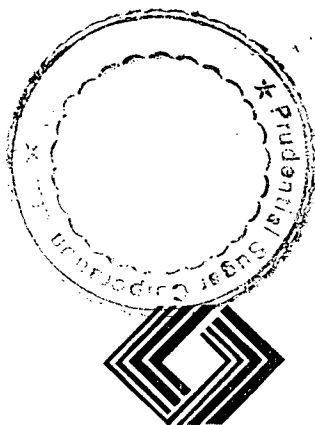
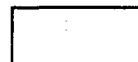


16th Annual Report 2006-2007



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 Y. Ravinder Reddy	—	<i>Director</i>
Shri Kishore Jhunjunwala	—	<i>Director</i>
Shri K. Ramakanth	—	<i>Company Secretary</i>

REGISTERED OFFICE & FACTORY

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

CORPORATE OFFICE

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

BANKERS

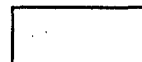
Bank of India
The South Indian Bank Limited
The Dhanalakshmi Bank Limited
Bank of Maharashtra
Indian Bank

AUDITORS

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

REGISTRAR & SHARE TRANSFER AGENTS

R&D Infotech (P) Ltd.
22/4, Nakuleswar Bhattacharya Road
Kolkata - 700 026.



NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Saturday, the 29th September, 2007 at 10.00 A.M. at the Registered Office of the Company at "Prudential Nagar", Koppedu Post, Nindra Mandal, Chittoor Dist., 517587, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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 Y. Ravinder Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Lakshminiwas & Jain, Chartered Accountants, be and are hereby appointed, Auditors of the Company from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company."

By order of the Board

Place : Hyderabad
Date : 4th September, 2007

K. Ramakanth
Company Secretary

NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself. A Proxy need not be a member of the Company. Proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Register of Members and share transfer books of the Company will remain closed from 25th September, 2007 to 29th September, 2007 (both days inclusive).
3. Members are requested to quote their Registered folio numbers in all their Correspondence with the Company and notify change in their registered address, if any.
4. Members/proxies should bring the Attendance slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting. Xerox copy / 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.

By order of the Board

Place : Hyderabad
Date : 4th September, 2007

K. Ramakanth
Company Secretary

**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	Y. Ravinder Reddy
1.	Age	40 years
2.	Date of Appointment	22nd March, 2003
3.	Qualification	B.A.
4.	Experience	He has vast experience in executing Civil works i.e. Roads, Building Bridges, Canals in Government Sector and Private Sectors. Cultivating Agriculture and Poultry business.
5.	Other Directorships	Prudential Pharmaceuticals Ltd.
6.	Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	(A) Audit Committee Prudential Pharmaceuticals Ltd. (B) Share Transfer Committee/ Investors' Grievances' Committee Prudential Pharmaceuticals Ltd.

**DIRECTORS' REPORT**

To,
The Members,
Prudential Sugar Corporation Limited

1. Your Directors have pleasure in submitting their Sixteenth Annual Report with the Audited Accounts for the year ended 31st March, 2007.

2. Financial Results

	(Rs. in Lakhs)	
	for the Year ended 31.03.2007	for the Year ended 31.03.2006
Total Income	9059.44	7959.46
Profit/(Loss) before interest and Depreciation	3.36	1351.96
Less: Interest	262.66	235.81
Profit/(Loss) after Interest but before Depreciation & Tax	943.72	1116.15
Less: Depreciation	267.94	261.90
Profit/(Loss) before Prior Period Adjustment	675.78	854.25
Add: Prior Period Adjustment	—	2.75
Less: Extra Ordinary Items:	424.64	—
Profit/(Loss) before tax	251.14	857.00
Provision for Tax:		
- Taxation for earlier year		0.00
- Current	2.47	3.02
- Deferred Tax Asset	97.16	181.13
Profit/(Loss) after Tax	151.52	672.85
Add: Balance brought from previous year	493.31	(179.55)
Surplus/(Loss) carried to Balance Sheet	644.82	493.30

3. Review of Operations

During the crushing season 2006-07, the Company have crushed highest ever crushing of 593630 MTs as against 339148 MTs of crushing during crushing season 2005-06. The average recovery during the year under review was 8.56% as against 8.50% during last crushing season. The Company continued to process Raw Sugar and during the year 8588 MTs of Raw Sugar was processed.

4. Dividend

In view of the adverse working results 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

Opportunities:

The long term outlook for sugar remains positive and promising on account of:

- Strong GDP growth and changing food habits. Leading to growing demand for sugar especially in internal consumption.



- Growing energy consumption in India allowing the sugar industry to play a vital role
- Environmental friendly power generated by Co-generation Units.
- Clearly defined Clean Development Mechanism and the expected flow of Carbon Credits
- Implementation of Kyoto Protocol by India requiring the Ethanol blending with petrol.

Threats:

Sugar industry is at present confronted by the following threats:

- Situation switching over from “paucity of supply and prices ruling high” to “glut in supply with low prices” within a short span.
- The decision of the Government to ban exports in July 2006 pulling down the sugar prices to uneconomical levels contrary to the expectations of the industry.
- Bumper cane production in the next few years, resulting in piling of stocks.
- Continued impact on the industry on account of various controls and administrative measures by the Central and State Governments.
- Cyclical nature of industry and local climate conditions over crop affecting both the quantity and quality of cane available.
- The profitability of alternative crops, pests and disease and non-availability of farm labour.
- Sugar weightage in WPI.
- Short crushing season.

Future Outlook:

The remedial measures undertaken by the government by introducing buffer stock system, incentive for exports, and the proposal to enhance the mandatory add mixture of Ethanol to 10% etc., for setting right the imbalance may yield short-term relief. The industry is looking forward to the following relief measures from the Government:

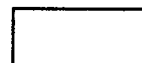
- Increased emphasis on “Green Power” generated by Co-generation Unit.
- De-control of sugar, Review of price mechanism, Pro-active National policy on Ethanol.
- Proper linkage between cane price and sugar price realizations.

Your Company, on its part, has taken the following measures to insulate it against the price risks and other threats:

- Experiments in farm mechanization, improved cane varieties, carefully crafted schedule of cane planting and harvesting through R & D and field staff.
- Supplementing revenue from sugar business by extracting more values from co-products.

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 31st March, 2007 is Nil. No Deposits are due and outstanding for payment as on 31st March, 2007.

8. Directors

Shri Y. Ravinder Reddy is retiring by rotation at the ensuing Annual General Meeting and is 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.

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, 2007 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.

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 'N' 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 M/s. AKS & Associates, Chennai as Cost Auditor of the Company for the year 2007-2008.

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 : Hyderabad
Date : 4th September, 2007

Vinod Baid
Chairman & Managing Director

**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'

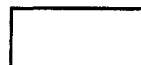
C. Foreign Exchange Earnings & Outgo

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.
Foreign Exchange Earnings	\$ 2,524,245 (Rs.12,52,27,852/-)
Foreign Exchange Outgo	NIL


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

DESCRIPTION	2007	2006
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. PURCHASED		
Units KWH	4,05,298	4,04,485
Total Amount (Rs.)	23,86,198	23,01,370
Rate per Unit (Rs.)	5.89	5.69
b. OWN GENERATION		
1. Through Diesel		
Generator Units (KWH)	5,520	6,360
Units per Ltr. of Diesel Oil	2.30	2.32
Cost per Unit (Rs.)	14.44	14.56
2. Through Steam Turbine /		
Generator Units (KWH)	1,11,81,894	68,67,140
KWH per tonne of Bagasse	201.84	194.40
Cost per Unit (Rs.900/-)	2.97	4.63
2. BAGASSE		
Quantity (Tonnes)	1,45,965	80,923
Total Cost (Rs.)	Own Bagasse	Own Bagasse
Average Rate (Rs.)	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity KWH (Per Tonne)	208	181

**FORM – B****Disclosure of particulars with respect to Technology Absorption,
Research and Development****1. Specific areas in which R&D carried out by the company**

- a. Usage of Trichogramma card, a new biological tool used to control borers as successfully tested for the internode borer management in sugar cane.
- b. Usage of Wildmint extract spray on sugar cane to control leaf sucking pest effectively as a low cost technology in sugar cane crop management.
- c. For better variety evaluation, varietal screening is done in stages.
- d. Modified cane planting method like paired row method and pit method for using drip irrigation system effectively.

2. Benefits derived as a result of the above R & D

- a. Internode borer is controlled to manageable extent and improvement in yield is achieved.
- b. Better varieties of cane have been identified which are suitable for cultivation.
- c. Drip installation is made efficient.
- d. Productivity per acre is increased and farm earnings also improved.

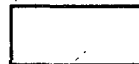
3. Future plan of action

- a. Increase in cane area under micro irrigation system to face drought in future and optimizing planting geometry by introduction of paired row system in planting of cane.
- b. Organic farming in sugar cultivation and taking effective steps to evolve a farmer friendly technology for trash composting and introduction of vermi compost as an additional income generating plan to the farmer.
- c. Introduction of mechanical harvester for sugar cane harvesting to reduce the manpower dependence.

4. Expenditure on Research and Development

(Rs.in lakhs)

a. Capital	—
b. Recurring	1.33
c. Total	1.33
d. Total R&D expenditure as a percentage of total turnover	0.015%



TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation.

Introduction of African breed of earthworms suited to local condition with expected production of maximum quantity of humus.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

Nutritive value of vermi compost is improved and the impact on vermi compost over sugar cane yield is also significant.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.

- | | | |
|--|---|----------------|
| a) Technology imported | } | |
| b) Year of Import | } | |
| c) Has technology been fully absorbed ? | } | Not applicable |
| d) If not fully absorbed, areas where this has | } | |
| Not taken place, reasons therefore and | | |
| Future plan of action | | |

**CORPORATE GOVERNANCE REPORT**

The Board of Directors of the Company supports the broad principles of Corporate Governance. Your Company has been practicing the principles of good Corporate Governance over the years. Given below is a report on Corporate Governance:

1. Company's Philosophy on Corporate Governance

Corporate Governance requires transparency of operations at all levels of Management which leads not only to an effective compliance of the laws of the land but also ultimately results in enhancing the long term shareholder value and protecting the interest of all the stake holders. Your Company is committed to continuing the high values and traditions in transparent functioning of the organization.

2. Composition of Board

The Board of Directors has mix of Executive and Non-Executive Directors. The Board comprises of five Directors - the Chairman & Managing Director and Four Non-Executive Directors. All Four Non-Executive Directors are independent Directors. Accordingly, the composition of the Board is in conformity with the Listing Agreement. Except the Chairman & Managing Director, all other Directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

Attendance of each Director at Board Meetings and Last Annual General Meeting:

The Board met Seven times during the financial year 2006-2007 on 26.05.2006, 30.06.2006, 10.08.2006, 29.09.2006, 31.10.2006, 31.01.2007 and 09.03.2007. The last Annual General Meeting of the Company was held on 28th September, 2006.

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at Last AGM
Shri Vinod Baid	7	7	Y
Shri Kishore Jhunjhunwala	7	1	N
Shri U.C. Bhandari	7	6	Y
Shri Y. Ravinder Reddy	7	7	Y
Shri P.M. Nair (appointed on 26.05.06)	6	6	N

3. Audit Committee

An Audit Committee was constituted in accordance with Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement which consists of three independent Non-Executive Directors. The Members of the Committee are well versed in finance matters, accounts, company law and general business practices.

The Company has complied with the requirements of Clause 49 II A as regards the composition of the Audit Committee.

The composition of the Audit Committee is as under:

1. Shri U.C. Bhandari - Chairman
2. Shri Kishore Jhunjhunwala - Member
3. Shri Y. Ravinder Reddy - Member

During the Financial Year 2006-2007, four Audit Committee Meetings were held on 26.05.2006, 10.08.2006, 31.10.2006 and 31.01.2007.

**Attendance at Audit Committee Meetings**

Name of the Director	No. of Meetings attended
Shri U.C. Bhandari	4
Shri Kishore Jhunjunwala	0
Shri Y. Ravinder Reddy	4

The necessary quorum was present at the meetings.

4. Remuneration of Directors

The Company has no pecuniary relationship or transaction with its Directors except payment of remuneration payable to Chairman & Managing Director that is approved in the General Meeting from time to time. During this year, Shri Vinod Baid, Chairman & Managing Director, opted not to take remuneration from the Company. Hence no provision has been made in the books of Account. The Company has no Stock Option scheme. In view of the above, no remuneration committee is constituted.

5. Shareholders'/ Investors' Grievance Committee

The Board constituted a Shareholders' Grievance Committee to oversee redressal of Shareholders' complaints. The composition of the Committee is:

1. Shri U.C.Bhandari
2. Shri Kishore Jhunjunwala
3. Shri Y. Ravinder Reddy

The committee meets at frequent intervals to consider, inter alia, share transfers, shareholders' complaints etc.

Shri Pradeep Baid, Asst. Vice President (Finance) has been designated as Compliance Officer. During the year 2006-2007, 50 complaints were received from Investors. All complaints have been resolved to the satisfaction of the complainants.

All valid share transfers received during the year 2006-2007 have been acted upon by the Company and there were no pending share transfers as on 31st March, 2007.

6. General Body Meetings

Location and time where last three Annual General Meetings were held are given below:

Financial Year	Date/Time	Location of the Meeting
2003-2004	30.09.2004 / 4.00 p.m.	Registered Office
2004-2005	26.09.2005 / 4.00 p.m.	Registered Office
2005-2006	28.09.2006 / 10.00 a.m.	Registered Office

No special resolution was put through postal ballot at the last Annual General Meeting, nor any proposed for this year.

7. Disclosures

- a. Disclosures on materially significant related party transactions i.e, transaction of the Company of Material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Company at large:

The Company did not have any related party transactions, which may have potential conflict with the interests of the Company at large.



- b. Details on non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years:

The trading of shares of the Company on National Stock Exchange and The Bombay Stock Exchange Limited is suspended and since then the Company is regular in complying all the provisions of Listing Agreement and restoration of trading by BSE and NSE is under their active consideration. The Company has complied with all requirements of regulatory on Capital Markets and no penalty/ strictures imposed on the Company during the last three years.

8. Means of Communication

- a. The quarterly, half-yearly and Annual results are published in newspapers.
b. Presentations are also made from time to time to analysts and institutional investors.

9. General shareholder information

A. Annual General Meeting

Date and Time : 29th September, 2007 at 10.00 a.m.
Venue : "Prudential Nagar", Koppedu Post, Nindra Mandal,
Chittoor District - 517 587, Andhra Pradesh.

Demat ISIN No. for NSDL :
and CDSL for :
Equity Shares : INE024D01016

- B. **Date of Book Closure** : 25th September, 2007 to 29th September, 2007
(both days inclusive)

C. Registrar & Share transfer Agent

R&D Infotech (P) Ltd., 22/4, Nakuleswar Bhattacharya Road, Kolkata - 700 026.
Telefax: 033-24631657/58

D. Compliance Officer and Address for Correspondence

Shri Pradeep Kumar Baid
Prudential Sugar Corporation Limited
624, Anna Salai
2nd Floor, Khivraj Motors Company
Chennai - 600 006.

E. Transfer system

To comply with the rules of the Listing Agreement the Company has appointed M/s. AMI Computers (I) Ltd. as common agency for the transfer of physical as well as Demat of the Shares. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

F. Dematerialization of shares and liquidity

The shares of the Company are compulsorily traded in Dematerialized form and are available for trading under both the depositories in India, NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited).

As on 31st March, 2007, a total of 1,78,75,489 shares of the Company, which forms 50% of the Share Capital, stands dematerialized.


G. Financial Calendar

The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.

H. Distribution of Shareholding as on 31st March, 2007

(including equity shares issued upon conversion of equipref shares)

Share holding of Nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% to Total	(in Rs.)	% to Total
Upto	5,000	10,283	88.12	2,09,87,500	5.87
5,001 —	10,000	564	4.83	47,75,000	1.34
10,001 —	20,000	343	2.94	53,21,350	1.49
20,001 —	30,000	88	0.76	22,48,660	0.63
30,001 —	40,000	81	0.69	30,95,000	0.86
40,001 —	50,000	41	0.35	19,74,990	0.55
50,001 —	1,00,000	104	0.89	82,88,460	2.32
1,00,001	and above	166	1.42	31,08,29,040	86.94
Total		11,670	100.00	35,75,20,000	100.00

I. Shareholding Pattern as on 31st March, 2007

Category	No. of shares held	Percentage of shareholding
1. Promoters' Holding		
1. Indian Promoters		
- Individual	29,86,190	8.35
- Bodies Corporate	1,66,13,810	46.47
- Foreign Promoters	—	—
2. Persons acting in concert	—	—
Sub-Total - (1)	1,96,00,000	54.82
2. Non-Promoters' Holding		
Institutional Investors		
a. Mutual Funds and UTI	3,42,400	0.96
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-government Institutions)	12,900	0.04
c. FIs	—	—
Sub-Total - (2)	3,55,300	1.00
3. Others		
a. Private Corporate Bodies	22,14,646	6.19
b. Individuals		
Persons holding nominal capital upto Rs. 1 Lakh	43,42,007	12.14
In Excess of Rs. 1 Lakh	92,40,047	25.85
Sub-Total - (3)	1,57,96,200	44.18
Grand Total (1)+(2)+(3)	3,57,52,000	100.00

**Notes:**

1. Above 3,57,52,000 Equity Shares includes 1,03,45,600 Equity Shares allotted on conversion of Equipref Shares which are yet to be listed.
2. Promoter Share Holding includes 35,00,500 shares registered in the name of Banks given to them as collateral security.

J. Listing on Stock Exchanges with Stock Code

S.No	Name of the Stock Exchange	Stock Code	Address
1.	The Hyderabad Stock Exchange Limited	PMOULI\$	6-3-654, Adj. to Erramanjil Bus Stop, Somajiguda, Hyderabad – 500 082.
2.	The Bombay Stock Exchange Limited	500342	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
3.	National Stock Exchange of India Limited	PRUDMOULI	Exchange Plaza, 5th Floor, Plot No. C/1 G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
4.	Madras Stock Exchange Limited	PRUDENTSUG	Exchange Building, Post Box No. 183, 11, Second Line Beach, Chennai – 600 001.
5.	The Calcutta Stock Exchange Association Limited		7, Lyons Range Kolkata – 700 001.
6.	The Ahmedabad Stock Exchange Limited	PRUDSUG	Kamdheni Complex, Opp. Sahajanand College, Ahmedabad – 380 015.

Note: The Listing fee for the year has been paid to The Bombay Stock Exchange Limited .

K. The Company has not issued any GDRs/ADRs/Warrants or any other Convertible Instruments.

L. Plant Location

“PRUDENTIAL NAGAR”, P.O. Koppedu, Nindra Mandal, Chittoor District, Andhra Pradesh, Pin – 517 587, Phones: 08576-271093, 271202, 08577-280225, Fax: 08576-271201. Email: prudentialsugars@yahoo.com

As required by clause 49 of the Listing Agreement the Auditors' Certification is attached herewith.



Certified by Vice President (Commercial)

I, Pradeep Kumar Baid, Vice President (Commercial) of Prudential Sugar Corporation Limited certify that:

- a. I have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief.
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls and I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the Auditors and the Audit Committee
 - i. Significant changes in internal controls during the year, if any.
 - ii. that there are no significant changes in accounting policies during the year.
 - iii. that there have been no instances of significant fraud of which I have become aware, involving the management of an employee having a significant role in the Company's internal control system.

Place : Hyderabad

Date : 4th September, 2007

Pradeep Kumar Baid

Vice President (Commercial)

**Auditors' Certificate to the members of Prudential Sugar Corporation Limited on
Compliance of the conditions of Corporate Governance for the year ended 31st March, 2007
under clause 49 of the Listing Agreement with the Stock Exchanges**

We have examined the compliance of the conditions of Corporate Governance by Prudential Sugar Corporation Limited for the year ended 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges (hereinafter referred to as Clause 49).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has by 31st March 2007, complied in all material respects with the conditions of Corporate Governance as stipulated in clause 49.

As required by the Guidance note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that, the Company have certified that as on 31st March, 2007 there were no investor grievances remaining pending for a period exceeding one month, and as explained to us by the management, the Company have reported to the Shareholders/Investors' Grievances Committee regularly on the status of such grievances.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the Company.

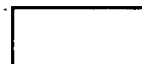
For Lakshminiwas & Jain
Chartered Accountants

B. Ramesh Kumar
Partner

Membership No. 200304

Place : Hyderabad

Date : 4th September, 2007



AUDITORS' REPORT

To

The Members,

PRUDENTIAL SUGAR CORPORATION LIMITED

1. We have audited the attached Balance sheet of M/s. PRUDENTIAL SUGAR CORPORATION LIMITED, as at 31st March, 2007 and the profit and Loss Account of the Company for the year ended on that date and also the cash flow statement for the year ended thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this Report are in agreement with the Books of Account.
 - d. In our opinion, the Profit & Loss Account, Balance Sheet and the Cash Flow statement comply with the requirements of the accounting standards (AS) referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except non accounting of interest on accrual basis and non provision of Liabilities as per AS-29 refer Note No. 1 to 5 in Schedule N.
 - e. Based on the representations made by the Directors of the Company and the information and explanations as made available, Directors of the Company do not prima facie have any disqualification as referred to in clause (g) of Sub-section (1) to Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanation given to us, the said Accounts, subject to para (d), above the impact of non accounting of interest / liabilities is that the profit for the year is overstated by Rs 133.98 Lacs and cumulative impact is that the liabilities are understated by Rs.4223.57 Lacs Refer Note No. 2(a,b) and 3(a,b) of schedule 'N'. Also providing of Depreciation @5.28% on Sugar work Rollers where as eligible depreciation as per schedule XIV of Companies Act is 100% refer 2.b in schedule O, the impact is that the profit for the year is understated by Rs.4.91 Lacs & cumulative impact is

Prudential Sugar Corporation Limited



that the assets are shown more by Rs.29.19 Lacs. Also Refer Note No. 6 in Schedule N regarding non-confirmation / reconciliation of Sundry Debtors, Creditors, Secured Loans, Unsecured Loans, Loans and Advances, other Current Assets and Current Liabilities the impact of which on Assets/Liabilities and Loss is unascertained gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.

- i. in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2007; and
- ii. in the case of the profit and Loss Account, of the profit of the Company for the year ended on that date.
- iii. in the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **Lakshminiwas & Jain**
Chartered Accountants

Place : Hyderabad
Date : 4th September, 2007

B. Ramesh Kumar
Partner
Membership No. 200304

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 1 of our report of even date:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets, which is required to be updated.
- b. As explained to us, all the assets have not been physically verified by the Management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verifications.
- c. According to the information and explanations furnished to us, the Company has not disposed off a substantial part of its fixed assets during the year.
- ii. a. According to the information and explanations furnished to us, the Management has physically verified inventories during the year. In our opinion, the frequency of such verification is reasonable.
- b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. According to the information furnished to us, the Company is maintaining proper records of its inventory and the discrepancies, if any, noticed on verification between the physical stocks and the book records were not material, and have been properly dealt within the books of account.
- iii. a. There is one company covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans. The maximum amount involved during the year was Rs.0.88 lacs and the year end balance of loans granted to such parties was Rs.NIL.
- b. As the terms and conditions on which loans have been granted are not stipulated we are unable to comment, whether the same are prima facie prejudicial to the interest of the company.
- c. In the absence of the terms and conditions for repayment of the above loans, we are unable to comment whether the parties are regular in repayment of principal amount and interest.
- d. In the absence of the terms and conditions, we are unable to comment whether there is any overdue amounts of loans granted to companies, need under section 301 of Companies Act 1956.
- e. The company has not taken any loans from companies covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal controls.
- v. a. Based on the information and explanations given to us, we are of the opinion that the transactions that are required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.



- b. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any transactions pursuant to contract entered in the register maintained under section 301 of Companies Act, 1956 and having an aggregate value exceeding Rs. 5 lacs in respect of each party.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any fresh deposits during the year within the purview of Section 58A and 58AA or any other related provisions of the Companies Act 1956.
- vii. In our opinion and according to the information and explanations given to us, the Company has internal audit system by its own staff. In our opinion, considering the size and nature of Company's business, the Internal Audit systems need to be further strengthened.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the order of the Central Government for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. a. In our opinion and according to the information and explanation given to us the company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Excise duty and other Statutory dues with appropriate authorities except Provident Fund, Professional Tax which has been deposited with delays / not deposited.
- b. In our opinion and according to the information and explanations given to us, the undisputed statutory dues outstanding as at 31-03-2007 for a period of more than six months are Purchase Tax and CDCF of Rs.356.56 lacs.
- c. In our opinion and according to the information and explanations given to us the following amount of sales tax has been disputed by the Company and hence, were not deposited with the concerned authorities as at 31st March, 2007.

Sl.No.	Nature of Dues	Name of Statute	Amount	Pending before
1.	Sales Tax	APGST 1957	22.80 lacs	Sales Tax Appellate Tribunal Hyd.

- x. In our opinion and according to the information and explanations given to us, Company's accumulated losses at the end of the Financial year after considering the quantified qualifications, are more than 50% of its net worth, it has not incurred cash loss in current financial year as per books and also not incurred cash losses in immediately preceding financial year. The qualification which is not being quantified, the effect of such unquantified qualification has not been taken into consideration for the purpose of this clause.
- xi. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues, to the financial institutions, the details for which as per books are given below. The Company has not issued any debentures.

Sl. No.	Name of the Bank	Default
1.	I I B I	324.27 Lacs
2.	I F C I	825.29 Lacs



- xii. According to the information furnished to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society and hence, the requirements of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company during the year under report.
- xiv. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks and Financial Institutions.
- xvi. Based on information and explanations given to us by the management, during the year term loans were applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an over all examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have, prima facie, not been used for long term investment.
- xviii. According to information and explanations furnished to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the year under report.
- xx. The Company has not raised any monies through public issue of its securities during the year. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our Audit.

For Lakshminiwas & Jain
Chartered Accountants

Place : Hyderabad
Date : 4th September, 2007

B. Ramesh Kumar
Partner
Membership No. 200304

Prudential Sugar Corporation Limited



BALANCE SHEET AS AT 31st MARCH, 2007

DESCRIPTION	SCHEDULE	As at 31.03.2007 In Rupees	As at 31.03.2006 In Rupees
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	A	34,33,20,000	32,33,20,000
b. Reserves & Surplus	B	6,59,82,149	5,08,30,508
2. Loan Funds			
a. Secured Loans	C	26,60,79,193	30,09,63,245
b. Unsecured Loans	D	2,64,08,809	2,60,51,650
Total		<u>70,17,90,151</u>	<u>70,11,65,403</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	E		
a. Gross Block		61,52,23,603	57,57,27,799
b. Less: Depreciation		<u>22,19,91,820</u>	<u>19,54,35,095</u>
c. Net Block		39,32,31,783	38,02,92,704
2. Investments	F	55,28,005	55,27,005
3. Current Assets, Loans and Advances	G		
a. Inventories		24,88,39,276	22,45,48,095
b. Sundry Debtors		9,73,19,453	6,72,47,226
c. Cash & Bank Balances		1,46,47,590	2,62,79,223
d. Other Current Assets		1,26,376	1,10,892
e. Loans and Advances		<u>6,91,78,407</u>	<u>9,10,76,443</u>
		43,01,11,102	40,92,61,879
Less: Current Liabilities and Provisions	H	17,63,98,869	15,29,50,140
Net Current Assets		25,37,12,233	25,63,11,739
4. Deferred Tax Asset (Net) (Refer notes to account)		4,93,18,129	5,90,33,955
5. Profit & Loss Account		—	—
Total		<u>70,17,90,151</u>	<u>70,11,65,403</u>

Notes, Schedules and Statement on Accounting Policies form an integral part of Balance Sheet

For and on behalf of the Board

As per our report of even date
For **Lakshminiwas & Jain**
Chartered Accountants

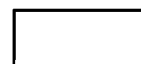
Place : Hyderabad
Date : 04.09.2007

Vinod Baid
Chairman &
Managing Director

U.C. Bhandari
Director

K. Ramakanth
Company
Secretary

B. Ramesh Kumar
Partner
Membership No. 200304


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH, 2007

PARTICULARS	SCHEDULE	Year ending 31.03.2007 In Rupees	Year ending 31.03.2006 In Rupees
INCOME			
Income from Operations	I	90,59,44,332	72,38,78,789
Other Income	J	3,35,905	18,69,339
Increase/(Decrease) in Stock	K	2,62,66,471	7,01,98,087
Total		93,25,46,708	79,59,46,215
EXPENDITURE			
Cost of Materials Consumed	L	68,24,30,272	51,52,78,516
Manufacturing, Personnel, Selling, Administrative and Other Expenses	M	12,80,77,643	14,54,71,974
Interest & Financial Charges		2,76,66,535	2,35,80,660
Depreciation		2,67,93,825	2,61,89,752
Total		86,49,68,274	71,05,20,902
Profit / (Loss) Before Prior Period Adjustments		6,75,78,434	8,54,25,313
Add: Prior Period Adjustments		0	2,74,827
Less: Extra Ordinary Item		4,24,63,939	—
Profit / (Loss) Before Tax		2,51,14,495	8,57,00,140
Less: Provision for Fringe Benefit Tax		2,47,029	2,94,000
Less: Provision for Deferred Tax		97,15,826	1,81,13,187
Less: Provision for MAT			
MAT Credit Entitlement		—	7,574
Profit /(Loss) After Tax		1,51,51,640	6,72,85,379
Transfer from General Reserve		4,93,30,509	(1,79,54,871)
Profit / (Loss) Carried to Balance sheet		6,44,82,149	4,93,30,508
Earning per share - Basic and Diluted		.51	2.31

Notes, Schedules and Statement on Accounting Policies form an integral part of Profit & Loss Account

For and on behalf of the Board

As per our report of even date
For **Lakshminiwas & Jain**
Chartered Accountants

Place : Hyderabad
Date : 04.09.2007

Vinod Bald
Chairman &
Managing Director

U.C. Bhandari
Director

K. Ramakanth
Company
Secretary

B. Ramesh Kumar
Partner
Membership No. 200304

Prudential Sugar Corporation Limited



SCHEDULES FORMING PART OF THE ACCOUNTS

As at 31.03.07
In Rupees

As at 31.03.06
In Rupees

SCHEDULE: A

SHARE CAPITAL

Authorised

50000000 Equity Shares of Rs.10/- each	50,00,00,000	50,00,00,000
5000000 Cum. Redeemable Pref. Shares of Rs.50/- each	25,00,00,000	25,00,00,000
	<u>75,00,00,000</u>	<u>75,00,00,000</u>

Issued and Subscribed

a. 15406400 Equity Shares of Rs.10/- each	15,40,64,000	15,40,64,000
b. 10000000 Equity Shares of Rs.10/- each issued at a premium of Rs.10/- each	10,00,00,000	10,00,00,000
c. 10345600 Equity Shares of Rs.10/- each (Converted from 2586400 Equipref Shares of Rs.40/- each)	10,34,56,000	10,34,56,000
d. 20000 16% Cum. Redeemable Pref. Shares of Rs. 40/- each (Rs. 10/- converted into Equity) Redeemable as follows: Rs. 260000/- on or before 12/01/2003 Rs. 260000/- on or before 12/01/2004 Rs. 280000/- on or before 12/01/2005	8,00,000	8,00,000
e. 1000000 16% Cum. Redeemable Pref. Shares of Rs. 50/- each (Redeemable at any time on or before 10/02/2006)	5,00,00,000	5,00,00,000
f. 400000 6% Cum. Redeemable Pref. Shares of Rs. 50/- each (Redeemable on or before 30/06/2008)	2,00,00,000	—

Called Up and Paid Up

a. 15406400 Equity Shares of Rs.10/- each fully paid up	15,40,64,000	15,40,64,000
b. 10000000 Equity Shares of Rs.10/- each issued at a premium of Rs.10/- each called up and paid up @ Rs. 2.50 each	2,50,00,000	2,50,00,000
c. 10345600 Equity Shares of Rs.10/- each (Converted from 2586400 Equipref Shares of Rs.40/- each)	10,34,56,000	10,34,56,000
d. 20000 16% Cum. Redeemable Pref. Shares of Rs.40/- each (Rs.10/- converted into Equity) Redeemable as follows: Rs. 260000/- on or before 12/01/2003 Rs. 260000/- on or before 12/01/2004 Rs. 280000/- on or before 12/01/2005	8,00,000	8,00,000
e. 1000000 16% Cum. Redeemable Pref. Shares of Rs. 50/- each Rs. 40/- per share each called up and paid up Redeemable as follows: Rs. 13000000/- on or before 12/02/2004 Rs. 13000000/- on or before 10/02/2005 Rs. 14000000/- on or before 10/02/2006	4,00,00,000 2,00,00,000	4,00,00,000 —
f. 400000 6% Cum. Redeemable Pref. Shares of Rs. 50/- each Issued to IFCI in lieu of One Time Settlement Redeemable on or before 30/06/2008	<u>34,33,20,000</u>	<u>32,33,20,000</u>

Prudential Sugar Corporation Limited



**As at 31.03.07
In Rupees**

**As at 31.03.06
In Rupees**

SCHEDULE: B

RESERVES & SURPLUS

A. Capital Reserves - Investment Subsidy

15,00,000

15,00,000

B. General Reserve

Less: Profit & Loss Account

Balance In Profit & Loss Account

6,44,82,148

4,93,30,508

6,59,82,148

5,08,30,508

SCHEDULE: C

SECURED LOANS

Term Loans from:

IFCI Ltd (OTS Settlement during the year)

8,25,29,010

3,92,26,490

Interest Accrued and Due

—

4,62,43,416

IIBI

1,55,25,000.00

1,55,25,000

Interest Accrued and Due

1,69,02,000.00

1,69,02,000

11,49,56,010

11,78,96,906

Additional Loan from IFCI

—

1,22,00,000

(The above loans are Secured by way of 1st charge on the properties funded by them, Movable & Immovable properties except Book debts, Inventories, 2nd charge on Inventories and Book debts, and Guaranteed by a Corporate body)

Housing Loan from SBI Home Finance Ltd.,

—

1,34,86,864

Interest Accrued and Due

—

71,04,501

(The above loan are Secured by 1st charge on the Housing Property funded by them and further guaranteed by a Director and a Corporate body).

Cash Credit account from Banks (Bank of India, South Indian Bank Ltd., Dhanalakshmi Bank Ltd., Bank of Maharashtra, Indian Bank)

1,11,123,182

1,10,274,974

Crop Loan from Banks

4,00,00,000

4,00,00,000

(The above two loans are Secured by Hypothecation of Inventories, Book debts and also secured by 2nd charge on all the Fixed Assets of the Company, further guaranteed by one Director /one Former Director and three Corporate bodies)

26,60,79,192

30,09,63,245

SCHEDULE: D

UNSECURED LOANS

Deferred Payment Credit from Eqpt. Supplier

2,50,00,000

2,50,00,000

Loans from others

14,08,809

10,51,650

2,64,08,809

2,60,51,650

SCHEDULE: E
FIXED ASSETS

(In Rupees)

SL. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost upto 01.04.2006	Additions during the year	Deductions during the year	Cost upto 31.03.2007	Upto 01.04.2006	Additions for the year	Deductions during the year	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
1.	Land	1,63,43,937	—	—	1,63,43,937	—	—	—	—	1,63,43,937	1,63,43,937
2.	Plant & Machinery	37,71,35,146	3,58,61,101	—	41,29,96,247	13,92,16,588	2,06,67,726	—	15,98,84,314	25,31,11,933	23,79,18,558
3.	Furniture & Fittings	2,35,56,565	71,178	—	2,36,27,743	1,15,53,701	14,92,242	—	1,30,45,943	1,05,81,800	1,20,02,864
4.	Buildings	15,44,97,266	2,9,56,940	—	15,74,54,206	4,13,65,506	41,98,576	—	4,55,64,082	11,18,90,124	11,31,31,760
5.	Vehicles	41,94,885	8,58,685	2,52,100	48,01,470	32,99,300	4,35,281	2,37,100	34,97,481	13,03,989	8,95,585
	Total	57,57,27,799	3,97,47,904	2,52,100	61,52,23,603	19,54,35,095	2,67,93,825	2,37,100	22,19,91,820	39,32,31,783	38,02,92,704
	Previous year	57,51,49,916	11,49,240	5,71,357	57,57,27,799	16,97,12,644	2,61,89,752	4,67,301	19,54,35,095	38,02,92,704	40,54,37,272





**As at 31.03.07
In Rupees**

**As at 31.03.06
In Rupees**

SCHEDULE: F

INVESTMENTS

A. Trade Investment in Shares and Bonds - Quoted

Shares and Debentures

1. 500 (P.Y. 50) Shares of Rs.1/- (P.Y. Rs.10/-) each in The KCP Sugars Ltd., (Increase due to split during the year)	3,755	3,755
2. 50 Shares of Rs.10/- each in The KCP Ind. Ltd.,	3,755	3,755
3. 100 Shares of Rs.10/- each in Sakthi Sugars Ltd.,	4,495	4,495
4. 5 Shares of Rs.10/- each in Kothari Sugars & Chem Ltd.,	3,000	3,000
5. 100 Shares of Rs.10/- each in Aruna Sunrise Hotels Ltd.,	2,000	2,000

B. Unquoted

1. National Savings Certificate (Lodged with Forest Department)	11,000	10,000
2. 5,50,000 Equity Shares of Rs.10/- each in Prudential Spinners Ltd.,	55,00,000	55,00,000
	55,28,005	55,27,005
1. Aggregate of Quoted Investments - Cost	57,505	57,505
- Market Value	55,265	65,325
2. Aggregate of Unquoted Investments - Cost	55,11,000	55,10,000
3. All the Above are Long Term Investments		

Prudential Sugar Corporation Limited



As at 31.03.07
In Rupees

As at 31.03.06
In Rupees

SCHEDULE: G

CURRENT ASSETS, LOANS AND ADVANCES

A. Current Assets

1. Inventories (as certified by management)		
a. Stores and Spare parts	5,56,02,430	5,15,42,491
b. Loose tools	3,14,674	2,96,840
c. Stock-In-Trade	18,40,15,310	16,42,27,735
d. Works-In-Progress	89,06,860	84,81,028
2. Sundry Debtors (unsecured and considered good)		
a. Debts outstanding for a period exceeding six months.	—	55,25,652
b. Other debts	9,73,19,453	6,17,21,574
3. Cash & Bank Balances		
a. Cash balance in hand	2,10,325	5,82,487
b. Bank balances		
— with scheduled banks		
i. in Current A/c	1,41,79,895	2,54,39,366
ii. in Deposit A/c	2,57,370	2,57,370
4. Other Current Assets		
a. Interest Accrued on Investments/Deposits	57,699	57,885
b. Other Current Assets	68,677	53,007

B. Loans and Advances (unsecured and considered good)

1. Advances recoverable in cash or kind or for value to be received	6,27,73,726	8,03,78,690
2. Deposits		
- With Government	45,40,484	18,87,464
- With Others	18,64,196	16,06,197
3. MAT Credit Entitlement	—	72,04,092
	<u>43,01,11,102</u>	<u>40,92,61,879</u>

SCHEDULE: H

CURRENT LIABILITIES & PROVISIONS

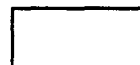
A. Current Liabilities

1. Sundry Creditors	10,95,08,514	7,03,90,870
2. Other Current Liabilities	6,15,70,771	6,99,88,622

B. Provisions

1. Provision for retirement benefits	50,64,981	50,64,981
2. Provision for fringe benefit tax	2,47,029	2,94,000
3. Provision for MAT	7,574	72,11,666
	<u>17,63,98,869</u>	<u>15,29,50,140</u>

Prudential Sugar Corporation Limited



For the year
ending 31.03.07
In Rupees

For the year
ending 31.03.06
In Rupees

SCHEDULE: I

INCOME FROM OPERATIONS

Sale of Sugar	82,06,33,739	70,60,75,680
Sale of Molasses	6,73,50,245	1,54,85,499
Sale of Bagasse & Filter Cake	1,71,95,155	22,14,068
Sale of Scrap	7,65,192	1,03,541
	<u>90,59,44,331</u>	<u>72,38,78,789</u>

SCHEDULE: J

OTHER INCOME

Income from Allied Services	2,64,943	5,50,447
Interest and other Income (Tax Deducted Rs. 15,670/- (P.Y. Rs. 14,601/-)	70,962	1,43,772
Insurance Claim	—	11,75,120
	<u>3,35,905</u>	<u>18,69,339</u>

SCHEDULE: K

INCREASE/(DECREASE) IN STOCK

Closing Stock		
Stock in Trade	18,40,15,310	15,81,74,671
Work in Process - Sugar	89,06,860	84,81,028
	<u>19,29,22,170</u>	<u>16,66,55,699</u>
Opening Stock		
Stock in Trade	15,81,74,671	9,22,70,003
Work in Process - Sugar	84,81,028	41,87,610
	<u>16,66,55,699</u>	<u>9,64,57,613</u>
Increase/(Decrease) in Stock	<u>2,62,66,471</u>	<u>7,01,98,086</u>

SCHEDULE: L

COST OF MATERIAL CONSUMED

68,24,30,271 51,52,78,516

68,24,30,271 51,52,78,516



**For the year
ending 31.03.07
In Rupees**

**For the year
ending 31.03.06
In Rupees**

SCHEDULE: M

**MANUFACTURING, PERSONNEL, SELLING,
ADMINISTRATIVE AND OTHER EXPENSES**

1. Manufacturing

Fuel & Consumables	93,99,887	2,32,10,949
Packing & other Materials	1,70,73,561	1,65,99,026
Cost of Chemicals & Consumables	61,08,035	31,70,557
Repairs & Maintenance - Plant and Machinery	84,60,617	71,48,491
- Buildings	5,99,959	2,79,710
- Others	31,54,883	20,81,251
Freight & Handling Charges	87,11,122	94,67,171
Cane Development Expenses	1,32,885	2,72,746
Insurance	11,23,154	15,15,172

2. Personnel

Salaries, Wages and Bonus	2,83,94,575	2,43,17,034
Contribution to P.F., Gratuity and Other Funds	29,38,380	30,32,686
Welfare expenses-Workmen & Staffs	18,79,179	15,33,801

3. Selling & Distribution Expenses

Transport & Loading Charges	79,61,610	4,03,654
Sales Commission	3,38,670	7,83,720

4. Administrative

Travelling Expenses	15,86,970	20,31,040
Rent	3,33,450	1,49,150
Rates, Fees & Taxes	3,20,514	2,89,165
Printing & Stationery	4,96,041	5,72,839
Postage & Telephones	3,59,909	3,07,395
Consultancy Fee	6,80,905	3,38,470
Audit Fee and Certification Charges	1,75,000	1,75,000
Advertisement	70,399	1,04,350
Donation	1,44,182	40,691
Listing Fee	84,500	68,000
Bank Charges	13,94,899	11,61,202
Miscellaneous	15,53,380	11,65,577

5. Others

Exchange Control Loss	9,99,077	—
Loss on sale of Assets	—	44,557

6. Excise Duty

2,36,01,894	4,52,08,562
12,80,77,642	14,54,71,974

For and on behalf of the Board

As per our report of even date
For **Lakshminiwas & Jain**
Chartered Accountants

Place : Hyderabad

Vinod Baid

U.C. Bhandari

K. Ramakanth

B. Ramesh Kumar

Date : 04.09.2007

Chairman &
Managing Director

Director

Company
Secretary

Partner

Membership No. 200304

**SCHEDULE: N****NOTES TO ACCOUNTS****1. Contingent Liabilities / Liabilities not provided:**

1. a. Company has entered into a settlement Agreement with Ashok Leyland Finance Limited for Rs. 28.52 Lacs payable in 3 installment. Out of the said settled amount company has already paid a sum of Rs. 20 lacs. The Company has requested further time for payment of balance amount and the same is under consideration of M/s. Ashok Leyland Finance Limited. On receipt of the full amount the cases will be withdrawn by Ashok Leyland Finance Limited. In case of failure, an additional amount of Rs. 7.51 lacs (PY - Rs. 6.45 lacs) to be further provided in the books of accounts.
- b. Claims Rs. 22.08 lacs (P.Y – 22.08 Lacs) by Soubhagya Advertising Associates for services for which an appeal is pending with High Court of Andhra Pradesh.
- c. Counter guarantee given by company against Bank Guarantee is Rs.2.57 Lacs (Previous Year Rs. 2.57 lacs)
- d. Sales Tax claim of Rs.22.80 Lacs (Previous Year Rs.22.80 Lacs) for which an appeal is pending with appellate authorities. The Company has paid Rs.7.60 lacs (P.Y. Rs.7.60 lacs) against above claim which is shown as Deposit Recoverable in the books of accounts.
- e. Preference Shares Dividend of Rs. 599.15 lacs (P.Y – 591.87 lacs) not provided due to inadequacy of profit.
- f. Disputed claim of interest on delayed payment of Purchase Tax Rs.362.72 lacs.
- g. Disputed claim of penal charges on delayed payment of Provident Fund Rs. 9.87 lacs.

2. a. IFCI Ltd.

During the year Company has submitted a proposal for One Time Settlement with IFCI Ltd. and the said proposal was accepted by IFCI Ltd. for Rs. 1517.25 lacs payable in cash of Rs. 1317.25 lacs and Rs. 200 lacs payable by way of 6% cumulative Redeemable Preference Shares to be Redeemed on or before 30.06.2008. The said amount of Rs. 1317.25 lacs is to be paid latest by 30.06.2007 along with interest @12.5% in five instalments. The Company has already cleared first two instalments along with interest due there on and paid Rs.1 crore along with interest due towards 3rd instalment of Rs. 305.75 lacs and issued Rs. 200 lacs Preference Shares to IFCI Ltd. Company has submitted a proposal for granting extension for payment to IFCI Ltd., which is in their active consideration. In the event of any default of any terms and conditions of the settlement, IFCI Ltd. reserve the right to revoke the present OTS and restore the original liability as per the agreement.

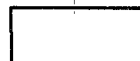
b. SBI Home Finance Ltd

During the year Company has submitted a proposal for One Time Settlement with SBI, erstwhile SBI Home Finance Ltd for Rs.100 Lacs. The said proposal was accepted by SBI in the month of June '06 and Company has paid the total amount of Rs. 100 lacs to SBI.

The effect of above two One Time Settlement is been taken as extra ordinary item in Profit & Loss Account.

3. a. The KCP Limited

The Company had filed a suit against M/s. KCP Limited for recovery of sum of Rs.500.16 lacs and M/s. KCP Limited had filed a suit against Company for payment of Rs.250 lacs. By a



Common judgment passed by Hon'ble Single Judge of Chennai High Court. Company was directed to pay an amount of Rs.2,50,00,000 along with interest @ 18% per annum on Rs.1,25,00,000 from 20.10.1995 and at 18% of interest on Rs.1,25,00,000 from 20.10.1996 both till the date of realization and with proportionate costs. In suit No.CS No. 78 of 1998 the M/s. KCP Limited was directed to pay Rs.48,72,970 along with 24% interest from the date of plaint i.e.19.11.1997 till the date of realization along with proportionate costs.

If liabilities are calculated as per the Common Judgment of Chennai High Court, a sum of Rs.335.36 Lacs are required to be further provided in the Books of Accounts as on 31st March, 2007 including interest for the year amounting to Rs.33.30 Lacs. As the Company has preferred an appeal against the Common Judgment to the Division Bench of Chennai High Court and the same is pending, no provision for the same has been made.

b. I I B I

Company has entered in to One Time Settlement with IIBI on 27.11.2002 for a sum of Rs.444.27 lacs. Out of the settled amount company has already paid Rs.120 lacs. The above amount was to be paid in 12 installments latest by 31.03.2005. Due to financial constraint company could not fulfill OTS proposal. IIBI has right to reverse the waiver of dues as envisaged in the scheme and restore the original liability as per the terms of the loan agreement entered into by the Company and adjust the payment, received towards the same, in event of default of installment or interest on settled amount as envisaged in the sanction letter along with liquidated damages. For delay in payment of installments the interest amounting to Rs.138.19 lacs (P.Y. Rs.99.28 lacs) which includes Rs.38.92 Lacs (P.Y Rs.38.92 lacs) for the current year, is not provided as the Company's proposal for the waiver of the interest on settled amount is pending with them. And Company is hopeful of getting waiver of the same.

4. Custom Duty on Import of Raw Sugar:

Company has imported raw sugar for refining to the tune of 52964 MTs under Advance License System in last two years. One of the conditions of advance license is to export 95.24% of the imported quantity of Raw Sugar after conversion into White sugar with in stipulated time period of 24 months from the date of import. If the same has not been fulfilled, Company has to pay 60% Custom Duty apart from 16% CVD and 2% CESS. Out of the total commitment of 50443 MTs. Company has already exported 24355.800 MTs of White sugar and is in the process to do further export in due course of time. Since vide Notification No. 18 dt. 04.07.2006 the Govt. of India has banned the export of white sugar to foreign countries and the same ban was lifted vide their Notification No. 40 dt. 03.01.2007. The banned period shall be included while calculating the discharge of export obligation period. Hence, all of the Advance Licences has got the extension of 6 months to fulfil the export obligation. The financial commitment of custom duty on the balance export quantity comes to Rs. 2743.76 lacs. Since the Company is confident of doing export of sugar, hence the liability on the same is not considered in the books of accounts.

5. In the year 2005 Company has received the reference number from BIFR, and the same has dismissed during the current financial year. Company has appealed to AIFR. Pending outcome of the appeal provision for tax/MAT has not been provided.

**** No provision is considered necessary since the company expects favorable decision in all the above cases.**

6. Balance in Sundry Debtors, Creditors, Secured Loans, Unsecured Loans, Loans and Advances, other Current Assets and Current Liabilities are subject to reconciliation/confirmation. In the

Prudential Sugar Corporation Limited



opinion of the management Debtors, Loans and Advances and other Current Assets are fully realizable.

7. Auditors' remuneration represents	31.03.2007	31.03.2006
	Rupees	Rupees
a. Statutory Audit Fees	1,50,000	1,50,000
b. Tax Audit Fees	25,000	25,000
	1,75,000	1,75,000
8. Tax deducted at sources on interest receipts	15,670	14,601
9. As per the requirement of Small, Medium & Micro Industries Act, 2006, certain disclosures are required to be made. As the Company is still in the process of compiling the information, such disclosures are not made.		
10. The company operation consists only one segment – Sugar and therefore the figures given relates to one segment.		
11. Related Party Disclosure		
(As required under paragraphs 23 and 26 of Accounting Standard 18)		

(Amounts in Rupees)

Sl. No.	Nature of Transaction	Associate & Joint Venture	Outstanding 31.03.2007	Amounts w/o during the year
1.	Advance for Expenditure	88,196	NIL	NIL
2.	Associates and Joint Venturists	:	Prudential Pharmaceuticals Limited	
3.	Key management personnel	:	Shri Vinod Baid, Chairman & Managing Director	
12. Earnings per shares (EPS)			2006-07	2005-06
			(Rs.in lacs)	(Rs. In lacs)
Basic and Diluted:				
Profit/(Loss) attributable to equity holders			144.24	653.57
Weighted average number of shares			2,82,52,000	2,82,52,000
(EPS - (Rs.))			0.51	2.31


13. Deferred Tax Assets

The major components of the Deferred Tax Assets/Liabilities are as under:

Nature of timing difference

	Deferred Tax Asset/ Liability) as at 01.04.2006 (Rs.in lacs)	(Charge)/Credit for the current year (Rs.in lacs)	Deferred Tax Asset/ (Liability) as at 31.03.2007 (Rs. In lacs)
a. Deferred Tax Asset			
Items covered u/s 43 B	420.42	(87.45)	332.97
Brought forward losses	1080.90	(60.73)	1020.17
Sub Total - A	<u>1501.32</u>	<u>(148.18)</u>	<u>1353.14</u>
b. Deferred Tax Liability			
Depreciation	<u>(910.98)</u>	<u>51.02</u>	<u>(859.96)</u>
Sub Total - B	<u>(910.98)</u>	<u>51.02</u>	<u>(859.96)</u>
c. NET AMOUNT (A-B)	590.34	(97.16)	493.18

14. Additional Information:

Additional information pursuant to the provision of the paragraph, 3, 4C & 4D of part II of Schedule VI of the companies Act, 1956.

A. PARTICULARS REGARDING CAPACITY.

Class of Goods	As on 31.03.2007		As on 31.03.2006	
	Unit	Quantity	Unit	Quantity
i. Sugar-Capacity				
a) Licenced	TCD	2500	TCD	2500
b) Installed	TCD	2500	TCD	2500
c) Actual production	QTs.	475520	QTs	424050
ii. Molasses (by product)				
a) Actual production	MTs	24106	MTs	12002


iii. Sales & Stock

	Unit	Qty.	2007 Value Rs. in Lacs	Unit	Qty.	2006 Value Rs. in Lacs
a) Sales						
Sugar	QTs	464258	7672.60	QTs	404627	7060.76
Molasses	MTs	29992	673.50	MTs	5144	154.85
Bagasse	MTs	27092	162.90	MTs	3241	12.96
Filter Cake			9.05			9.18
Consignment Sales (Export)			533.74			
			<u>9051.79</u>			<u>7237.75</u>
b) Stock						
Sugar	QTs	91459	1346.78	QTs	80197	1246.90
Molasses	MTs	1305	26.10	MTs	7191	299.53
Bagasse	MTs	2368	14.21	MTs	3924	35.31
Raw Sugar			453.06			
IN-PROCESS						
Sugar	QTs	5929	79.45	QTs	4745	66.18
Molasses	MTs	481	9.62	MTs	548	18.63
			<u>1929.22</u>			<u>1666.55</u>
iv. Details of Raw Material Consumed						
Sugarcane	MTs	502127	5697.20	MTs	235377	2307.90
Raw Sugar	MTs	8588	1127.10	MTs	23486	2844.88
			<u>6824.30</u>			<u>5152.78</u>
v. Value of imported and indigenous material consumed						
Raw material	Percentage	Amount		Percentage	Amount	
Indigenous	83.48	5697.20		44.79	2307.90	
Imported	16.52	1127.10		55.21	2844.88	
		<u>6824.30</u>		<u>100.00</u>	<u>5152.78</u>	
vi. Value of imported and indigenous chemicals and consumables consumed						
Chemicals & consumables	Percentage	Amount		Percentage	Amount	
Indigenous	100%	61.08		100%	31.70	
Imported	—	—		—	—	
		<u>61.08</u>			<u>31.70</u>	

15. Earnings in foreign currency for sale of sugar \$ 2,524,245 (Rs.12,52,27,852).

16. Previous year figures are recasted/rearranged wherever necessary.



SCHEDULE: O
SIGNIFICANT ACCOUNTING POLICIES

1. General

Financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting standards.

2. Fixed Assets and Depreciation:

- a. Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of Fixed Assets is inclusive of freight, duties, taxes & incidental expenses and net of Cenvat/Modvat credit, if any.
- b. Depreciation has been provided on Fixed Assets under straight line method as per rates prescribed by schedule XIV of the Companies Act, 1956. In case of sugar work rollers, eligible depreciation under schedule XIV is 100% but the depreciation on the same has been considered by the Company at 5.28%.

3. Investments

Investments are stated at cost price.

4. Inventories

- a. Sugar is valued at cost.
- b. Molasses and Bagasse (By products) valued at net realizable value.
- c. Stores and Spares, Stock-in-process and other inventories valued at cost or Net Realizable value whichever is lower. Cost is determined by using weighted average method.

5. Revenue recognition

- a. Revenue/Income and Cost/Expenditure are generally accounted on accrual basis except as stated other wise.
- b. Sales are inclusive of Excise duty.

6. Capital Grants

Investment subsidy from State Government towards capital cost has been considered as Capital Reserve.

7. Retirement Benefits

Contribution to Provident Fund is made monthly, at a predetermined rate, to the Commissioner of Provident Fund and debited to the Profit & Loss Account on accrual basis. Leave Encashment and Gratuity is provided on the basis as if all the eligible employees retire on the date of Balance Sheet.

8. Cenvat Credit on Capital goods

Cenvat credit on capital goods is adjusted and taken credit out of the sale proceeds

9. Miscellaneous Expenditure

- a. Capital Issue Expenses / Preliminary Expenses are being amortized over a period of 10 years.
- b. All expenditure, the benefit of which is spread over a number of years are amortized over subsequent years on the basis of the benefit derived in each year.

**10. Taxes**

- a. Deferred Tax is provided and recognized on timing differences between taxable income and accounting income subject to consideration of prudence.
- b. Minimum Alternate Tax (MAT) is treated as current Assets in view of eligibility of credit in future years. The Company reviews the same at each balance sheet date and the adjustment is made accordingly.

11. Foreign Currency Transaction

Transaction in foreign currency are accounted for at the exchange rates prevailing on the date of transaction. Foreign currency current assets and current liabilities as at the year end (other than those relating to fixed assets) are translated at the applicable year end exchange rate and exchange differences, if any, are recognized in the Profit & Loss account. Foreign Currency transactions covered under forward contracts are accounted for at the contracted rates.

For and on behalf of the Board

As per our report of even date
For **Lakshminiwas & Jain**
Chartered Accountants

Place : Hyderabad
Date : 04.09.2007

Vinod Baid
Chairman &
Managing Director

U.C. Bhandari
Director

K. Ramakanth
Company
Secretary

B. Ramesh Kumar
Partner
Membership No. 200304


BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
1. Registration Details

Registration No.	:	32731	State Code	:	01
Balance Sheet Date	:	31.03.2007			

2. Capital Raised during the year (Rs. in Lacs)

Public Issue	:	NIL	Right Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	NIL

3. Position of Mobilisation and Deployment of Funds (Rs. in Lacs)

Total Liabilities	:	7017.90	Total Assets	:	7017.90
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Source of Funds

Paid up Capital (Equity)	:	2825.20	Paid up Capital (Preference)	:	608.00
Reserves & Surplus	:	659.82	Secured Loans	:	2660.79
Unsecured Loans	:	264.09			

Application of Funds

Net Fixed Assets	:	3932.32	Investments	:	55.28
Net Current Assets	:	2537.12	Misc. Exps.	:	—
Profit and Loss A/c	:	—	Deferred Tax Asset	:	493.18

4. Performance of the Company (Rs. in Lacs)

Turnover (including increase/decrease in stock & other income)	:	9325.47	Total Expenditure	:	9074.32
Profit before Tax	:	251.14	Prior period adjustments	:	Nil
Profit after Tax	:	151.52	Earning per Share	:	.51
Dividend Rate	:	NIL			

5. Generic Names of three Principal Services of Company

Item Code No. (ITC Code)	:	170111.09
Product Description	:	S U G A R

For and on behalf of the Board

Place : Hyderabad
Date : 04.09.2007

Vinod Baid
Chairman &
Managing Director

U.C. Bhandari
Director

K. Ramakanth
Company
Secretary


CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	31.03.2007	31.03.2006
A. CASH FLOW FROM OPERATING ACTIVITIES		(Rs. in lakhs)
Net Profit / Loss before Tax & Extraordinary items	251.14	857.00
Adjustments for:		
Depreciation	267.94	261.89
Other Income	(3.36)	(18.69)
Interest	701.30	235.80
Taxation	(2.47)	(3.02)
Loss on sale of Assets	—	0.45
Operating Profit before working capital changes	1214.55	1333.43
Adjustment for:		
Trade and Other Receivables	(81.74)	67.77
Inventories	(242.91)	(311.64)
Change in Other Current Assets	(0.16)	22.65
Trade Payables	234.49	268.80
Cash Generated from Operations	1124.23	1381.01
Interest paid	(852.71)	(235.80)
Miscellaneous Expenses written off	—	—
Net Cash from Operating Activities	271.52	1145.21
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(397.32)	(11.49)
Sale of Fixed Assets	—	0.60
(Purchase) / Sale of Investments	(.01)	140.39
Other Income	3.36	18.69
Net Cash from Investing Activities	(393.97)	148.19
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowing	(205.91)	(10.00)
Repayment of Working Capital Loans	8.48	(1015.79)
Increase / (Decrease) in other Borrowings	3.57	(21.38)
Issue of Preference Shares	200.00	—
Net Cash used in Financing Activities	6.14	(1047.17)
Net increase in cash and cash equivalents	(116.31)	246.23
Opening balance of Cash and Cash Equivalents	262.79	16.56
Closing balance of Cash and Cash Equivalents	146.48	262.79

For and on behalf of the Board

 As per our report of even date
 For **Lakshminiwas & Jain**
 Chartered Accountants

 Place : Hyderabad
 Date : 04.09.2007

Vinod Baid
 Chairman &
 Managing Director

U.C. Bhandari
 Director

K. Ramakanth
 Company
 Secretary

B. Ramesh Kumar
 Partner
 Membership No. 200304

Prudential Sugar Corporation Limited



PRUDENTIAL SUGAR CORPORATION LIMITED

Regd. Office: "Prudential Nagar", Koppedu Post,
Nindra Mandal, Chittoor Dist. 517 587. A.P.

PROXY FORM

Folio No.

I/We of in
..... being a Member(s) of PRUDENTIAL SUGAR CORPORATION LIMITED
hereby appoint of or failing
him/her of in the district of
..... as my/our proxy to attend and vote for me/us, on my/our
behalf at the 16th ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 29th
September, 2007 at 10.00 A.M. at the Registered Office of the Company at "Prudential Nagar"
Koppedu Post, Nindra Mandal, Chittoor District, Andhra Pradesh, 517 587 and at any adjournment
thereof.

Signed this day of Two Thousand Seven.

Signature(s) of the Shareholder(s)

Folio No.

No. of Shares

Distinctive Nos.

Affix Re.1/-
Revenue
Stamp

(Signature of the Member across the Stamp)

Note: 1. This form must be deposited at the Registered Office of the Company not later than 48 hours before the time
forholding the Meeting.

2. A PROXY NEED NOT BE A MEMBER

PRUDENTIAL SUGAR CORPORATION LIMITED

Regd. Office: "Prudential Nagar", Koppedu Post,
Nindra Mandal, Chittoor Dist. 517 587. A.P.

ATTENDANCE SLIP

Folio No.

Name of the attending Member

Name of the Proxy*

*(If Proxy attends instead of member)

I hereby record my presence at the 16th Annual General Meeting.

Venue : Registered Office: **M/s. PRUDENTIAL SUGAR CORPORATION LIMITED**

"PRUDENTIAL NAGAR", Koppedu Post, Nindra Mandal, Chittoor District, 517 587, A.P.

Date : Saturday, 29th September, 2007

Time : 10.00 A.M.

Signature of the Member/Proxy

Note: Please fill this Admission slip and hand it over at the entrance. Shareholders who come to attend the meeting are
requested to bring the copies of the Annual Report also with them.

**BOOK-POST
PRINTED MATTER**

If undelivered, please return to:



Prudential Sugar Corporation Limited

Regd. Office: "Prudential Nagar", Koppedu Post,
Nindra Mandal, Chittoor Dist. 517-587. A.P.