

7th

Annual Report
1997-98

MD	✓	BKC	✓
CS	✓	FTY	NA
RO	✓	WV	NA
TRA	NA	AC	✓
AGM	✓	SC	✓
YE	✓		✓

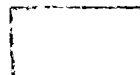
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Prudential Sugar Corporation Limited



PRUDENTIAL SUGAR CORPORATION LIMITED



BOARD OF DIRECTORS

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

ASST.VICE PRESIDENT & COMPANY SECRETARY

Shri S.K.Daga

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

F-26, Vaibhav Apartments,
No.33, Pedda Naiken Street,
Kondithope Market,
Chennai - 600 079

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. - Chittoor,
Andhra Pradesh.
Pin - 517 591



PRUDENTIAL SUGAR CORPORATION LIMITED

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of PRUDENTIAL SUGAR CORPORATION LIMITED will be held on Friday the 30th October, 1998 at 11.00 A.M. at Hotel Chandra Towers, No.9, Gandhi Irwin Road, Egmore, Chennai - 600 008 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the period ended 30th June, 1998 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.R.S.Chowdhury who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of Shri. R.S.Tulsian 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 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 appointment and payment of the following remuneration and perquisites to Shri H.R.Baid as an Executive Director (Finance) upon his appointment as an Executive Director (Finance) of the Company for a period of Five Years w.e.f. 01.05.1998.

- I. Salary is fixed @ Rs.15,000/- 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

Housing

Expenditure by the Company on hiring furnished, accommodation for the Executive 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 Executive Director shall be deducted by the Company.
3. In case, no accommodation is provided by the Company, the Executive Director shall be entitled to House Rent Allowance subject to the ceilings laid down in (1) (a) or (b) as per place of posting.

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.

PRUDENTIAL SUGAR CORPORATION LIMITED



(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/- p.a.

Category - B

Contribution to Provident Fund and Gratuity as per the rules of the Company.

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 Executive Director.

"RESOLVED FURTHER that the Board in its discretion, 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 three months notice or Company paying the three months salary in lieu thereof."

"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 H.R.Baid as minimum remuneration in the event of absence or inadequacy of profits in any financial year during his term of office."

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 appointment and payment of the following remuneration and perquisites to Shri K.Harinath as an Executive Director (Technical) upon his appointment as an Executive Director (Technical) of the Company for a period of Five Years w.e.f. 01.05.1998.

- I. Salary is fixed @ Rs.15,000/- 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

Housing : Expenditure by the Company on hiring furnished, accommodation for the Executive Director shall be subject to the following ceilings:

1. (a) He will be provided with Company's accommodation being posted at Unit (factory).
2. As a special case, on his request, it is agreed to provide unfurnished accommodation at Hyderabad, subject to a maximum House rent payment of Rs.4000/- p.m.

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.



PRUDENTIAL SUGAR CORPORATION LIMITED

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

Category - B

Contribution to Provident Fund and Gratuity as per the rules of the Company.

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 Executive Director.

"RESOLVED FURTHER that the Board in its discretion, 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 three months notice or Company paying the three months salary in lieu thereof."

"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 K.Harinath 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 an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 17 and together applicable provisions, if any, of the Companies Act 1956, and subject to the confirmation of the Company Law Board, and subject to the approval of The Industrial Finance Corporation of India Limited, and other authorities if any, Clause II of the Memorandum of Association be substituted by the following clause":

"II. The Registered Office of the Company will be situated in the State of Andhra Pradesh."

"RESOLVED FURTHER that the aforesaid resolution becoming effective, the Registered Office of the Company be removed from F-26, Vaibhav Apartments, No.:33, Peddunaichen Street, Kondithope Market, Chennai - 600 079, Tamilnadu to the Company's Factory Premises located at Prudential Nagar, Koppedu Post, Nindra Village, Nindra Mandal, Chittoor District- 517 587, Andhra Pradesh."

By Order of the Board

Place : Hyderabad
Date : 07-09-1998

S.K.Daga
Asst.Vice President & Company Secretary

PRUDENTIAL SUGAR CORPORATION LIMITED**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 19.10.98 to 30.10.1998 (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 share 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 Company, quoting their folio number.

EXPLANATORY STATEMENT:

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

ITEM No:5

The Board of Directors have, vide a resolution passed at the Meeting held on 26th February, 1998 approved the appointment of Shri H.R.Baid as an Executive Director (Finance) of the Company for a period of Five years from 1st May 1998.

The resolution set out in the item No.5 of the notice together with this explanatory statement be treated as an abstract of the terms of appointment of Shri H.R.Baid, Executive Director (Finance), u/s 302 (7) of the Companies Act, 1956.

The Board recommends the adoption of the resolution.

None of the Directors is interested in this resolution except Shri H.R.Baid to the extent of his appointment.

ITEM No:6

The Board of Directors have, vide a resolution passed at the Meeting held on 26th February, 1998 approved the appointment of Shri K.Harinath as an Executive Director (Technical) of the Company for a period of Five years from 1st May 1998.

The resolution set out in item No.6 of the notice together with this explanatory statement be treated as an abstract of the terms of appointment of Shri K.Harinath, Executive Director (Technical), u/s 302 (7) of the Companies Act, 1956.

The Board recommends the adoption of the resolution.

None of the Directors is interested in this resolution except Shri K.Harinath to the extent of his appointment.

ITEM No:7

Presently Clause II of the Memorandum of Association of your Company provides that the Registered Office of the Company will be situated in the State of Tamilnadu. As manufacturing, administrative and financial activities of the Company mainly are being done in the State of Andhra Pradesh, it is proposed to shift the Registered Office of the Company to the State of Andhra Pradesh to derive more economies of operation. The said proposal requires approval of shareholders under Section 17(2) of the Companies Act, 1956 before submitting the application with the Company Law Board for its approval. Accordingly, the Resolution was set out in the Item No.7 of the Notice.

The Board recommends the adoption of the resolution.

None of the Directors is interested in the above resolution.

By Order of the Board

Place : Hyderabad

Date : 07-09-1998

S.K.Daga

Asst.Vice President & Company Secretary



PRUDENTIAL SUGAR CORPORATION LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30TH JUNE, 1998

To
The Members,

1. Your Directors have pleasure in presenting the Seventh Annual Report with the audited Balance Sheet and Profit & Loss account for the year ended June 30, 1998.

2. **Financial Performance :**

(Rs.in lakhs)

	1997-98	1996-97
Total Income	4223.56	3666.89
Profit before Interest and Depreciation	986.53	1039.69
Less: Interest	846.34	569.05
Profit after interest but before Depreciation & Tax	140.19	470.64
Less: Depreciation	104.76	112.48
Profit before Tax	35.43	358.16
Less: Provision for Tax	0.00	5.60
Profit after Tax	35.43	352.56
Add: Balance brought from Previous Year	547.13	194.57
Surplus carried to Balance Sheet	582.56	547.13

3. **Dividends** : In view of the adverse working results caused by factors explained in this report, your Directors regret their inability to recommend payment of any dividend for the year.
4. **Review of Operations** : During the year under review, like previous season, the crushing operation once again badly affected by adverse climatic conditions attributable to the widely acclaimed "EL Nino" factor, which prevailed through out the country and caused substantial damage to the sugarcane crop. The Company could crush 3.14 lakh tonnes of cane as against 2.55 lakh tonnes during the previous season. The quantum of cane crushed was marginally higher than the previous season. But, the average recovery slipped from 9.13% in the Previous Season to 8.2% in the 1997-98 season. It is very disheartening to have such a low recovery, but unit was totally helpless as the weather conditions badly affected the sugar cane crop. During the year, though the Company could sell molasses at very remunerative price, the price of sugar could not withstand as last year, due to arrival of cheap imported sugar in the country. During the year, interest burden also increased due to higher inventory carrying cost.
5. **Issue of Shares** : During the year under review, your Company, out of the Equity Capital, has issued 10000000 Equity Shares of Rs.10/- each at a Premium of Rs.10/- per Share (Rs.2.50/- per Share is Paid-up) on a private placement basis, to the Promoters and associates.
6. **Subsidiaries** : Pursuant to Section 212 of the Companies Act, 1956 Annual Reports and Accounts along with statements of Subsidiary Companies i.e. M/s Prudential Tirumala Sugars Ltd., and M/s Prudential Ammana Sugars Ltd., are attached herewith.
7. **Future Prospects** : Taking into account the shortage of cane during current season, all out efforts were made to develop maximum Sugar Cane to have minimum 5.00 lacs tonnes of cane crushing during 1998-99 season. As per latest data, enough cane is available for forthcoming season, and your Directors are hopeful to achieve better results in the year to come.

Your Directors are pleased to inform you that the Company has been sanctioned a loan from Sugar Development Fund under the auspices of Ministry of Food and Consumer Affairs, Govt. of India for implementation of the schemes aimed at development of sugar cane in the factory area.

PRUDENTIAL SUGAR CORPORATION LIMITED

8. **Public Deposits** : Deposits collected from Share Holders and Public as on June 30, 1998, stands at 97 with aggregate deposits of Rs.8.35 lacs. Out of the fixed deposits held with the Company, 28 deposits amounting to Rs.2.23 lacs matured during the year. These deposits have not been repaid/renewed for want of instructions from the depositors concerned.

9. **Directors** : Mr. R.S.Chowdhury, and Mr..R.S.Tulsian, Directors of the Company retire by rotation and are eligible for re-appointment.

During the year under review Mr.H.R.Baid, Executive Director (Finance) and K.Harinath, Executive Director (Technical) were appointed on the Board under Section 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for a term of Five years w.e.f 1st May, 98.

Mr.K.L.Jain a Director of the Company has resigned from the Board and the same was accepted. Your Directors place on record their sincere appreciation of the valuable service rendered by Mr.K.L.Jain, during his tenure as a Director of the Company.

10. **Environmental friendliness & Pollution free technics** : The consultants and the management of your Company are putting continuous efforts on the environmental safety of the factory zone. During the year under review, an Environmental Audit has been carried out with the experts in this line and necessary steps are being taken to create more Friendliness and pollution free environment in and around the factory area.

11. **Personnel** : Your Company continued to maintain cordial relations between the employees and the ryots during the year under review. The Directors hereby place 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.3.00 lacs	MBA, FIPE FSTA	56	6.4.93	Sr.General Manager Nizam Sugars Limited

12. **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.

13. **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.

14. **Acknowledgement** : Your Directors wish to take this opportunity to thank Government Agencies, Financial Institutions, Banks, Deposit Holders and Share Holders for their valuable cooperation and support to the Company.

For and on behalf of the Board

Place : Hyderabad
Date : 07-09-1998

P.M.Nair
Managing Director

Vinod Baid
Director



PRUDENTIAL SUGAR CORPORATION LIMITED

ANNEXURE 'A'

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in respect of Board of Directors) Rules, 1988.

A. Conservation of Energy :

- | | |
|---|--|
| a) Energy Conservation measures taken | <p>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 vapour cell resulting in steam economy for the process, the total steam consumption is of the order of 47% on cane crushed.</p> <p>2. We have replaced all the jet condensor system in the pans with spray nozzle type condensor to save 3% energy.</p> |
| b) Additional investment and Proposals, if any being implemented for reduction of consumption of energy | 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 | Reduction in cost of production is Rs. 7.50 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' | N I L |
|---|-------|

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 | N I L |
| g) Total Foreign exchange used | Rs. 2.39 lacs |