

**17th Annual Report  
2007-2008**



**Prudential Sugar Corporation Limited**

# Prudential Sugar Corporation Limited



## BOARD OF DIRECTORS

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

## AUDITORS

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

## BANKERS

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

## CORPORATE OFFICE

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

## REGISTERED OFFICE & FACTORY

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

## ADMINISTRATIVE OFFICE

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

## DEPOSITORY REGISTRAR

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



**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Saturday, the 29th November, 2008 at 4.00 P.M. at the Registered office at "Prudential Nagar", Koppedu Post, Nindra Mandal, Chittoor Dist., 517 587, Andhra Pradesh to transact the following business:

**ORDINARY BUSINESS:**

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

Place : Nindra  
Date : 04/11/2008

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

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member.
2. The Register of Members and share transfer books of the Company shall remain closed from 26th November, 2008 to 29th November, 2008 (both days inclusive).
3. Members desiring and information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
4. Members are requested to notify change in address, if any, immediately to the company, quoting their Folio Number.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of all such folios together with Share Certificates for Consolidation of their holdings into a single folio.
6. Members/Proxies should bring the Attendance Slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialised form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting. Xerox copy/torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting as copies will not be distributed at the Meeting hall due to prohibitive cost of printing.
7. Consequent upon amendment of Sec 205A of the Companies Act, 1956 and introduction of section 205C by the company's (Amendment Act, 1999), the unclaimed dividend for the financial year 1995-1996 has been transferred to the Investor Education and Protection Fund.

Place : Nindra  
Date : 04/11/2008

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

**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**

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

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



## **DIRECTORS' REPORT**

To,  
The Members,

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

### **2. Financial Performance**

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

### **3. Review of Operations**

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

### **4. Dividend**

In view of the adverse working results caused by factors explained in this report, your Directors regret their inability to recommend payment of any Dividend for the year.

### **5. Management Analytical Report**

#### **a. Sugar Industry - Opportunities, Threats and Future Outlook**

##### **Industrial Structure and Development:**

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



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

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

**Opportunities and Threats:**

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

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

**b. Cautionary statement**

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

**6. Internal Control, System and their Adequacy**

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

**7. Public Deposits**

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

**8. Directors**

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

**9. Environmental friendliness & pollution free techniques**

The consultants and the management of your Company are putting continuous efforts on the protection of environment and industrial safety at the factory zone and adequate anti-pollution measures, viz. installation of effluent treatment plant, etc. have been taken for the protection of environment of the factory as per the norms prescribed by the Government. The Company has valid Pollution Control Clearances in respect of both Air and Water.



## **10. Personnel**

Your Company continued to maintain cordial and harmonious relations between the employees during the year under review. The Directors hereby place on record their appreciation of efficient and loyal services rendered by the employees at all levels.

There are no employees in the Company whose particulars are required to be given pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

## **11. Conservation of energy, technology absorption and foreign exchange earning/outgo**

A Statement containing necessary information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and marked 'A' forming part of this Report.

## **12. Directors' Responsibility Statement:**

Your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such Accounting Policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Accounting year ended 31st March, 2008 and of the loss of the Company for that year;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis.

## **13. Corporate Governance**

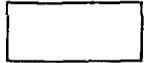
As prescribed under the Listing Agreement with the Stock Exchanges a separate report along with Auditors' Certificate on its compliance by your Company, are included as part of the Annual Report.

## **14. Auditors**

M/s. Lakshminiwas & Jain, Chartered Accountants, Hyderabad, the Auditors of your Company retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. As regards Auditor observation in their report, the notes given in schedule 'O' is self explanatory.

## **15. Cost Auditor**

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



**16. Acknowledgement**

Your Directors place on record their gratitude to the Company's Bankers, Sugar Dealers, Growers, Shareholders, Business Associates and Government Bodies for the patronage, encouragement and support extended to company.

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

For and on behalf of the Board

Place : Nindra  
Date : 04/11/2008

**Vinod Baid**  
Chairman & Managing Director



**ANNEXURE – A**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998.

**A. Conservation of Energy**

a. Energy Conservation measures taken:

1. The Plant is equipped with highly efficient equipment to run at optimum conditions. The boilers are working at higher pressures. Evaporation of Juice is done with the Double effect vapour cell resulting in steam economy for the process, the total steam consumption is of the order of 47% on cane crushed against the standard of 50%.
2. We have replaced all the jet condenser systems and all the pans with spray nozzle type condenser to save around 3% energy.
3. Desuper heating station condensate is diverted to boiler water storage tank. Hereby we are saving about 0.5% heat energy and reducing effluent quantity.

b. Additional investment and proposals, if any being implemented for reduction of consumption of energy.... NIL

Company is planning to set up a co-generation plant of 10 MW capacity.

c. Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on reduction in cost of production is Rs. 3.50 per bag.

d. Total energy consumption and energy consumption per unit of production --- as per Form 'A'

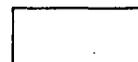
**B. Technology Absorption**

Efforts made in technology — As per Form 'B'

**C. Foreign Exchange Earnings & Outgo**

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

2. Total Foreign exchange Earnings and Outgo	Rs. lakhs
Foreign Exchange Earnings	\$ 14,27,599 (Rs.5,83,58,070)
Foreign Exchange Outgo	NIL



**FORM A  
(See Rule 2)**

**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION  
OF ENERGY**

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



**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**

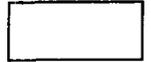
- a. Internode borer is controlled to manageable extent and improvement in yield is achieved.
- b. Better varieties of cane have been identified which are suitable for cultivation.
- c. Drip installation is made efficient.
- d. Productivity per acre is increased and farm earnings also improved.

**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	1.84
c. Total	1.84
d. Total R&D expenditure as a percentage of total turnover	0.024%



**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, eg., 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

### 1. A Brief statement on Company's philosophy on code of 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. Two of the 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 Five times during the financial year on 30.04.2007, 31.07.2007, 30.10.2007 & 31.01.2008 and 03.03.2008. The last Annual General Meeting of the Company was held on 29th September, 2007.

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at Last AGM
Shri Vinod Baid	5	4	Present
Shri U.C. Bhandari	5	5	Present
Shri Kishore Jhunjunwala	5	-	Absent
Shri Y. Ravinder Reddy	5	5	Present
Shri P.M. Nair	5	4	Present

### 3. Audit Committee

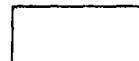
An Audit Committee was constituted in accordance with Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. This comprises of three Non-Executive Directors out of whom two are independent directors. The Chairman was also present at Annual General Meeting held on 29th September, 2007.

The following are the members of the Audit Committee.

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

The Audit committee of the Company, inter alia provides reassurance to the Board on the existence of and effective internal control environment that ensures:

- a. efficiency and effectiveness of operation.
- b. safeguarding of assets and adequacy of provisions for all liabilities.
- c. reliability of financial and other management information and adequacy of disclosures.
- d. compliance with all relevant statutes.



The role of the Committee includes the following:-

- a. Overseeing the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditors, fixation of audit fees and approval of payment of fees for any other services rendered by the auditors.
- c. Reviewing with the management the financial statements before submission to the Board.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board.
- e. Discussion with the external auditors, before the audit commences, on the nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter.
- f. Reviewing the Company's financial and risk management policies.
- g. Considering such other matters as may be required by the Board.
- h. Reviewing any other areas which may be specified as role of the Audit committee under amendments, if any, from time to time, to the Listing agreement, Companies Act and other statutes.

**The Audit Committee met four times during the year on 24.06.2007, 31.08.2007, 25.11.2007 & 28.02.2008.**

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

The necessary quorum was present at the meetings.

#### **4. Remuneration of Directors**

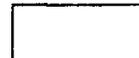
The Company has no pecuniary relationship or transaction with its Directors. Hence in the earlier Annual General Meeting, the members have approved remuneration to Shri Vinod Baid, Chairman & Managing Director but due to loss to the Company during the year, Chairman and Managing Director has not taken remuneration, also 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 shareholders grievance committee has been constituted to oversee redressal of shareholders complaints. Shri U.C.Bhandari, Shri Kishore Jhunjunwala & Shri Y. Ravinder Reddy are the members of the committee.

During the year 2007-2008 16 complaints were received from shareholders/investors. All complaints have generally been solved to the satisfaction of the complainants.

All valid share transfers received during the year 2007-2008 have been acted upon by the Company and there were no pending share transfers as on 31st March, 2008.

**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	Time
2004-2005	26th September, 2005	PSCL, Prudential Nagar, Nindra	4.00pm
2005-2006	28th September, 2006	PSCL, Prudential Nagar, Nindra	10.00am
2006-2007	29th September, 2007	PSCL, Prudential Nagar, Nindra	10.00am

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 Company has complied with requirements of regulatory authorities on capital markets and no penalty/stricture was imposed on the Company during the last three years. The Trading of Shares of the company on National Stock Exchange, Mumbai is suspended and since then the company is in regular in complying all the provisions of listing agreement and restoration of trading by NSE is under their active consideration.

**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 : 29.11.2008 at 4.00pm  
Venue : "Prudential Nagar", Koppedu Post, Nindra Mandal,  
Chittoor District - 517 587, Andhra Pradesh.

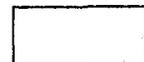
Demat ISIN No. for NSDL :  
and CDSL for

Equity Shares : INE024D01016  
Preference Shares : INE024D04010

- B. **Date of Book Closure** : 26.11.2008 TO 29.11.2008  
(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. Address for Correspondence**

Prudential Sugar Corporation Limited  
4th Floor, Akash Ganga  
Plot No. 144, Door No. 8-3-1053,  
Srinagar Colony, Hyderabad - 500 073.

**E. Transfer system**

To comply with the rules of the Listing Agreement the Company has appointed M/s. R&D Infotech Pvt. Limited as common agency for the transfer of physical as well as Demat of the Shares.

**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, 2008, a total of 1,82,96,289 shares of the Company, which forms 51.18% 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.

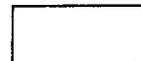
**H. Distribution of Share holding as on 31st March, 2008**

Share holding of Nominal value of Rs.		Shareholders		Share Amount	
Rs.	Rs.	Number	% to Total	(in Rs.)	% to Total
Upto	5,000	10,279	88.16	20,98,6500	5.87
5,001 —	10,000	561	4.81	4,74,7000	1.33
10,001 —	20,000	349	2.99	5,41,3350	1.51
20,001 —	30,000	88	0.75	2,25,3660	0.63
30,001 —	40,000	82	0.70	3,13,5000	0.88
40,001 —	50,000	43	0.37	2,06,4990	0.58
50,001 —	1,00,000	106	0.91	8,45,1460	2.36
1,00,001	and above	152	1.30	3,10,46,8040	86.84
<i>Total</i>		<i>11,660</i>	<i>100.00</i>	<i>35,75,20,000</i>	<i>100.00</i>



**I. Shareholding Pattern as on 31st March, 2008**

Category	No. of shares held	Percentage of shareholding
<b>1. Promoters' Holding</b>		
1. Indian Promoters		
- Individual	29,86,190	8.35
- Bodies Corporate	1,65,13,810	46.19
- Foreign Promoters	—	—
2. Persons acting in concert	—	—
<b>Sub-Total - (1)</b>	<b>1,95,00,000</b>	<b>54.54</b>
<b>2. Non-Promoters' Holding</b>		
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	—	—
<b>Sub-Total - (2)</b>	<b>3,55,300</b>	<b>1.00</b>
<b>3. Others</b>		
a. Private Corporate Bodies	35,42,871	9.90
b. Individuals		
Persons holding nominal capital upto Rs. 1 Lakh	43,79,107	12.25
In Excess of Rs. 1 Lakh	79,74,722	22.31
<b>Sub-Total - (3)</b>	<b>1,58,96,700</b>	<b>44.47</b>
<b>Grand Total (1)+(2)+(3)</b>	<b>3,57,52,000</b>	<b>100.00</b>

**J. Listing on Stock Exchange with Stock Code**

<b>Name of the Stock Exchange</b>	<b>Stock Code</b>	<b>Address</b>
1. The Hyderabad Stock Exchange Limited	PRUDSU\$	3-6-275, Himayat Nagar, Hyderabad - 500 029.
2. The Stock Exchange, Mumbai	500342	Phiroze Jeejebhoy Towers, Dalal Street, Mumbai - 400 001.
3. National Stock Exchange of India Limited	PRUDMOULI	Exchange Plaze, 5th Floor, Plot No. C/1 G Block, Bandre Kurl Complex, (East) Mumbai - 400 051.
4. Madras Stock Exchange	PRUDENTSUG	Exchange Building, Post Box No. 183, 11 Second Line Beach, Chennai - 600 001.
5. The Stock Exchange, Ahmedabad	PRUDSUG	Main Chowk, Ahmedabad - 480 001. 7, Lyons Range, Calcutta - 700 001.

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

**L. Plant Location**

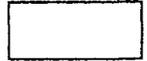
"PRUDENTIAL NAGAR", P.O. Koppedu, Nindra Mandal, Chittoor District, Andhra Pradesh, Pin – 517 587, Phones: 08576-271093, 271202, 08577-280225, Fax: 08576-271201. Email: prudentialsugars@yahoo.com

**M. Address for Correspondence**

Prudential Sugar Corporation Limited, "Akash Ganga", 4th Floor, Plot No. 144, Door No. 8-3-1053, Sri Nagar Colony, Hyderabad - 500 073. A.P. Phones: 040 - 23746451, 23746692, Fax: 040-237446691 and 624, Anna Salai, 2nd Floor, Khivraj Building, Chennai - 600 006.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

As required by Clause 49 of Listing Agreement the auditors certificate 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 : Nindra

**Pradeep Kumar Baid**

Date : 04/11/2008

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, 2008 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, 2008 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 2008, 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, 2008 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.

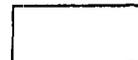
**For Lakshminiwas & Jain**  
Chartered Accountants

**B. Ramesh Kumar**  
Partner

Membership No. 200304

Place : Nindra

Date : 04/11/2008



**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, 2008 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. 1,3 and 4 in Schedule N and non-accounting of employee benefits as per AS-15 (Revised).
  - 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 loss for the year is understated by Rs 86.56 Lacs and cumulative impact is that the liabilities are understated by Rs.3994.98 Lacs Refer Note No. 1, 3(a,b) and 4 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 P, the



impact is that the loss for the year is overstated by Rs.4.91 Lacs & cumulative impact is that the assets are shown more by Rs.24.28 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 and non-accounting of employee benefits as per revised AS-15 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, 2008; and
- ii. in the case of the profit and Loss Account, of the loss 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 : Nindra  
Date : 04/11/2008

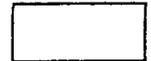
**B. Ramesh Kumar**  
Partner  
Membership No. 200304



**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. The company has not taken/granted any loans from/to companies and other parties 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.

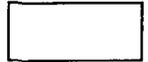
- ix. a. In our opinion and according to the information and explanation given to us the company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Excise duty and other Statutory dues with appropriate authorities except Provident Fund, Professional Tax which 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 31-03-2008 for a period of more than six months are Purchase Tax and CDCF of Rs.344.39 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, 2008.

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 and it has incurred cash loss in current financial year as per books and also 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	230.98 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 : Nindra  
Date : 04/11/2008

**B. Ramesh Kumar**  
Partner  
Membership No. 200304

# Prudential Sugar Corporation Limited



## BALANCE SHEET AS AT 31st MARCH, 2008

DESCRIPTION	SCHEDULE	As at 31.03.2008 In Rupees	As at 31.03.2007 In Rupees
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	A	34,33,20,000	34,33,20,000
b. Reserves & Surplus	B	15,00,000	6,59,82,149
<b>2. Loan Funds</b>			
a. Secured Loans	C	20,64,78,093	26,60,79,193
b. Unsecured Loans	D	2,72,46,552	2,64,08,809
<b>Total</b>		<u>57,85,44,645</u>	<u>70,17,90,151</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	E	61,67,67,565	61,52,23,603
b. Less: Depreciation		<u>24,99,01,628</u>	<u>22,19,91,820</u>
c. Net Block		36,68,65,937	39,32,31,783
d. Capital Work in Progress		12,23,789	36,80,89,726
<b>2. Investments</b>	F	55,28,005	55,28,005
<b>3. Current Assets, Loans and Advances</b>			
a. Inventories		13,86,17,371	24,88,39,276
b. Sundry Debtors		10,40,34,786	9,73,19,453
c. Cash & Bank Balances		64,26,985	1,46,47,590
d. Other Current Assets		86,602	1,26,376
e. Loans and Advances		<u>5,50,82,762</u>	<u>6,91,78,407</u>
		30,42,48,506	43,01,11,102
Less: Current Liabilities and Provisions	H	25,16,35,169	17,63,98,869
Net Current Assets		5,26,13,337	25,37,12,233
<b>4. Deferred Tax Asset (Net)</b> (Refer notes to account)		10,57,51,122	4,93,18,129
<b>5. Profit &amp; Loss Account</b>		4,65,62,455	—
<b>Total</b>		<u>57,85,44,645</u>	<u>70,17,90,151</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 : Nindra

**Vinod Baid**

**U.C. Bhandari**

**K. Ramakanth**

**B. Ramesh Kumar**

Date : 04/11/2008

Chairman &

Director

Company

Partner

Managing Director

Secretary

Membership No. 200304



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH, 2008**

PARTICULARS	SCHEDULE	Year ending 31.03.2008 In Rupees	Year ending 31.03.2007 In Rupees
<b>INCOME</b>			
Income from Operations	I	76,16,97,563	90,59,44,332
Other Income	J	13,26,132	3,35,905
Increase/(Decrease) in Stock	K	(10,93,75,457)	2,62,66,471
<b>Total</b>		<b>65,36,48,238</b>	<b>93,25,46,708</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	L	60,50,42,840	68,24,30,272
Manufacturing, Personnel, Selling, Administrative and Other Expenses	M	15,18,67,866	12,80,77,643
Interest & Financial Charges		3,59,40,331	2,76,66,535
Depreciation		2,80,22,124	2,67,93,825
<b>Total</b>		<b>82,08,73,161</b>	<b>86,49,68,274</b>
Profit / (Loss) Before Prior Period Adjustments		(16,72,24,923)	6,75,78,434
Add: Prior period adjustment		-	-
Less: Extra Ordinary item		-	4,24,63,939
Profit/(Loss) Before Tax		(16,72,24,923)	2,51,14,495
Add: Taxation of Earlier Year			
Less: Provision for Fringe Benefit Tax		2,52,674	2,47,029
Less: Adjustment for Deferred Tax		(5,64,32,993)	97,15,826
Profit / (Loss) After Tax		(11,10,44,604)	1,51,51,640
Transfer from General Reserve		6,44,82,149	4,93,30,509
Profit / (Loss) Carried to Balance sheet		(4.65.62,455)	6,44,82,149
Earning per share - Basic and Diluted		(3.98)	0.51

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 : Nindra  
Date : 04/11/2008

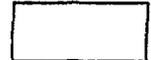
**Vinod Baid**  
Chairman &  
Managing Director

**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 31.03.08  
In Rupees

As at 31.03.07  
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	<u>25,00,00,000</u>	<u>25,00,00,000</u>
	<u>75,00,00,000</u>	<u>75,00,00,000</u>

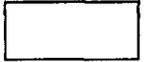
##### Issued and Subscribed

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	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	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>2,00,00,000</u>	<u>2,00,00,000</u>
	<u>34,33,20,000</u>	<u>34,33,20,000</u>

# Prudential Sugar Corporation Limited



**As at 31.03.08**  
In Rupees

**As at 31.03.07**  
In Rupees

**SCHEDULE: B**

**RESERVES & SURPLUS**

A. Capital Reserves - Investment Subsidy	15,00,000	15,00,000
B. Balance In Profit & Loss Account	(4,65,62,455)	6,44,82,149

**SCHEDULE: C**

**SECURED LOANS**

Term Loans from:

IFCI Ltd	2,04,63,026	8,25,29,010
Interest Accrued and Due	26,34,674	—
IIBI	1,55,25,000	1,55,25,000
Interest Accrued and Due	1,69,02,000	1,69,02,000
	<b>5,55,24,700</b>	<b>11,49,56,010</b>

Cash Credit account from Banks	11,09,53,393	11,11,23,183
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)

	<b>20,64,78,093</b>	<b>26,60,79,193</b>
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**SCHEDULE: D**

**UNSECURED LOANS**

Deferred Payment Credit from Eqpt. Supplier	2,50,00,000	2,50,00,000
Loans from others	22,46,552	14,08,809
	<b>2,72,46,552</b>	<b>2,64,08,809</b>

**SCHEDULE: E  
FIXED ASSETS**

(In Rupees)

SL. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost upto 01.04.2007	Additions during the year	Deductions during the year	Cost upto 31.03.2008	Upto 01.04.2007	Additions for the year	Deductions during the year	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
1.	Land	16,343,937	—	—	<b>16,343,937</b>	—	—	—	—	<b>16,343,937.00</b>	16,343,937
2.	Plant & Machinery	412,996,247	35,128	—	<b>413,031,375</b>	159,884,314	21,743,082	—	<b>181,627,396</b>	<b>231,403,979</b>	253,111,933
3.	Furniture & Fittings	23,627,743	164,870	—	<b>23,792,613</b>	13,045,943	1,504,752	—	<b>14,550,695</b>	<b>9,241,918</b>	10,581,800
4.	Buildings	157,454,206	—	—	<b>157,454,206</b>	45,564,082	4,249,996	—	<b>49,814,078</b>	<b>107,640,128</b>	111,890,124
5.	Vehicles	4,801,470	1,464,173	120,209	<b>6,145,434</b>	3,497,481	524,293	112,315	<b>3,909,459</b>	<b>2,235,975</b>	1,303,989
	<b>Total</b>	<b>615,223,603</b>	<b>1,664,171</b>	<b>120,209</b>	<b>616,767,565</b>	<b>221,991,820</b>	<b>28,022,123</b>	<b>112,315</b>	<b>249,901,628</b>	<b>366,865,937</b>	<b>393,231,783</b>
	Previous year	575,727,799	39,747,904	252,100	<b>615,223,603</b>	195,435,095	26,793,825	237,100	<b>221,991,820</b>	<b>393,231,783</b>	380,292,704





**As at 31.03.08  
In Rupees**

**As at 31.03.07  
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)	<b>3,755</b>	3,755
2. 50 Shares of Rs.10/- each in The KCP Ind. Ltd.,	<b>3,755</b>	3,755
3. 100 Shares of Rs.10/- each in Sakthi Sugars Ltd.,	<b>4,495</b>	4,495
4. 5 Shares of Rs.10/- each in Kothari Sugars & Chem Ltd.,	<b>3,000</b>	3,000
5. 100 Shares of Rs.10/- each in Aruna Sunrise Hotels Ltd.,	<b>2,000</b>	2,000

**B. Unquoted**

1. National Savings Certificate (Lodged with Forest Department)	<b>11,000</b>	11,000
2. 5,50,000 Equity Shares of Rs.10/- each in Prudential Spinners Ltd.,	<b>55,00,000</b>	55,00,000
	<u><b>55,28,005</b></u>	<u>55,28,005</u>
1. Aggregate of Quoted Investments - Cost	<b>17,005</b>	17,005
- Market Value	<b>55,265</b>	55,265
2. Aggregate of Unquoted Investments - Cost	<b>55,11,000</b>	55,11,000
3. All the Above are Long Term Investments		



**As at 31.03.08  
In Rupees**

**As at 31.03.07  
In Rupees**

**SCHEDULE: G**

**CURRENT ASSETS, LOANS AND ADVANCES**

**A. Current Assets**

1. Inventories (as certified by management)		
a. Stores and Spare parts	5,47,60,059	5,56,02,430
b. Loose tools	3,10,599	3,14,674
c. Stock-In-Trade	7,73,11,963	18,40,15,310
d. Works-In-Progress	62,34,750	89,06,860
2. Sundry Debtors (unsecured and considered good)		
a. Debts outstanding for a period exceeding six months.	—	—
b. Other debts	10,40,34,786	9,73,19,453
3. Cash & Bank Balances		
a. Cash balance in hand	2,54,635	2,10,325
b. Bank balances		
— with scheduled banks		
i. in Current A/c	59,14,980	1,41,79,895
ii. in Deposit A/c	2,57,370	2,57,370
4. Other Current Assets		
a. Interest Accrued on Investments/Deposits	3,540	57,699
b. Other Current Assets	83,062	68,677

**B. Loans and Advances (unsecured and considered good)**

1. Advances recoverable in cash or kind or for value to be received	5,03,64,881	6,27,73,726
2. Deposits		
- With Government	28,26,684	45,40,484
- With Others	18,91,196	18,64,196

**30,42,48,505**

**43,01,11,100**

**SCHEDULE: H**

**CURRENT LIABILITIES & PROVISIONS**

**A. Current Liabilities**

1. Sundry Creditors	18,69,34,888	10,95,08,514
2. Other Current Liabilities	5,93,75,052	6,15,70,771

**B. Provisions**

1. Provision for retirement benefits	50,64,981	50,64,981
2. Provision for fringe benefit tax	2,52,674	2,47,029
3. Provision for MAT	7,574	7,574
	<b>25,16,35,169</b>	<b>17,63,98,869</b>

# Prudential Sugar Corporation Limited



**For the year  
ending 31.03.08  
In Rupees**

**For the year  
ending 31.03.07  
In Rupees**

**SCHEDULE: I**

**INCOME FROM OPERATIONS**

Sale of Sugar	70,07,13,829	82,06,33,740
Sale of Molasses	3,62,53,669	6,73,50,245
Sale of Bagasse & Filter Cake	2,43,09,712	1,71,95,155
Sale of Scrap	4,20,353	7,65,192
	<b>76,16,97,563</b>	<b>90,59,44,332</b>

**SCHEDULE: J**

**OTHER INCOME**

Income from Allied Services	5,25,526	2,64,943
Interest and other Income	—	70,962
Exchange Control Profit	8,00,606	—
	<b>13,26,132</b>	<b>3,35,905</b>

**SCHEDULE: K**

**INCREASE/(DECREASE) IN STOCK**

Closing Stock		
Stock in Trade	7,73,11,963	18,40,15,310
Work in Process - Sugar	62,34,750	89,06,860
	<b>8,35,46,713</b>	<b>19,29,22,170</b>
Opening Stock		
Stock in Trade	18,40,15,310	15,81,74,671
Work in Process - Sugar	89,06,860	84,81,028
	<b>19,29,22,170</b>	<b>16,66,55,699</b>
Increase/(Decrease) in Stock	<b>-10,93,75,457</b>	<b>2,62,66,471</b>

**SCHEDULE: L**

**COST OF MATERIAL CONSUMED**

	60,50,42,840.00	68,24,30,272.00
	<b>60,50,42,840.00</b>	<b>68,24,30,272.00</b>



**For the year  
ending 31.03.08  
In Rupees**

**For the year  
ending 31.03.07  
In Rupees**

**SCHEDULE: M  
MANUFACTURING, PERSONNEL, SELLING,  
ADMINISTRATIVE AND OTHER EXPENSES**

**1. Manufacturing**

Fuel & Consumables	62,37,944	93,99,887
Packing & other Materials	1,89,53,781	1,70,73,561
Cost of Chemicals & Consumables	94,39,458	61,08,035
Repairs & Maintenance - Plant and Machinery	2,03,68,920	84,60,617
- Buildings	6,26,552	5,99,959
- Others	40,49,435	31,54,883
Freight & Handling Charges	33,87,843	87,11,122
Cane Development Expenses	2,35,127	1,32,885
Insurance	8,01,375	11,23,154

**2. Personnel**

Salaries, Wages and Bonus	2,93,17,665	2,83,94,575
Contribution to P.F., Gratuity and Other Funds	33,99,828	29,38,380
Welfare expenses-Workmen & Staffs	17,28,887	18,79,179

**3. Selling**

Transport & Loading Charges	22,97,314	79,61,610
Sales Commission	9,03,910	3,38,670

**4. Administrative**

Travelling Expenses	12,65,589	15,86,970
Rent	4,77,540	3,33,450
Rates, Fees & Taxes	2,22,904	3,20,514
Printing & Stationery	4,03,787	4,96,041
Postage & Telephones	4,94,391	3,59,909
Consultancy Fee	3,25,252	6,80,905
Audit Fee and Certification Charges	1,75,000	1,75,000
Advertisement	92,167	70,399
Donation	66,001	1,44,182
Listing Fee	96,732	84,500
Bank Charges	9,93,683	13,94,899
Miscellaneous	20,64,322	15,53,380

**5. Others**

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

**6. Excise Duty**

4,34,42,459	2,36,01,894
<b>15,18,67,866</b>	<b>12,80,77,637</b>

For and on behalf of the Board

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

Place : Nindra

**Vinod Baid**

**U.C. Bhandari**

**K. Ramakanth**

**B. Ramesh Kumar**

Date : 04/11/2008

Chairman &

Director

Company

Partner

Managing Director

Secretary

Membership No. 200304



**SCHEDULE: N**

**NOTES TO ACCOUNTS**

1. *Contingent Liabilities / Liabilities not provided*

- 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 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. 8.57 lacs (PY - Rs.7.51 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.612.43 Lacs (P.Y. - Rs.599.15 Lacs) not provided due to inadequacy of profit.
- f. Disputed claim of interest on delayed payment of Purchase Tax Rs. 362.72 lacs. (P.Y. Rs. 362.72 lacs)
- g. Disputed claim of penal charges on delayed payment of Provident Fund Rs. 9.87 lacs.

2. Extra ordinary item: IFCI

As per the proposal of One Time Settlement with IFCI Ltd. For Rs.1517.25 lacs payable in cash of Rs.1317.25 lacs and Rs. 200.00 lacs payable by way of 6% Cumulative Redeemable Preference Shares to be redeemed by 30.06.2008. As per the original OTS the said amount of Rs.1317.25 lacs is to be paid latest by 30.06.2007 along with interest @12.5% in five installments. Since company could not pay the said amount within due date, so Company has submitted a proposal for extension of time till 31.03.2008 and the same was accepted by IFCI Ltd. Company has already paid all the installment except last installment of Rs. 204.63 lacs for which Company has further submitted a proposal for extension of time to IFCI Ltd. Which is in their active consideration.

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 Judgement 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 1,25,00,000 from 20/10/1995 and at 18% of interest on 1,25,00,000 from 20/10/1996 both till the date of realisation and with proportionate costs. In suit no. C.S.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 realisation along with proportionate costs.



If liabilities are calculated as per the Common Judgement of Madras High Court, a sum of Rs.368.66 Lacs are required to be further provided in the Books of Accounts as on 31.03.2008 including interest of the year amounting to Rs. 33.30 Lacs. As the Company has preferred 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.

3. b. IIBI

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 instalments 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 in by the company as 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.177.11 Lacs (P.Y.Rs.138.19 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:

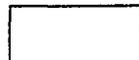
Company has imported a total raw sugar in the tune of 53053 MTs. under Advance License System in two years. One of the condition of Advance License is to export 95.24% of the imported quantity of raw sugar after conversion into white sugar within the stipulated time period of 24 months from the date 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 50527 MTs. Company has already exported 27581 MTs. of white sugar till 31.03.08 and is in the process to do further export in due course of time. Since vide Notification No.18 dt.04.07.06 the Govt. of India has banned the export of white sugar to foreign Countries and the same been was lifted vide their Notification No.40 dt.03.01.2007. The banned period shall be included while calculating the discharge of expgort obligation period. Hence, all of the Advance Licenses has got the extension of 18 months to fulfil the export obligation. The financial commitment of custom duty on the balance export quantity comes to Rs.2410.74 Lacs. Since the Company is confident of doing export of sugar, hence the liability on the same is not been 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 last financial year. Company has appealed to AIFR.

\*\* No provision is considered necessary since the company expects favourable 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 opinion of the management Debtors, Loans and Advances and other Current Assets are fully realizable.

# Prudential Sugar Corporation Limited

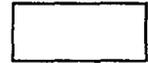


7. Auditors' remuneration represents	<b>31.03.2008</b>	31.03.2007
	<b>Rupees</b>	Rupees
a. Statutory Audit Fees	<b>1,50,000</b>	1,50,000
b. Tax Audit Fees	<b>25,000</b>	25,000
	<b><u>1,75,000</u></b>	<u>1,75,000</u>
8. Tax deducted at sources on interest receipts	<b><u>14,670</u></b>	<u>15,670</u>

9. In the absence of the information as to the status of its creditors, the Company is not in a position to disclose the dues payable to SSI Units.

10. The company operation consists only one segment – Sugar and therefore the figures given relates to one segment.

11. Earnings per shares (EPS)	<b>2007-08</b>	2006-07
	<b>(Rs.in lacs)</b>	(Rs. In lacs)
Basic and Diluted:		
Profit/(Loss) attributable to equity holders	<b>(1,123.73)</b>	144.24
Weighted average number of shares	<b>2,82,52,000</b>	2,82,52,000
(EPS - (Rs.))	<b>-3.98</b>	0.51



**12. 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 01.04.2007 (Rs.in lacs)	(Charge)/Credit for the current year (Rs.in lacs)	Deferred Tax Asset/ (Liability) as at 31.03.2008 (Rs. In lacs)
a. Deferred Tax Asset			
Items covered u/s 43 B	332.97	(104.90)	228.07
Brought forward losses	1020.17	627.87	1648.04
Sub Total - A	1353.14	522.97	1876.11
b. Deferred Tax Liability			
Depreciation	(859.96)	41.36	(818.60)
Sub Total - B	(859.96)	41.36	(818.60)
c. NET AMOUNT	493.18	564.33	1057.51

**13. 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 31.03.2008		As on 31.03.2007	
	Unit	Quantity	Unit	Quantity
i. <b>Sugar-Capacity</b>				
a) Licenced	TCD	2500	TCD	2500
b) Installed	TCD	2500	TCD	2500
c) Actual production	QTs.	490650	QTs	475520
ii. <b>Molasses</b> (by product)				
a) Actual production	MTs	24888	MTs	24106



iii. Sales & Stock

	Unit	Qty.	2008 Value Rs. in Lacs	Unit	Qty.	2007 Value Rs. in Lacs
<b>a) Sales</b>						
Sugar	QTs	530766	7007.14	QTs	464258	7672.60
Molasses	MTs	23869	362.54	MTs	29992	673.50
Bagasse	MTs	37829	236.88	MTs	27092	162.90
Filter Cake			6.22			9.05
Consignment Sales (Export)						533.74
			<u>7612.77</u>			<u>9051.79</u>
<b>b) Stock</b>						
Sugar	QTs	51343	743.37	QTs	91459	1346.78
Molasses	MTs	2324	24.98	MTs	1305	26.10
Bagasse	MTs	681	4.77	MTs	2368	14.21
Raw Sugar			—			453.06
<b>IN-PROCESS</b>						
Sugar	QTs	4260	57.18	QTs	5929	79.45
Molasses	MTs	481	5.17	MTs	481	9.62
			<u>835.47</u>			<u>1929.22</u>
<b>iv. Details of Raw Material Consumed</b>						
Sugarcane	MTs	516496	6050.43	MTs	502127	5697.20
Raw Sugar	MTs	—	—	MTs	8588	1127.10
			<u>6050.43</u>			<u>6824.30</u>
<b>v. Value of imported and indigenous material consumed</b>						
Raw material		<b>Percentage</b>	<b>Amount</b>		<b>Percentage</b>	<b>Amount</b>
Indigenous		100.0	6050.43		83.48	5697.20
Imported					16.52	1127.10
			<u>6050.43</u>		<u>100.00</u>	<u>6824.30</u>
<b>vi. Value of imported and indigenous chemicals and consumables consumed</b>						
Chemicals & consumables		<b>Percentage</b>	<b>Amount</b>		<b>Percentage</b>	<b>Amount</b>
Indigenous		100%	91.40		100%	61.08
Imported		—	—		—	—
			<u>91.40</u>			<u>61.08</u>

14. Earnings in foreign currency for sale of sugar \$ 14,27,599 (Rs.5,83,58,070).

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



**SCHEDULE: P  
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**

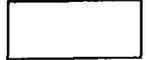
Contribution to Provident Fund is made monthly, at a predetermined rate, to the Commissioner of Provident Fund and debited to the Profit & Loss Account on accrual basis. Leave Encashment and Gratuity is provided on the basis as if all the eligible employees retire on the date of Balance Sheet.

**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.

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For and on behalf of the Board

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

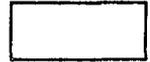
Place : Nindra  
Date : 04/11/2008

**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 : 31.03.2008

**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 : 5785.45 Total Assets : 5785.45

**Source of Funds**

Paid up Capital : 2825.20 Paid up Capital : 608.00  
(Equity) (Preference)  
Reserves & Surplus : 15.00 Secured Loans : 2064.78  
Unsecured Loans : 272.47

**Application of Funds**

Net Fixed Assets : 3680.90 Investments : 55.28  
Net Current Assets : 526.13 Misc. Exps. : —  
Profit and Loss A/c : 465.62 Deferred Tax Asset : 1057.51

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

Turnover : 6536.48 Total Expenditure : 8208.73  
(including increase/  
decrease in stock &  
other income)  
Profit before Tax : (1672.25) Prior period adjustments : Nil  
Profit after Tax : (1110.45) Earning per Share : (3.98)  
Dividend Rate : NIL

**5. Generic Names of three Principal Services of Company**

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

For and on behalf of the Board

Place : Nindra  
Date : 04/11/2008

**Vinod Baid**  
Chairman &  
Managing Director

**U.C. Bhandari**  
Director

**K. Ramakanth**  
Company  
Secretary

# Prudential Sugar Corporation Limited



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

	31.03.2008	31.03.2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		<i>(Rs. in lakhs)</i>
Net Profit / Loss before Tax & Extraordinary items	(1672.25)	251.14
Adjustments for:		
Depreciation	280.22	267.94
Other Income	(13.26)	(3.36)
<b>Interest</b>	<b>359.40</b>	<b>701.30</b>
Taxation	(2.53)	(2.47)
Profit/Loss on sale of Assets	0.02	—
Operating Profit before working capital changes	<u>(1048.44)</u>	<u>1214.55</u>
Adjustment for:		
Trade and Other Receivables	73.80	(81.74)
Inventories	1102.22	(242.91)
Change in Other Current Assets	0.40	(0.16)
Trade Payables	<u>752.36</u>	<u>234.49</u>
Cash Generated from Operations	880.34	1124.23
Interest paid	(359.40)	(852.71)
Miscellaneous Expenses written off	—	—
Net Cash from Operating Activities	<u>520.94</u>	<u>271.52</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(28.88)	(397.32)
Sale of Fixed Assets	0.10	—
(Purchase) / Sale of Investments		(0.01)
Other Income	<u>13.26</u>	<u>3.36</u>
Net Cash from Investing Activities	<u>(15.52)</u>	<u>(393.97)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowing	(596.01)	(205.91)
Repayment of Working Capital Loans	—	8.48
Increase / (Decrease) in other Borrowings	8.38	3.57
Issue of Preference Shares	—	200.00
Net Cash used in Financing Activities	<u>(587.63)</u>	<u>6.14</u>
Net increase in cash and cash equivalents	(82.81)	(116.31)
Opening balance of Cash and Cash Equivalents	146.48	262.79
Closing balance of Cash and Cash Equivalents	<u>64.27</u>	<u>146.48</u>

For and on behalf of the Board

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

Place : Nindra  
Date : 04/11/2008

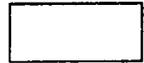
**Vinod Baid**  
Chairman &  
Managing Director

**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 17th ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 29th  
November, 2008 at 4.00 P.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.

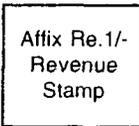
Signed this ..... day of ..... Two Thousand Seven.

Signature(s) of the Shareholder(s) .....

Folio No. ....

No. of Shares .....

Distinctive Nos. ....



(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 17th 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 November, 2008

Time : 4.00 P.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.