

12th Annual Report 2002-2003

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Prudential Sugar Corporation Limited

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PRUDENTIAL SUGAR CORPORATION LIMITED



BOARD OF DIRECTORS

Shri Vinod Baid — *Chairman & Managing Director*
Shri U.C. Bhandari
Shri Kishore Jhunjunwala
Shri Y. Ravinder Reddy

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

4th Floor, Akash Ganga,
Plot No.144,
Door No. 8-3-1053, Sri Nagar Colony,
Hyderabad - 500 073.

REGISTERED OFFICE & FACTORY

“PRUDENTIAL NAGAR”
P.O. Koppedu,
Nindra Mandal,
Dist. - Chittoor, A.P.
Pin - 517 587.

DEPOSITORY REGISTRAR

AMI COMPUTERS (I) LTD.,
60 A & B, Chowringhee Road,
Kolkata - 700 020.

PRUDENTIAL SUGAR CORPORATION LIMITED**NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of **M/s. PRUDENTIAL SUGAR CORPORATION LIMITED** will be held on Tuesday, the September 30, 2003 at 4.00 p.m. at 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 Balance Sheet as at March 31, 2003 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri U.C. Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the year 2003-2004 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 an Ordinary Resolution :

"RESOLVED THAT Shri Kishore Jhunjunwala who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 (the "Act") and holds office upto the date of this Annual General Meeting and in respect of whom the Company received a notice from a Member in writing under Section 257 of the Act along with the requisite deposit of money signifying his intention to propose Shri Kishore Jhunjunwala as a candidate for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation in accordance with the Articles of Association of the Company."

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

"RESOLVED THAT Shri Y. Ravinder Reddy who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 (the "Act") and holds office upto the date of this Annual General Meeting and in respect of whom the Company received a notice from a Member in writing under Section 257 of the Act along with the requisite deposit of money signifying his intention to propose Shri Y. Ravinder Reddy as a candidate for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation in accordance with the Articles of Association of the Company."

By Order of the Board

Place: Nindra
Date : 04.09.2003

U.C. Bhandari
Director

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 a proxy need not be a member.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in item No.4 above is annexed hereto. All documents referred to in the above Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 1.00 p.m. and 3.00 p.m. on any working day from Monday to Friday.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from September 26, 2003 to September 30, 2003 (both days inclusive).
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. Members are requested to notify change in address, if any, immediately to the company, quoting their Folio Number.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of all such folios together with Share Certificates for Consolidation of their holdings into a single folio.
7. Members who had shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised in their own interest to avail the nomination facility by filling Form 2B printed with this Annual Report. Members holding shares in dematerialised form may please contact their Depository Participants for recording nomination in respect of their shares.
8. Members/Proxy holders must bring the Attendance Slip duly signed to the meeting and hand it over at the entrance. Xerox copy/torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting as copies will not be distributed at the Meeting hall due to prohibitive cost of printing.
9. Consequent upon amendment of Sec 205A of the Companies Act, 1956 and introduction of section 205C by the Company's (Amendment Act, 1999), the amount of dividend in respect of financial year 1995-1996 remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid dividend account of the Company shall be transferred to the Investor Education and Protection fund set up by the Government of India and no payments shall be made in respect of any such claims after such transfer.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Item No. 4:**

Shri Kishore Jhunjunwala, aged 49 years is a Business man. In view of his considerable experience in the Business and further to broad base the Board, your Board of Directors have at their meeting held on October 31, 2002 deemed it fit to induct Shri Kishore Jhunjunwala as an Additional Independent Director on the Board of the Company.

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Resolution No. 5:

Shri Y. Ravinder Reddy, aged 36 years is a Business man. In view of his considerable experience in the business and further to broad base the Board, your Board of Directors have at their meeting held on April 2003 deemed it fit to induct Shri Y. Ravinder Reddy as an Additional Independent Director on the Board of the Company.

Shri Kishore Jhunjunwala and Shri Y. Ravindra Reddy will hold office upto the Annual General Meeting. Resolutions as required u/s 257 of the Companies Act, 1956 as received from the member signifying their intention to propose Shri Kishore Jhunjunwala and Shri Y. Ravinder Reddy as Director of the Company.

No other Director is interested in the these resolutions.

By Order of the Board

U.C. Bhandari
Director

Place: Nindra
Date : 04.09.2003

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CONFIDENTIAL SUGAR CORPORATION LIMITED**Directors' Report for the Year Ended 31st March, 2003**

Members,

Your Directors have pleasure in submitting their Twelfth Annual Report with the Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2003.

Financial Performance

	(Rs. in Lakhs)	
	For the Year ended 31.03.2003	For the Year ended 31.03.2002
Income	5236.56	4949.03
/(Loss) before Interest, Depreciation and Tax	646.28	475.29
Interest	584.37	565.73
/(Loss) after Interest before Depreciation & Tax	61.91	(90.44)
Depreciation	261.08	141.71
/(Loss) before Tax	(199.18)	(232.15)
Provision for Tax	—	—
Current Tax	—	—
Deferred Tax Asset	94.22	(60.20)
/(Loss) after Tax	(293.40)	(171.95)
Balance brought from previous Year	(122.97)	48.98
/(Loss) Carried to Balance Sheet	(416.37)	(122.97)

and

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.

Review of Operations

The current season which was started on 01.12.2002 and ended on 30.04.2003. The total cane crushed during the season of 2002-2003 was 4,15,557.440 MTs. and sugar produced was 39249 MTs as against 4,26,853.981 MTs of Cane crushed and 37718 MTs. of Sugar produced during the previous season. The Crushing operations were carried on for 150 days as against 173 days in the previous season. Average recovery achieved was 8.81% as against 8.81% achieved in the previous season. The performance of the unit continued to be good.

Future Prospects

In view of the good recovery got during the current season, due to the scientific measures adopted during the last year all our efforts are being put to develop and produce more quality cane by developing the advanced scientific practices for cane development in our Zone to get more yield and good recovery in ensuing season and to have a minimum of 4.00 Lacs MTs of cane crushing during 2003-2004 season. Your company is in a 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. The sugar industry continues to be one which is heavily regulated and controlled by the Government, Politicized, seasonal in character and also cyclical, like other agriculture produce. Due to decontrol steps taken by the Govt. of India last year the rates has fallen to its lowest level and now the Govt. of India has taken the steps to control the industry back for the

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boostment of the prices, the same has got effect and the prices has moved to northern side.

6. Internal Control System and their Adequacy

The Company has established framework of internal controls for ensuring optimum use of resources and safeguarding of assets. Clear Policies have been laid down for approval and control of expenditure. Investment decision and capital expenditure are subject to formal detailed appraisal and review. Capital and revenue expenditure is monitored and controlled with reference to approved budgets.

7. 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 Limited and M/s Prudential Ammana Sugars Limited are attached herewith.

8. Public Deposits

Deposits collected from Shareholders and Public as on March 31, 2003 is Nil. No Deposits are due and outstanding for payment as on March 31, 2003.

9. Directors

Shri R.S. Choudhury, a Director of the company resigned from the Board w.e.f. 16.12.02 and the same was accepted in the Board Meeting held on 16.12.02. The Board places on record its appreciation of the valuable services rendered by him during his tenure on the Board.

Shri Kishore Jhunjunwala & Shri Ravinder Reddy appointed as Additional Directors of the Company under Section 260 of the Companies Act, 1956 and will hold office upto the date of ensuing Annual General Meeting and are now being proposed to be appointed as Directors liable to retire by rotation.

10. 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. The Company has valid Pollution Control Clearances in respect of both Air and Water.

11. Personnel

Your Company continued to maintain cordial and harmonious relations between the employees 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 employee 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.

12. Conservation of energy, technology absorption and foreign exchange earnings/outgo

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.

13. Directors' Responsibility Statement

Your Directors confirm:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of

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affairs of the Company at the end of the Accounting year ended 31st March, 2003 and of the loss of the Company for that year;

- iii. that the Directors have taken proper and sufficient care 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;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

14. Consolidated Financial Statements

As stipulated by clause 32 of the Listing Agreement, Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21-Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements' form part of the Annual Report.

15. Corporate Governance

As prescribed under the listing Agreement with the stock Exchanges a separate report along with Auditors' Certificate on its compliance by your Company, are included as a part of the Annual Report.

16. 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.

17. Cost Auditor

As per the directives of the Central Government to appoint Cost Auditor pursuant to Section 233-B of the Companies Act, 1956 your Company has appointed M/s Aks & Associates, Chennai as Cost Auditor of the Company for the year 2002-03 and 2003-04.

18. Acknowledgment

The Board is grateful to 11B1 for entering into OTS with the Company for the dues payable by the Company. Your Directors place on record their gratitude to the company's bankers, Sugar dealers, Growers, Shareholders, Business Associates and Government bodies for the patronage, encouragement and support to the Company.

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

For and on behalf of the Board

Place: Nindra
Date : 04.09.2003

U.C. Bhandari
Director

PRUDENTIAL SUGAR CORPORATION LIMITED**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 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%.
2. We have replaced all the jet condensor systems and all the pans with spray nozzle type condensor to save around 3% energy.
3. Desugar heating station condensate is diverted to boiler water storage tank. Hereby we are saving about 0.5% heat energy and reducing 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. 3.50 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'

C. Foreign Exchange Earnings & Outgo:

f. Activities relating to exports, initiatives taken to increase exports development of new export markets for products and services → NIL

g. Total Foreign Exchange Earnings and Outgo	Rs. Lakhs
Foreign Exchange Outgo	NIL