

8th Annual Report 1998-99

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Prudential Sugar Corporation Limited

PRUDENTIAL SUGAR CORPORATION LIMITED



BOARD OF DIRECTORS

Shri Vinod Baid, *Chairman*

Shri P.M.Nair, *Vice Chairman*

Shri R.S.Tulsian

Shri R.S.Chowdhury

Shri Rakesh Kapoor (*Nominee Director - I.F.C.I*)

Shri H.R.Baid, *Executive Director(Financa)*

Shri K.Harinath, *Executive Director(Technical)*

**ASST.VICE PRESIDENT &
COMPANY SECRETARY.**

Shri S.K.Daga

AUDITORS

Lakshminiwas & Jain

Chartered Accountants, Hyderabad

BANKERS

Bank of India

The South Indian Bank Ltd

The Dhanalakshmi Bank Ltd

Bank of Maharastra

Indian Bank

CORPORATE OFFICE

"SABOO TOWERS"

6-3-905, 4th Floor,

RajBhavan Road, Somajiguda,

HYDERABAD - 500 082.

REGISTERED OFFICE & FACTORY

"PRUDENTIAL NAGAR"

P.O.Koppedu,

Nindra Mandal,

Dist. - Chittoor

Pin - 517 591



PRUDENTIAL SUGAR CORPORATION LIMITED



NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Members of PRUDENTIAL SUGAR CORPORATION LIMITED will be held on Tuesday the 28.12.1999 at 11.00 A.M. at the Registered Office of the Company at PRUDENTIAL NAGAR, Koppedu Post, Nindra Mandai, Chittoor Dist., A.P. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the period ended 30th June, 1999 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.Vinod Baid who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To Consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:
 "RESOLVED that in accordance with the Resolution passed in the 6th Annual General Meeting of the Company held on 26-12-1996, and subject to approval of "The IFCI Limited." and other statutory authorities if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) of the Companies Act, 1956 for mortgaging/creating second charge on all immovable and movable properties and assets of the Company, wherever situate, present and future and the whole of the undertaking of the Company to or in favour of the Banks as security (in addition to the Company's Current Assets for which Banks have a first pari-pasu charge) for the due payment, discharge and redemption by the Company in respect of their respective credit facilities for working capital being extended/to be extended to the Company as detailed below:-

(Rs. In Lacs)			
Name of the Bank	Fund Based	Non-Fund Based	Total
a) Bank of India	1590	65	1655
b) The South Indian Bank Ltd	1025	40	1065
c) The Dhanalakshmi Bank Ltd	555	25	580
d) Bank of Maharastra	380	15	395
e) Indian Bank	350	15	365
	3900	160	4060

together with interest, additional interest, premia on prepayment or on redemption, cost, charges, expenses and other monies payable under the joint deed of hypothecation."

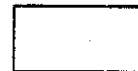
"RESOLVED further that the Board of Directors of the Company be and is hereby authorised to modify and finalise with the aforesaid Banks, if deemed necessary, the documents executed/ to be executed creating the aforesaid mortgage/ second charge and to do all such acts, things and deeds as may be necessary and all acts done heretofore in terms of the above Resolution by and with the Board of Directors are hereby confirmed and ratified."

By Order of the Board

S.K.DAGA

Asst. Vice President &
Company Secretary

Place : Hyderabad
Date : 29.10.1999

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 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 16.12.99 to 28.12.1999 (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:4

The Company has availed/ to be availed the increased Cash Credit facilities to meet the working capital needs from the banks stated in the resolution at Item number 4 of this notice. It is necessary to mortgage/charge/ hypothecate the assets of the Company by way of second charge in favour of consortium Banks to secure such borrowings.

Under Section 293(1)(a) of the Companies Act, 1956 it is necessary to take approval of the members for the said mortgage/ charge/hypothecation and accordingly a resolution was set out under Item No: 4 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 : 29.10.1999

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

PRUDENTIAL SUGAR CORPORATION LIMITED



DIRECTOR'S REPORT FOR THE YEAR ENDED 30TH JUNE, 1999

To

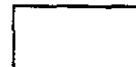
The Members,

1. Your Directors are pleased to submit their Eighth Annual Report with the audited Balance Sheet and Profit & Loss account for the year ended June 30, 1999.
2. Financial Performance :

(Rs.in lakhs)

	1998-99	1997-98
Total Income	6668.42	4226.56
Profit before interest and depreciation	1112.78	986.53
Less: Interest	889.32	846.34
Profit after interest but before Depreciation & Tax	223.46	140.19
Less: Depreciation	159.46	104.76
Profit before Tax	64.00	35.43
Less: Provision for Tax	0.00	0.00
Profit after Tax	64.00	35.43
Add: Balance brought from Previous Year	582.56	547.13
Surplus carried to Balance Sheet	646.56	582.56

3. **Dividends:** In view of the very meager profit earned by the Company 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 Current season which was started on 17.11.98 and closed on 12.06.99 your Company could achieve a crushing of 5.34 lacs tonnes of Sugar Cane with a recovery of 8.76% against the previous year crushing of 3.14 lacs tonnes with a recovery of 8.20%. Your Company has achieved higher crushing as well as higher recovery during the year. However due to unfavourable market conditions through out the year, and continuous import of cheap sugar, the sale realisation of Sugar and Molasses adversely affected the profit margins of the Company. Further the interest burden also increased due to higher inventory carrying cost.
5. **Subsidiaries :** Annual Reports and Accounts along with 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.
6. **Future Prospects:** Your Directors are pleased to inform that there is an abundant cane available in the factory zone and are confident to have minimum 5.00 lacs tonnes of cane crushing during 1999-2000 season. The Company is in the continuous process of upgrading the quality of sugar cane by introducing new varieties of sugar cane in order to improve yield per hectare and to achieve higher recovery. Your Directors are also hopeful to receive favourable policy changes from Govt. of India for the benefit of the Sugar industry which in turn may help in achieving the better profitability in the years to come.
7. **Change of Registered Office :** During the year under review the Registered Office of your Company has been changed from the state of Tamilnadu to the state of Andhra Pradesh to derive economies of operation.
8. **Public Deposits:** Deposits Collected from Share Holders and Public as on June 30, 1999, stands at 42 with aggregate deposits of Rs.5,90,090/- lacs. Out of the fixed deposits held with the Company, 10 deposits amounting

PRUDENTIAL SUGAR CORPORATION LIMITED

to Rs.44,590/- lacs matured during the year. These deposits have not been repaid/renewed for want of instructions from the depositors concerned.

9. **Directors:** Mr. Vinod Baid a Director of the Company retires by rotation and is eligible for re-appointment.

During the year under review Mr.C.B.Mouli, Chairman of the Company has resigned from the Board and the same was accepted. The Board place on record its sincere appreciation of the valuable services rendered by Mr.C.B.Mouli, during his tenure as a Director of the Company. Further Mr. Rakesh Kapoor, D.G.M., The IFCI Ltd., Chennai has been inducted on the Board as a Nominee Director in place of Mrs. Nalini Hari who has since resigned. The Board welcomes the appointment of Mr. Rakesh Kapoor as a Nominee Director on the Board and place on record its sincere appreciation of the valuable services rendered by Mrs. Nalini Hari during her tenure as a Nominee Director of the Company.

10. **Y2K Compliance :** The conversion of the system and application software used in the Company to the latest products satisfying Y2K requirements is nearing completion and it is expected that all the systems will be Y2K compliant by November '99.

11. **Environmental friendliness & pollution free technics:**

The consultants and the management of your Company are putting continuous efforts on the protection of environment and industrial safety at the factory zone and adequate anti-pollution measures viz. installation of effluent treatment plant etc. have been taken for the protection of environment of the factory as per the norms prescribed by the Government.

12. **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.

There are no employees in the Company whose particulars are required to be given pursuant to Section 217(2A) of the Companies Act, 1956.

13. **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) Rule 1988 is annexed hereto and marked 'A' to the Report.

14. **Auditors:** M/s.Lakshminiwas 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.

15. **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 : 29.10. 1999

VINOD BAID
CHAIRMAN

PRUDENTIAL SUGAR CORPORATION LIMITED



ANNEXURE TO THE DIRECTORS REPORT

Information pursuant to Clause 32 of the Listing Agreement with National Stock Exchange of India Limited.

The Securities of the Company are listed in the Stock Exchanges as stated below and the Annual Listing Fees for the year 1999-2000 has been paid to each of the Exchange.

Name of the Stock Exchange	Address	Name of the Stock Exchange	Address
1. The Hyderabad Stock Exchange Limited	3-6-275, Himayat Nagar HYDERABAD - 500 029	4. Madras Stock Exchange	Exchange Building Post Box No.183 11, Second Line Beach CHENNAI - 600 001
2. The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers Dalal Street MUMBAI - 400 001	5. The Stock Exchange Ahmedabad	Manik Chowk AHMEDABAD - 380 001
3. National Stock Exchange of India Limited	Trade World Senapati Bapat Marg Lower Parel MUMBAI - 400 013	6. The Calcutta Stock Exchange Association Ltd.	7, Lyons Range CALCUTTA - 700 001

ANNEXURE 'A'

Information required under the Companies (Disclosure of Particulars in report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

- | | |
|---|--|
| <p>a) Energy conservation measures taken</p> <p>b) Additional investment and proposals if any being implemented for reduction of consumption of energy.</p> <p>c) Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of production.</p> <p>d) Total energy consumption and energy consumption per unit of production as per Form 'A'.</p> | <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 against the standard of 50%</p> <p>2. We have replaced all the jet condensor system & all the pans with spray nozzle type condensor to save 3% energy.</p> <p>3. Desuper heating station condensate is diverted to boiler water storage tank here by we are saving above 0.5% heat effluent quantity.</p> <p>The Company is planning to set up a Co-generation plant of 10 MW capacity.</p> <p>Reduction in cost of production is Rs. 6.50 per bag.</p> <p>As per Annexure 'B'</p> |
|---|--|

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 used | NIL |

PRUDENTIAL SUGAR CORPORATION LIMITED
FORM A
(See Rule 2)
FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

DESCRIPTION	1999	1998
A) POWER AND FUEL CONSUMPTION		
1) ELECTRICITY		
a) PURCHASED		
Units KWH	351720	419377
Total Amount	1850555	1966251
Rate/Unit (Rs.)	5.26	4.69
b) OWN GENERATION		
i) Through Diesel Generator		
Units KWH	6060	22600
Unit per Ltr. of Diesel Oil	2.41	2.4
Cost/Unit(Rs.)	5.32	4.88
ii) Through Steam Turbine/Generator		
Units KWH	6685848	4030936
KWH Per tonne of Bagasse	194.43	194.0
Cost/Unit (Rs.)	1.28	2.06
2) BAGASSE		
Qty. (Tonnes)	183105	106033
Total Cost (Rs.)	own bagasse Used	own bagasse used
Average Rate (Rs.)	—	—
B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity KWH (Per Tonne)	142.6	156.4