Computers (I) Ltd. has decided to windup its Secunderabad Branch, the Company decided to keep all the above Documents, Registers and Returns at its Corporate Office: 6-3-905, "SABOO TOWERS", Rajbhavan Road, Somajiguda, Hyderabad-500 082. For the above change of place in keeping the books of accounts, the company is required to pass a Special Resolution at its General Meeting of the Company and accordingly, the resolution was set out in Item No.:8 above.

The Board recommends the adoption of the resolution.

None of the Directors of the Company is interested in the resolution except Shri P.M.Nair.

**ITEM No : 8**

The members are aware that the Government is contemplating to introduce a provision in the Companies Act, 1956 to empower Companies to buy back their own shares and the same would help the Company to increase its net worth and also stabilise the share price. This resolution will enable the Company to purchase its own shares as and when suitable amendments take place in Companies Act.

The Board recommends the adoption of the resolution.

None of the Directors of the Company is interested in the resolution.

By Order of the Board

Place : Hyderabad  
Date : 30.09.1997

H.R.Baid  
Sr.Vice President & Company Secretary

**PRUDENTIAL SUGAR CORPORATION LIMITED****DIRECTOR'S REPORT FOR THE YEAR ENDED 30TH JUNE, 1997**

To  
The Members,

1. Your Directors have pleasure in presenting the 6th Annual Report with the audited Balance Sheet and Profit & Loss account for the year ended June 30, 1997.

2. **Financial Performance**

(Rs.in lakhs)

	<b>1996-97 (12 Months)</b>	1995-96 (15 Months)
Total Income	<b>3666.89</b>	4783.61
Profit before Interest and Depreciation	<b>1039.69</b>	1540.57
Less: Interest	<b>569.05</b>	303.55
Profit after Interest but before Depreciation & Tax	<b>470.64</b>	1237.02
Less: Depreciation	<b>112.48</b>	160.03
Profit before Tax	<b>358.16</b>	1076.99
Less: Provision for Tax	<b>5.60</b>	-
Profit after Tax / Amount available for Appropriation	<b>352.56</b>	1076.99
<b>Appropriations</b>		
i) Proposed Dividend (Subject to deduction of Tax)		432.42
ii) Transfer to General Reserve		450.00
Total Appropriations		882.42
Surplus carried to the Balance Sheet	<b>352.56</b>	194.57

3. **Dividends** : In view of the very meager profit earned by the Company, your Directors are not able to recommend any dividend.
4. **Review of Operations** : During the year under review, the crushing operation was totally erratic due to vagaries of climate (continuous rains upto end of January). Further, due to cyclone effect, crop damages occurred and the yield per acre was reduced to less than 25 tonnes/acre against previous year's yield of above 50 tonnes/acre. This made the factory to suffer capacity crushing. The Company could crush 2.55 lakh tonnes of cane against the previous year crushing of 4.17 lakh tonnes. However, the average recovery obtained is 9.13% against last year's recovery of 8.30%.

This year all India production has also drastically reduced to 127 lakh tonnes as against last year's bumper production of 164.5 lakh tonnes.

The name of the Company has been changed from 'Prudential Mouli Sugars Limited' to 'Prudential Sugar Corporation Limited' during the year.

5. **Subsidiaries** : Annual Reports and Accounts alongwith Statements pursuant to Section 212 of the Companies Act, 1956 of Subsidiary Companies i.e. M/s Prudential Tirumala Sugars Ltd., and M/s Prudential Ammana Sugars Ltd., are attached herewith.



**PRUDENTIAL SUGAR CORPORATION LIMITED**

6. **Future Prospects** : Taking into consideration of shortage of cane during current season, all out efforts were made to develop maximum Sugar cane to have min. 4.00 lacs tonnes of cane crushing during forthcoming season. Your Directors are hopeful to achieve better results in the year, to come.
7. **Public Deposits** : Deposits collected from Share holders and Public as on June 30, 1997, stands at 339 with aggregate deposits of Rs.31.76 lakhs. Out of the fixed deposits held with the Company, 123 deposits amounting to Rs.9.35 lacs matured during the year. These deposits have not been repaid/ renewed for want of instructions from the depositors concerned.
8. **Directors** : Shri C.B.Mouli, and Shri Vinod Baid, Directors of the company retires by rotation and are eligible for reappointment.
- During the year under review , Smt.Nalini Hari was appointed as a Nominee Director of The Industrial Finance Corpn. of India Ltd., (IFCI) on the Board w.e.f 26th August,97.
- Mr.P.K.Sarkar a Director of the Company has resigned from the Board and the same was accepted. Your Directors placed on record their sincere appreciation of the valuable service rendered by Mr.P.K.Sarkar, during his tenure as a Director of the Company.
9. **Environmental friendliness & pollution free technics** : Your Company consultants implementing recommendations of experts for environmental safety of the factory area. The Company has adopted necessary equipment and systems to maintain pollution free atmosphere. Substantial plantation of various green parks was carried out during the year to make atmosphere more environmental friendly.
10. **Personnel** : Your Company continued to maintain cordial relations between the employees and the Ryots during the year under review. The Directors hereby placed on record their appreciation of efficient and loyal services rendered by the employees of all levels.

Information as per Section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and under Section 217(1) (e) of the said Act read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, form a part of this report.

Name	Designation	Remuneration	Qualification	Age	Date of commencement of emp.	Last emp. held before Joining the Co.
P.M.Nair	MD&CE	Rs.3 lacs	MBA,FIIPE FSTA	55	6.4.93	Sr. General Manager Nizam Sugars Limited

11. **Conservation of energy, Technology absorption and Foreign exchange Earnings/out go.** : A Statement containing necessary information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 is annexed hereto and marked 'A' to the Report.
12. **Auditors** : M/s.Laxminivas and Jain, Chartered Accountants, Hyderabad, the Auditors of your company retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.
13. **Acknowledgement** : Your Directors wish to take this opportunity to thank Government Agencies, Financial Institutions, Banks, Deposit holders and Shareholders for their valuable cooperation and support to the Company.

For and on behalf of the Board

Place : Hyderabad  
Date : 30.09.1997

Vinod Baid  
Director

P.M.Nair  
Managing Director

7

**PRUDENTIAL SUGAR CORPORATION LIMITED****ANNEXURE 'A'**

Information required under Section 217(1)(e) Read with the Companies(Disclosure of Particulars in respect of Board of Directors) Rules, 1988.

**A. Conservation of Energy :**

- |  |  |
|--|--|
| a) Energy Conservation measures taken  | 1. The Plant is equipped with highly efficient equipment to run at optimum conditions. The boilers are working at higher pressures. Evaporation of Juice is done with the Double effect vapourcell resulting in steam economy for the process, the total steam consumption is of the order of 47% on cane crushed. |
| b) Additional investment and Proposals, if any being implimented for reduction of consumption of energy                      | 2. The Company is planning to set up a Co-Generation Plant of 10 MW Capacity   |
| c) Impact of the measures at (a) and (b) above for reduction of Consumption and consequent impact on the cost of production. | 3. Reduction in Cost of Production is Rs.6/- per bag.  |
| d) Total energy consumption and energy consumption per unit of production as per Form A.                                     | As per Annexure "B"  |

**B. Technology Absorption:**

- |   |     |
|---|-----|
| e) Efforts made in technology as per Form B | Nil |
|---|-----|

**C. Foreign Exchange Earnings & Outgo**

- |  |     |
|--|-----|
| f) Activities relating to exports, initiatives taken to increase exports development of new export markets for products and services and export plants | Nil |
| g) Total Foreign exchange use and earned.  | Nil |