

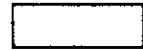
9th Annual Report 1999 -2000

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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 K. Harinath, Executive Director (Technical)

**VICE PRESIDENT (COMM.)
& COMPANY SECRETARY**

Shri S.K. Daga

AUDITORS

M/s. Lakshminiwas & Jain
Chartered Accountants, Hyderabad.

BANKERS

Bank of India
The South Indian Bank Limited
The Dhanalakshmi Bank Limited
Bank of Maharashtra
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 : 517 587.

PRUDENTIAL SUGAR CORPORATION LIMITED**NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of the Members of M/s. PRUDENTIAL SUGAR CORPORATION LIMITED will be held on Friday, the 30th March, 2001 at 11.00 A.M. at the Registered Office at "Prudential Nagar", Koppedu Post, Nindra Mandal, Chittoor Dist. 517 587, Andhra Pradesh to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 30th June, 2000 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 being eligible offers himself for re-appointment.
3. To appoint Auditors for the year 2000-2001 and to authorise Board of Directors to fix their remuneration. The present Auditors of the company, M/s. Lakshminiwas & Jain, Chartered Accountants, Hyderabad retire at this Annual General Meeting and are eligible for re-appointment.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 31 and applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows :

- I. The following new Article as indicated be inserted as Article 61A after the existing Article 51.

61 A Nomination

- (a) Every shareholder or debenture holder of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the company shall be vest in the event of his death.
- (b) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder or as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all the other persons, unless the nomination is varied, cancelled in the prescribed manner.

- II. Insert the following heading and Article numbered as "61B"

61B Dematerialisation of Securities :

For the purposes of this Article, unless the context otherwise requires :

(a) Definitions :

Beneficial Owner : "Beneficial Owner" means the beneficial owner as defined in clause (a) of sub-section (I) of Section 2 of the Depositories Act, 1996 ;

Bye-laws : "Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996 ;

Depositories Act : "Depositories Act", means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force ;

PRUDENTIAL SUGAR CORPORATION LIMITED

Depository : 'Depository' means a company formed and registered under the Companies Act, 1956 (I of 1956) ("the Act") and which has been granted a certificate of registration under sub-section (IA) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) ;

Record : "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI ;

Regulations : "Regulations" means the regulations made by SEBI ;

SEBI : "SEBI" means the Securities and Exchange Board of India ;

Security : "Security" means such security as may be specified by SEBI from time to time ;

Shareholder or Member : 'Shareholder' or 'Member' means the duly registered holder, from time to time of the shares of the company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and / or Preference shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository ;

(b) Dematerialisation of Securities :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any, from time to time;

(c) Option for Investors :

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities;

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter its record the name of the allottee as the beneficial owner of the security ;

(d) Securities in Depositories to be in fungible form :

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Section 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners ;

(e) Rights of Depositories and Beneficial Owners :

- i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner ;
- ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it ;
- iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

(f) Depository to furnish information :

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

PRUDENTIAL SUGAR CORPORATION LIMITED**(g) Option to opt out in respect of any Security :**

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(h) Section 83 and 108 of the Act not to apply :

Notwithstanding anything to the contrary contained in the Articles -

- i. Section 83 of the Act shall not apply to the shares with a Depository ;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

(i) Register and Index of Beneficial Owners :

The Register and Index of Beneficial Owners, maintained by a Depository under section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and security holders as the case may be for the purposes of these Articles.

(j) Intimation to Depository :

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of the allotment of securities thereof to the Depository immediately on allotment of such securities.

(k) Stamp duty on securities held in dematerialised form :

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium .

(l) Applicability of the Depositories Act :

In case of transfer of shares, debentures and other marketable securities, where the company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

(m) Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository :

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the company, and accordingly, the company shall not, except as ordered by a court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

By order of the Board

Place : Nindra

Date : 4th March, 2001

S.K. DAGA
Vice President (Comm.)
& 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 duly completed, stamped and lodged with the Registered office of the Company not less than 48 hours before the time for holding the meeting.
2. The Register of Members and Shares Transfer Books of the company shall remain closed from 19th March, 2001 to 30th March, 2001 (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.
7. Explanatory Statement under Section 173 (2) of the Companies Act, 1956 is attached.

EXPLANATORY STATEMENT :

(PURSUANT TO THE PROVISIONS of SECTION 173(2) OF THE COMPANIES ACT, 1956)

ITEM NO. 4

- 4.I Companies Amendment Act, 1999 has provided nomination facility to a Shareholder / Debenture holder to nominate a person to whom the rights in Shares / Debentures held by him/ her vests in the event of his / her death, Such nomination clause is proposed to be included in the Articles of Association.
- 4.II As per the directions of SEBI, your Company's Equity Shares and Preference Shares are required to be traded in Demat mode only with effect from 26th February, 2001. As such a new clause is proposed to be included in the Articles of Association of the Company to make a provision for Dematerialisation of Securities in order to conform with the provisions of Depositories Act, 1996.

Your Board of Directors recommend the necessary Resolution for your approval .

No Director of the Company is deemed to be interested or concerned in the said Resolution except to the extent of his shareholding.

A copy of Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 2.00 p.m. and 4.00 p.m. on any working day upto the date of the Annual General Meeting.

By Order of the Board

S.K. DAGA
Vice President (Comm.)
& Company Secretary

Place : Nindra

Date : 4th March, 2001

PRUDENTIAL SUGAR CORPORATION LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 2000**

To
The Members,

1. Your Directors have pleasure in submitting their Ninth Annual Report with the Audited Balance Sheet and Profit & Loss Account for the year ended June 30, 2000.
2. Financial Performance

(Rs.in lakhs)

	For the year ended 30.06.2000	For the year ended 30.06.1999
Total Income :	<u>4379.69</u>	<u>6668.42</u>
Profit / (Loss) before Interest and Depreciation :	<u>156.32</u>	<u>1112.78</u>
Less : Interest :	<u>912.51</u>	<u>889.32</u>
Profit / (Loss) after interest but before Depreciation & tax :	<u>(756.19)</u>	<u>223.46</u>
Less : Depreciation :	<u>136.82</u>	<u>159.46</u>
Profit / (Loss) before tax :	<u>(893.01)</u>	<u>64.00</u>
Less : Provision for Tax :	<u>0.00</u>	<u>0.00</u>
Profit / (Loss) after Tax :	<u>(893.01)</u>	<u>64.00</u>
Add : Balance brought from Previous Year :	<u>646.56</u>	<u>582.56</u>
Surplus / (Loss) carried to Balance Sheet :	<u>(246.45)</u>	<u>646.56</u>

3. **Dividend :**

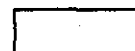
In view of the adverse working results caused by factors explained in this report, your Directors regret their inability to recommend payment of any Dividend for the year.

4. **Review of Operations :**

During the current season which was stated on 02-12-1999 and ended on 09-04-2000 with a crushing of 3.24 lacs Mts of sugar cane on an average recovery of 9.00% in comparison to last year of 8.76% . The quantum of Sugar cane crushed was drastically reduced than the previous year due to low yield of cane production per acre 24.38 Mts in comparison to last year yield of 35.156 Mts per acre. It is very disheartening to have such a low crushing, but unit was totally helpless as the weather conditions badly affected the sugar cane crop. The unit has paid Rs. 770.00 as against the state advisory cane price of Rs. 687.40 per Mt and the statutory minimum price of Rs.607.20 per Mt fixed by the Central Government. The continued slump in the prices of Molasses had its effect of lowering the contribution therefrom. Unfavourable market conditions throughout the year and government import policy effected the average gross realisation from sugar and interest burden also increased due to higher inventory carrying cost.

5. **Subsidiaries :**

Annual Reports and Accounts along with Statement pursuant to Section 212 of the Companies Act, 1956 of Subsidiary companies i.e., M/s Prudential Tirumala Sugars Limited and M/s Prudential Ammana Sugars Limited are attached herewith.

PRUDENTIAL SUGAR CORPORATION LIMITED**6. Future Prospects :**

Taking into account the shortage of Sugar Cane during current season, all our efforts were made to develop maximum Sugar Cane to have minimum 4.00 lacs Mts of cane crushing during 2000-2001 season. Your 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 acre and to achieve higher recovery. Your Directors are hopeful to receive favourable policy changes from Government of India for the benefit of sugar industry which in turn may help in achieving the better profitability in the years to come.

7. Public Deposits :

Deposits collected from Share holders and public as on June 30, 2000, stands with aggregate deposits of Rs. 225,801.00. Out of the fixed deposits held with the company, deposits amounting to Rs. 364,289.00 matured during the year and repaid to the depositors concerned.

8. Directors :

Mr. R.S. Chowdhury, a Director of the company retires by rotation and is eligible for re-appointment.

During the year under review Mr. H.R. Baid, Executive Director (Fin.) 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. H.R. Baid during his tenure as a Executive Director (Fin.) of the company.

9. Environmental friendliness & pollution free techniques :

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.

10. Personnel :

Your Company continued to maintain cordial and harmonious 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 at all levels.

There is no employees in the company whose particulars are required to be given pursuant to Section 217(2A) of the Companies Act, 1956, read with companies (Particulars of Employees) Rules, 1975.

11. Conservation of energy, technology absorption and foreign exchange earnings / out go :

A statement containing necessary information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and marked "A" forming part of this Report.

12. Dematerialisation of Shares :

As per the directions of SEBI, the trading in the shares of company would be in Demat mode only with effect from 26th February, 2001 Necessary steps are being initiated to enter into an agreement with the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) or both in Order to enable our shareholders to have the option to hold the shares in Demat mode.

13. Auditors :

M/s. Lakshminiwas & 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.

The performance of business depends on the efforts of the management and also the support of many direct and indirect partners and joint venturists. Your Directors wish to take this opportunity to thank Government Agencies, the Consortium of Bankers and Financial institutions, Cane growers, Deposit holders, Share holders and Sugar dealers for their valuable cooperation and continued support to the Company.

Your Directors also wish to place on record their acknowledgement of the committed efforts of the Executives, Staffs and workers at all levels in attaining the results for the year.

For and on behalf of the Board

Place : Nindra

Date : 2nd Dec, 2000

Vinod Baid
Chairman

PRUDENTIAL SUGAR CORPORATION LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

Information pursuant to clause 32 of the listing agreement with the National Stock Exchange of India Limited. The securities of the company are listed in the stock exchanges as stated below.

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

Company has paid the annual listing fees for the year of following stock exchanges

1. The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001.
2. National Stock Exchange of India Limited	Trade World, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

ANNEXURE "A"

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

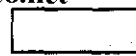
- a) Energy Conservation measures taken
 1. The Plant is equipped with highly efficient equipment to run at optimum conditions. The boilers are working at higher pressure. Evaporation of Juice is done with the double effect vapour cell resulting in steam economy for the process, the total steam consumption is of the order of 47% on cane crushed against the standard of 50%.
 2. We have replaced all the jet condensers systems and all the pans with spray nozzle type condensor to save 3% energy.
 3. Desuper heating station condensate is diverted to boiler water storage tank. Here by we are saving above 0.5% heat effluent quantity.
- b) Additional investment and proposals, if any being implemented for reduction of consumption of energy
----> NIL.
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 reduction in cost of production is Rs. 6.50 per bag.
- d) Total energy consumption and energy consumption per unit of production --> as per Form 'A'

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 Earnings and Outgo Rs. Lakhs
Foreign Exchange outgo NIL

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

DESCRIPTION	2000	1999
A) POWER AND FUEL CONSUMPTION		
1) ELECTRICITY		
a) PURCHASED		
Units KWH	406,652	351,720
Total Amount (Rs.)	2,167,063	1,850,555
Rate / Unit (Rs.)	5.32	5.26
b) OWN GENERATION		
i) Through Diesel Generator		
Units KWH	14,944	6,060
Unit per Ltr. of Diesel oil	2.70	2.41
Cost / Unit (Rs.)	5.89	5.32
ii) Through Steam Turbine /Generator		
Units KWH	4,807,984	6,685,848
KWH Per tonne of Bagasse	188.90	194.43
Cost / Unit (Rs.)	1.32	1.28
2) BAGASSE		
Quantity (Tonnes)	112,545	183,105
Total cost (Rs.)	own bagasse	own bagasse
Average Rate (Rs.)		
B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity KWH (Per Tonne)	164.1	142.6