

24th Annual Report 2014-2015



Prudential Sugar Corporation Limited



BOARD OF DIRECTORS

Mr. Vinod Baid	—	<i>Chairman</i>
Mr. P.M. Nair	—	<i>Director</i>
Mr. U.C. Bhandari	—	<i>Director (upto 30.09.2014)</i>
Mr. Kishore Jhunjunwala	—	<i>Director</i>
Mr. Y. Ravinder Reddy	—	<i>Director</i>
Ms. Sadhana Bhansali	—	<i>Director</i>
Mr. K. Subba Rao	—	<i>Executive Director</i>

COMPANY SECRETARY

Mr. Sandeep Daga	—	Company Secretary
------------------	---	-------------------

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 Dhanlaxmi Bank Limited
Bank of Maharashtra
Indian Bank

REGISTERED OFFICE

Akash Ganga,
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 24th Annual General Meeting of the Members of PRUDENTIAL SUGAR CORPORATION LIMITED will be held on Monday, the December 28, 2015 at 02.00 PM at HMT Bearings Officers' Colony Community Function Hall, IV Avenue Road, HMT Bearings Officers' Colony, Sainikpuri, Hyderabad - 500 094, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements for the financial year ended 31st March, 2015 together with the Reports of the Directors and Auditors thereon and in this regard pass the following resolution as an ordinary resolution.

"Resolved that the audited accounts of the Company containing the Balance Sheet as at 31st March, 2015 and the Statement of Profit & Loss for the year ended 31st March, 2015 together with their annexure and the reports of the auditors and directors thereon be and are hereby received, considered, approved and adopted."

2. To appoint a director in the place of Mr. Kurra Subba Rao (DIN 02552019), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an ordinary resolution.

"Resolved that Mr. Kurra Subba Rao (DIN 02552019) be and is hereby re-appointed as a director liable to retire by rotation."

3. **Appointment of Auditors**

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"Resolved that, pursuant to third proviso to Section 139 and other applicable provisions of the Companies Act, 2013 read with Rules made thereunder and pursuant to the resolution passed by the members at the Annual General Meeting held on September 30, 2014, the appointment of M/s. Laxminiwas & Jain, Chartered Accountants (Firm Registration No. 001859S), Hyderabad be and is hereby ratified as the auditors of the Company to hold office from the conclusion of this meeting to the conclusion of next Annual General Meeting to be held in the calendar year 2016 and that the Board of Directors be and is hereby authorized to pay such remuneration, as may be determined by the Board of Directors, payable to them in addition to reimbursement of all out-of-pocket expenses in connection with audit of the accounts of the Company for the financial year ending March 31, 2016."

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to fix the Remuneration of the Auditors".

SPECIAL BUSINESS:

4. To ratify the remuneration payable to the Cost Auditors and in this regard to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"Resolved that pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors Rules), 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the remuneration of Rs.60,000/- excluding reimbursement of actual travel and out of pocket expenses and applicable taxes payable to M/s. N.S.V. Krishna Rao & Co., Cost Accountants, Hyderabad, the Cost Auditors (Firm Registration No. 101516), to conduct the audit of cost records of the company for the financial year ending March 31, 2016."

"Resolved Further that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Prudential Sugar Corporation Limited



5. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Sibsankar & Associates, Chartered Accountants (Firm Registration No. 323691E) as Branch Auditors to hold office from the conclusion of this meeting until the conclusion of the 26th Annual General Meeting on such remuneration as may be determined by the Board of Directors.

6. To consider, and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:

“The Board of Directors of the Company resolved to pay dividend to the shareholders of the 16% Cum Redeemable Preference Shares, redeem the shares and settle with the shareholders payment of dividend for the delayed period.”

By Order of the Board
for **Prudential Sugar Corporation Limited**

Vinod Baid

Chairman

(DIN 00010142)

Place : Hyderabad

Date : 30.11.2015

NOTES

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed herewith..
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE AT A POLL INSTEAD OF HIMSELF/HERSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN (10) % OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
3. Corporate Members intending to send their respective authorized representative are requested to send a duly certified copy of the Board/ Governing Body resolution authorizing such representative to attend and vote at the Annual General Meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and listing agreement, the Register of Members and Share Transfer Books of the Company will remain closed from 24th December, 2015 to 28th December, 2015 (both days inclusive).
6. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment.
7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members who are holding shares in physical forms are requested to notify changes in their respective



address/ Bank Mandate/ National Electronic Clearing Service (NECS) details, if any, to Company's Registrar i.e. R&D Infotech (P) Ltd., 1st Floor, 7A, Beltala Road, Kolkata-700 026. Beneficial owners holding shares in electronic form are requested to intimate change in address/ Bank Mandate/ National Electronic Clearing Service (NECS) details, if any, to their respective Depository Participants (DP). Members are requested to register/ update their e-mail addresses with the Registrar in case of shares held in physical form and with their respective Depository Participants in case shares are held in electronic form

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.
9. Electronic copy of the Annual Report for the financial year 2014-15 along with the Notice of the 24th Annual General Meeting of the Company (including Attendance Slip and Proxy Form) is being sent to all the members whose email IDs are registered with the Registrar/Depository Participants(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2014-15 along with Notice of the 24th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent by other permissible modes.
10. Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report for the financial year 2014-15 will also be available on the Company's website www.prudentialsugar.com and on the website of the Registrar www.rdinfotech.org for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during normal business hours on all working days. Even after registering for e communication, members are entitled to receive such communication in physical form, upon making a request for the same, by any permissible mode free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: psclsugar@gmail.com.
11. Pursuant to the provisions of Section 72 of the Companies Act 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective Depository Participant for availing this facility
12. All documents referred to in the Notice and explanatory statement are open for inspection at the registered office of the Company during normal business hours on all working day.
13. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and Register of Contracts or Arrangements in which directors are interested under section 189 will be made available for inspection by the Company at the meeting.

Voting through electronics means:

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The



facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolutions placed by the Company on e-Voting system.

The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or www.prudentialsugar.com

The facility for voting through Ballot Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The procedure to login to e-Voting website is given below:

1. Open the attached PDF file "e-Voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on "Shareholder - Login".
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof
6. Home page of remote "e-Voting" opens. Click on **e-Voting: Active Voting Cycles**.
7. Select EVEN (E-Voting Event Number) of **PRUDENTIAL SUGAR CORPORATION LIMITED**.
8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Members can cast their vote online from December 25, 2015 (09.30 AM) till December 27, 2015 (05.00 PM).
11. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail **sweetypapoor53@rediffmail.com** with a copy marked to evoting@nsdl.co.in

General instructions:

- a. The e-voting period commences on December 25, 2015 (09.30 AM) and closes on December 27, 2015 (05.00 PM). During this period, shareholders of the Company, may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently
- b. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 21st of December, 2015 may obtain the login ID and password by sending a request at evoting@nsdl.co.in.



- c. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- d. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- e. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21st of December, 2015.
- f. Ms. Sweety Kapoor, Practicing Company Secretary has been appointed by the Company to act as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- g. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- h. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- i. The results declared along with the Scrutinizer's Report shall be placed on the Company's website viz., www.prudentialsugar.com and on the website of NSDL after AGM.

All the documents referred to in the accompanying Notice and the Statement pursuant to Section 102 (1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to date of declaration of the result of the 24th Annual General Meeting of the Company.

Other information:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEREOF,
ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

**Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”)****Item No. 4**

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors for the Financial Year 2015-16 on remuneration as detailed in the resolution.

In accordance with the provisions of Section 148 of the Act, 2013 and the Rules made there under, the remuneration payable to the Cost Auditors needs to be ratified by the shareholders of the company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2016.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution proposed in Item No.5

Item No. 5

Members had, at the 23rd Annual General Meeting held on 30th September 2014, approved the appointment of M/s. Sibsankar & Associates, Chartered Accountants (Firm Registration No. 323691E) as Branch Auditors of 'PRUDENTIAL SUGAR CORPORATION LIMITED', to audit the branch offices for the Three (3) financial years 2014-15, 2015-16 and 2016-17. Rule 3(7) of Companies (Audit and Auditors) Rules, 2014 states that the appointment of the auditor shall be subject to ratification by the members at every Annual General Meeting till the expiry of the term of the Auditor. In view of the above, the appointment of M/s. Sibsankar & Associates, Chartered Accountants, as the Branch Auditors of 'PRUDENTIAL SUGAR CORPORATION LIMITED' from the conclusion of this Meeting until the conclusion of the Annual General Meeting to be held for the financial year 2016-17 is being placed for members' ratification. The Board commends the passing of the Ordinary Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested in the passing of the above resolution.

Item No. 6

Due to adverse financial situation over the last few years, the Company was not able to pay dividend to the shareholders of the 16% Cumulative Redeemable Preference Shares. As a good corporate governance practice, the consent of the members is sought for passing an Ordinary Resolution as set out above in the Notice.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the proposed Ordinary Resolution as set out at Item No 6 of the Notice, except to the extent of the shareholding of Mr Vinod Baid, one of the Directors of the Company, in VAB Ventures Ltd. holding majority of the shares.

Prudential Sugar Corporation Limited**Annexure to the Notice**

Details of the Directors seeking re-Appointment in the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Kurra Subba Rao
Date of Appointment	16.05.2013
Relationship with Directors	None
Expertise in Specific Functional Area	He has vast experience in sugar business and various other Industries
Qualification	B.Tech. (Mech.), B.O.E.
Board Memberships as on March 31, 2015	NIL
Chairman/Member of the committee of the Board of Directors as on March 31,2015	NIL
Number of Shares held in the Company as on March 31, 2015	NIL

By Order of the Board
for **Prudential Sugar Corporation Limited**

Place : Hyderabad
Date : 30.11.2015

Vinod Baid
Chairman
(DIN 00010142)

Prudential Sugar Corporation Limited



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 24th Annual Report and the Audited Financial Statements for the Financial Year ended March 31, 2015.

Financial Results

	for the Year ended 31.03.2015	(Rs. in Lakhs) for the Year ended 31.03.2014
Total Income	8794.48	8195.26
Profit/(Loss) before Interest and Depreciation	178.86	689.51
Less: Interest	179.19	243.07
Profit/(Loss) after Interest but before Depreciation & Tax	(0.33)	446.44
Less: Depreciation	109.96	285.50
Profit/(Loss) before tax	(110.30)	160.94
Provision for Tax:		
- Taxation for earlier year	3.93	—
- Current	—	—
- Deferred Tax Asset	44.07	54.94
Profit/(Loss) after Tax and Dividend	(70.17)	106.00
Add: Balance brought from previous year	(9.19)	(115.19)
Surplus/(Loss) carried to Balance Sheet	(79.36)	(9.19)

State of the Company's Affairs

During the crushing season 2014-2015 Company has crushed 302799 MTs of cane as against 298953 MTs of cane crushed during crushing season 2013-14. The average recovery during the year under review was 9.16% as against 9.10% during last crushing season.

Your Directors are hopeful of better performance with increased revenue in the next year.

Sugar Industry Overview

For the fifth consecutive year the world sugar production has recorded a surplus with major contribution coming from Brazil and India. Due to excess production, the international price registered a huge fall. This made the Indian sugar exports unviable with export realization far below the domestic price. The scenario in India is no different with the production outstripping demand for the fifth year in succession. For the sugar season 2014-15 (Oct-Sep) the estimated production in India will be around 28 million tonnes (with Maharashtra, Karnataka and Uttar Pradesh being the main contributors) as against the static demand of around 24.80 million tonnes, leading to a current year surplus of around 3.20 million tonnes.

With a carryover of 7 million tones of previous years, the overall surplus sugar will be around 10.20 million tonnes. This has led to a crash in sugar price resulting in prices nose diving to around Rs.21 to Rs.22 per Kg.