

17th Annual Report 2007-2008

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Prudential Sugar Corporation Limited

Prudential Sugar Corporation Limited



BOARD OF DIRECTORS

Shri Vinod Baid	—	<i>Chairman & Managing Director</i>
Shri P.M. Nair	—	<i>Director</i>
Shri U.C. Bhandari	—	<i>Director</i>
Shri Kishore Jhunjunwala	—	<i>Director</i>
Shri Y. Ravinder Reddy	—	<i>Director</i>

AUDITORS

M/s. Lakshminiwas & Jain
Chartered Accountants,
5-4-726, Nampally Station Road,
Hyderabad - 500 001.

BANKERS

Bank of India
The South Indian Bank Limited
The Dhanalakshmi Bank Limited
Bank of Maharashtra
Indian Bank

CORPORATE OFFICE

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

REGISTERED OFFICE & FACTORY

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

ADMINISTRATIVE OFFICE

Prudential Sugar Corp Limited
624, Anna Salai, Khivraj Building,
2nd Floor, Chennai - 600 006.

DEPOSITORY REGISTRAR

R&D Infotech Pvt. Ltd.,
22/4, Nakulesaar Bhattachajee Lane,
Kolkatta - 700 026.

Prudential Sugar Corporation Limited		
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**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Saturday, the 29th November, 2008 at 4.00 P.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 Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Shri P.M. Nair, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri U.C. Bhandari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2008-2009 and to authorise Board of Directors to fix their remuneration. The present Auditors of the Company, M/s. Lakshminiwas & Jain, Chartered Accounts, Hyderabad retire at this Annual General Meeting and are eligible for reappointment.

Place : Nindra
Date : 04/11/2008

For and on behalf of the Board
VINOD BAID
Chairman & Managing Director

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 Register of Members and share transfer books of the Company shall remain closed from 26th November, 2008 to 29th November, 2008 (both days inclusive).
3. Members desiring and 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.
4. Members are requested to notify change in address, if any, immediately to the company, quoting their Folio Number.
5. 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.
6. Members/Proxies should bring the Attendance Slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting. 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.
7. Consequent upon amendment of Sec 205A of the Companies Act, 1956 and introduction of section 205C by the company's (Amendment Act, 1999), the unclaimed dividend for the financial year 1995-1996 has been transferred to the Investor Education and Protection Fund.

Place : Nindra
Date : 04/11/2008

For and on behalf of the Board
VINOD BAID
Chairman & Managing Director

Prudential Sugar Corporation Limited

**Annexure to the Notice**

Notes on Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Profile of Directors being Appointed/Re-appointed:

Item No. 2

S.No.	Particulars	P.M. Nair
1.	Age	67 years
2.	Date of Appointment	26th May, 2006
3.	Qualification	B.E. MBA
4.	Experience	He has 30 years of experience in Sugar Industry. He is a fellow member of Indian Sugar technologist Association and of the Indian Institute of plant Engineers. He is also a member of Indian Concil of Arbitrators, Indian Labour Law Association and Loss Prevention Association of India. He worked in different capacities across various Companies.
5.	Other Directorships	Ganapati Sugar Industries Ltd. Ganapati Systems & Solutions Ltd. Response Informatics Ltd. Haritah Krishi Vikas (P) Ltd.
6.	Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	(A) Audit Committee Response Informatics Ltd. (B) Share Transfer Committee/ Investors' Grievances' Committee Response Informatics Ltd.

S.No.	Particulars	Sri. U.C. Bhandari
1.	Age	57 years
2.	Date of Appointment	31st August, 2002
3.	Qualification	FCA
4.	Experience	He is currently practicing as a Chartered Accountant. He is having vast experience in Taxation, Project Financing, Company Law and other Corporate Laws.
5.	Other Directorships	Gennex Laboratories Ltd. Raj Packaging Industries Ltd
6.	Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	(A) Audit Committee Gennex Laboratories Ltd. (B) Share Transfer Committee/ Investors' Grievances' Committee Gennex Laboratories Ltd.

Prudential Sugar Corporation Limited

**DIRECTORS' REPORT**

To,
The Members,

1. Your Directors have pleasure in submitting their Seventeenth Annual Report with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2008.

2. Financial Performance

	(Rs. in Lakhs)	
	for the Year ended 31.03.2008	for the Year ended 31.03.2007
Total Income	7616.98	9059.44
Profit/(Loss) before Interest and Depreciation	(1032.62)	3.36
Less: Interest	359.40	262.66
Profit/(Loss) after Interest but before Depreciation & Tax	(1392.03)	943.72
Less: Depreciation	280.22	267.94
Profit/(Loss) before Prior Period Adjustment	(1672.25)	675.78
Add: Prior Period Adjustment	—	—
Less: Extra Ordinary Items:	—	424.64
Profit/(Loss) before tax	(1672.25)	251.14
Provision for Tax:		
- Taxation for earlier year		0.00
- Current	2.53	2.47
- Deferred Tax Asset	564.33	97.16
Profit/(Loss) after Tax	(1110.45)	151.52
Add: Balance brought from previous year	644.82	493.31
Surplus/(Loss) carried to Balance Sheet	(465.62)	644.82

3. Review of Operations

During the crushing season 2007-08 company have crushed 410893 MTs of cane as against 593630 MTs of cane crushing during crushing season 2006-07. The average recovery during the year under review was 9.26% as against 8.56% during last crushing season.

4. 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.

5. Management Analytical Report**a. Sugar Industry - Opportunities, Threats and Future Outlook****Industrial Structure and Development:**

Currently the Sugar Industry in India is covered by public, co-operative, and private sector companies. Co-operative sector accounts for nearly 55% in terms of number of factories, installed capacity and production. India is the largest consumer and the second largest producer of sugar in the world. There are over 450 sugar factories of various capacities and vintage. The ownership of sugar industry is a combination of public sector. Sugar is produced in almost all the major Indian states. Maharashtra and U.P. contribute 70% of the country's total

Prudential Sugar Corporation Limited



production. Tamil Nadu, Karnataka, Andhra Pradesh are the major Sugar producing States. The sugar prices are sensitive from the common man's point of view. The sector is therefore, highly regulated both by the Central and State Governments. It is the Government which allots the area of cane plantation to mills, stipulates the cane prices and decides how much sugar mill can sell in the free market in a month. The Government is maintaining levy and free sale ratio @ 10:90 percent during the financial year.

The year i.e. 2007-08 has been a better year for sugar industry than the previous year. The sugar production in the country during the year will be around 270 lacs tonnes compared to 283 lacs tonnes in the previous year. The sugar production is likely to go down to 220 tonnes during the year 2008-09.

Opportunities and Threats:

In view of the increased export and slight lower sugar production during the current year the sugar prices have steadied and are likely to go up. Further, there is rise in prices in international market. The company plans export of some raw sugar and also some white sugar to liquidate the stock and improve the cash flow.

In view of soaring world crude oil prices and to encourage use of environment friendly fuel, Government is proposing to mix mandatorily 5% Ethanol into Petroleum from January, 2007 and 10% from October, 2008. This is expected to result in higher demands for Ethanol.

b. Cautionary statement

Statements in this Report describing the Company's objectives, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

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. Public Deposits

Deposits collected from Shareholders and Public as on 31.03.2008 is Nil. No Deposits are due and outstanding for payment as on 31.03.2008.

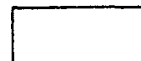
8. Directors

Shri P.M. Nair and Mr. U.C. Bhandari are retiring by rotation at the ensuing Annual General Meeting and are eligible for reappointment. Necessary resolution is placed before the shareholders for their approval.

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

Prudential Sugar Corporation Limited



10. 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 are 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 earning/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.

12. Directors' Responsibility Statement:

Your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such Accounting Policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Accounting year ended 31st March, 2008 and of the loss of the Company for that year;
- iii. the Directors had 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. the Directors have prepared the annual accounts on a going concern basis.

13. 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 part of the Annual Report.

14. 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. As regards Auditor observation in their report, the notes given in schedule 'O' is self explanatory.

15. Cost Auditor

As per the directives of the Central Government to appoint Cost Auditor pursuant to Section 233B of the Companies Act, 1956, your company has appointed Mr. Sivanandam, Chennai as Cost Auditor of the Company for the year 2008-2009.

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16. Acknowledgement

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 extended to company.

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

For and on behalf of the Board

Place : Nindra
Date : 04/11/2008

Vinod Baid
Chairman & Managing Director



Prudential Sugar Corporation Limited		<div style="border: 1px solid black; width: 100px; height: 30px;"></div>
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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, 1998.

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 condenser systems and all the pans with spray nozzle type condenser to save around 3% energy.
3. Desuper 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

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

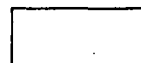
Efforts made in technology — As per Form 'B'

C. Foreign Exchange Earnings & Outgo

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

2. Total Foreign exchange Earnings and Outgo	Rs. lakhs
Foreign Exchange Earnings	\$ 14,27,599 (Rs.5,83,58,070)
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	2007-08	2006-07
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. PURCHASED		
Units KWH	4,41,165	4,05,298
Total Amount (Rs.)	24,24,336	23,86,198
Rate per Unit (Rs.)	5,495	5.89
b. OWN GENERATION		
1. Through Diesel		
Generator Units (KWH)	5,448	5,520
Units per Ltr. of Diesel Oil	2,485	2.30
Cost per Unit (Rs.)	14.19	14.44
2. Through Steam Turbine / Generator Units (KWH)	99,88,992	1,11,81,894
KWH per tonne of Bagasse	215	201.84
Cost per Unit (Rs.900/-)	3.48	2.97
2. BAGASSE		
Quantity (Tonnes)	46,446	66,942
Total Cost (Rs.)	Own Bagasse	Own Bagasse
Average Rate (Rs.)	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity KWH (Per Tonne)	267	208