

21st Annual Report 2011-2012



Prudential Sugar Corporation Limited



BOARD OF DIRECTORS

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

AUDITORS

M/s. Laxminiwas & 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

REGISTERED OFFICE

Akash Ganga, 3rd Floor,
Plot No.144, Sri Nagar Colony,
Hyderabad - 500 073.

FACTORY

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

DEPOSITORY REGISTRAR

R&D Infotech (P) Ltd.,
1st Floor, 7A, Beltala Road
(Naresh Mitra Sarani), Kolkata - 700 026



NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held on Wednesday, the 26th December, 2012 at 11.00 A.M. at the Registered office at 3rd Floor, Akash Ganga, Plot No. 144, Door No. 8-3-1053, Sri Nagar Colony, Hyderabad - 500 073, Andhra Pradesh, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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 2012-2013 and to authorise Board of Directors to fix their remuneration. The present Auditors of the Company, M/s. Laxminiwas & Jain, Chartered Accountants, Hyderabad, bearing registration No. 001859S with the Institute of Chartered Accountants, retire at this Annual General Meeting and are eligible for reappointment.

For and on behalf of the Board

Place : Hyderabad
Date : 01/12/2012

VINOD BAID
Chairman

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 22nd December, 2012 to 25th December, 2012 (both days inclusive).
3. 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.
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 them over at the entrance. Members who hold shares in dematerialized 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.

For and on behalf of the Board

Place : Hyderabad
Date : 01/12/2012

VINOD BAID
Chairman

**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	Sri P.M. Nair
1.	Age	71 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 Technologists Association and of the Indian Institute of Plant Engineers. He is also a member of Indian Council of Arbitrators, Indian Labour Law Association and Loss Prevention Association of India. He worked in different capacities across various Companies.
5.	Other Directorships	1. D2R Bioinformatics Limited 2. Response Projects (India) Limited 3. Response Informatics Ltd. 4. Harith Krishi Vikas Private Limited 5. Splendour Infra and Energy Limited 6. Divya Technical Services Limited 7. Aujasya Agro Power Private Limited
6.	Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	(A) Audit Committee 1. Response Informatics Ltd. (B) Share Transfer Committee/ Investors' Grievances' Committee 1. Response Informatics Ltd.

**Item No. 3**

S.No.	Particulars	Sri U.C. Bhandari
1.	Age	61 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	<ol style="list-style-type: none">1. Bon Chance Finance Private Limited2. B & B Infratech Limited3. Ritual Garments Exports Privated Limited4. Atlantis Stocks Limited5. Ritual Finance and Investments Private Limited6. Gaurav Securities Private Limited7. Bhan-wal Housing Limited8. Paresh Exports Private Limited9. Raj Packaging Industries Limited10. Global Multiplex Limited11. Prudential Tirumala Sugars Limited12. Prudential Anmana Sugars Limited13. Gennex Laboratories Limited14. 9 Star Integrated Township Limited15. Aniratha Finance Private Limited16. Enrich Stocks Private Limited
6.	Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	<p>(A) Audit Committee</p> <ol style="list-style-type: none">1. Gennex Laboratories Ltd. <p>(B) Share Transfer Committee/ Investors' Grievances' Committee</p> <ol style="list-style-type: none">1. Gennex Laboratories Ltd. <p>(C) Remuneration Committee</p> <ol style="list-style-type: none">1. Gennex Laboratories Ltd.

**DIRECTORS' REPORT**

To,
The Members,

1. Your Directors have pleasure in submitting their Twenty First Annual Report with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2012.

2. Financial Performance**(Rs. in Lakhs)**

	for the Year ended 31.03.2012	for the Year ended 31.03.2011
Total Income	8527.98	8091.41
Profit/(Loss) before Interest and Depreciation	846.22	758.64
Less: Interest	276.70	276.43
Profit/(Loss) after Interest but before		
Depreciation & Tax	569.52	482.21
Less: Depreciation	280.06	278.77
Profit/(Loss) before tax	289.46	203.44
Provision for Tax:		
- Taxation for earlier year	—	—
- Current	—	—
- Deferred Tax Asset	52.91	149.29
Profit/(Loss) after Tax and Dividend	236.55	54.15
Add: Balance brought from previous year	(520.10)	(574.25)
Surplus/(Loss) carried to Balance Sheet	(283.55)	(520.10)

3. Review of Operations

During the crushing season 2011-2012 Company has crushed 386689 Mts of cane as against 357617 MTs of cane crushed during crushing season 2010-11. The average recovery during the year under review was 8.93% as against 8.73% 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. Sugar Industry Overview

The domestic sugar industry is likely to remain in surplus with the sugar output likely to outstrip domestic consumption for the second consecutive year. During S.Y. 2011-12 sugar output is likely to be around 26 Million MT (6-7% growth over previous year) and is expected to outstrip domestic consumption (around 23 Million Tons) by around 3 Million Tons. However the impact of this surplus is likely to be offset by exports. The GOI has already permitted exports of 3 Million MT. Thus sugar stocks may remain stable at about 6 million MT or about 3 month's of domestic consumption.



The domestic sugar prices have remained subdued at around 27000-30000 per Mt for the last 18 months mainly because of the domestic surplus.

Indian Industry Outlook 2012-13:

Given the domestic surplus and falling international price trends which are likely to restrict export volumes, there may not be significant change in the price trends that the sugar industry has seen in the last 18 months, at least for next couple of quarters. In the medium term, the sugar price trends will continue to be determined by the following factors.

Firstly expectations on domestic sugar production for the coming season (SY 2012-13) will be clear by end of April 2013 by which time the cane acreage for the coming season will also be known. Secondly, the international crude oil prices which will determine the sugar, ethanol mix in Brazil, (The world's largest producer) and finally the Govt. of India policies regarding export of sugar and import duties.

Decontrol of the Sugar Industry, including abolition of the levy sugar will be critical for supporting the sugar industry.

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 31.03.2012 is Nil. No Deposits are due and outstanding for payment as on 31.03.2012.

8. Directors

Shri U.C Bhandari and Shri P.M Nair 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. Directors' Clarification on Auditors' Report

Point-wise explanations to the observations of the Auditors are as follows :

Note No. 4(d) of the Auditors' Report :

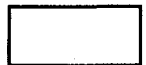
Since the company is having accumulated losses, the management has decided not to make provision of Retirement Benfits as per AS-15 and Provision for Liabilities as per AS-29 in the books of accounts.

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 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.

12. 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.

13. 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 judgment 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, 2012 and of the Profit 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.

14. 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.

15. Auditors

M/s. Laxminiwas & 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 Notes 1 & 2 is self explanatory.

16. Acknowledgement

Your Directors place on record their gratitude to the Company's Bankers, Sugar Dealers, Cane 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 : Hyderabad
Date : 01/12/2012

Vinod Bald
Chairman

**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.6.00 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
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Foreign Exchange Outgo	NIL
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**FORM A
(See Rule 2)****FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION
OF ENERGY**

DESCRIPTION	2011-12	2010-11
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. PURCHASED		
Units KWH	4,31,444	4,55,236
Total Amount (Rs.)	28,28,414	28,60,533
Rate per Unit (Rs.)	6.50	6.235
b. OWN GENERATION		
1. Through Diesel		
Generator Units (KWH)	8,404	5,064
Units per Ltr. of Diesel Oil	2.74	2.25
Cost per Unit (Rs.)	18.04	18.19
2. Through Steam Turbine /		
Generator Units (KWH)	89,17,376	75,59,240
KWH per tonne of Bagasse	204.50	187.80
Cost per Unit (Rs.1,000/-)	5.7	4.25
2. BAGASSE		
Quantity (Tonnes)	43,605	40,246
Total Cost (Rs.)	Own Bagasse	Own Bagasse
Average Rate (Rs.)	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity KWH (Per Tonne)	258.20	242.23