

# **18th Annual Report 2008-2009**



**Prudential Sugar Corporation Limited**



**BOARD OF DIRECTORS**

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

**AUDITORS**

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

**BANKERS**

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

**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.

**DEPOSITORY REGISTRAR**

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



**NOTICE**

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Wednesday, the 30th September, 2009 at 10.00 A.M. at the Registered office at "Prudential Nagar", Koppedu Post, Nindra Mandal, Chittoor Dist., 517 587, AP, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 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 Sri Y. Ravinder Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri Kishore Jhunjunwala who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2009-2010 and to authorise Board of Directors to fix their remuneration. The present Auditors of the Company, M/s. Laxminiwas & Jain, Chartered Accountants, Hyderabad retire at this Annual General Meeting and are eligible for reappointment.

**SPECIAL BUSINESS**

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

"RESOLVED THAT Sri Ch. Krishnamoorthy, who was appointed as an Additional Director by the Board in terms of Section 260 of the Companies Act, 1956, with effect from 9th November, 2008 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.

6. To consider and if though fit, to pass with or without modification, the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Articles of Association of the Company and other applicable provisions if any of the Companies Act, 1956, read with the provisions of Schedule XIII to the Companies Act, 1956, consent of the members of the Company be and is hereby accorded for re-designation of Sri Vinod Baid as Whole-Time Director designated as Chairman from Chairman and Managing Director of the Company for a period of 5 years on the existing terms and conditions w.e.f. 9th December, 2008.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby accorded to take all necessary steps and to all acts and things as may be necessary for giving effect to this resolutions."

7. To consider and if though fit, to pass with or without modification, the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 316, 317, Articles of Association of the Company and other applicable provisions if any of the Companies Act, 1956, read with the provisions of Schedule XIII to the Companies Act, 1956, consent of the members of the Company be and is hereby accorded for appointment of Sri Ch. Krishnamoorthy as Managing Director of the Company for a period of 5 years w.e.f. 9th December, 2008.



"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby accorded to take all necessary steps and to all acts and things as may be necessary for giving effect to this resolutions."

**EXPLANATORY STATEMENT**

**Item No. 5**

Sri Ch. Krishnamoorthy was appointed by the Board of Directors as an Additional Director with effect from 9th November, 2008 under Section 260 of the Companies Act, 1956. Sri Ch. Krishnamoorthy holds office only upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member signifying his intention to propose the name of Sri Ch. Krishnamoorthy as a candidate for the office of Director.

None of the Directors is directly or indirectly concerned or interested in this resolution, except Sri Ch. Krishnamoorthy to the extent of his shareholding, if any, in the Company.

The brief profile of Sri Ch. Krishnamoorthy has been given elsewhere in this Notice.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

**Item No. 6 & 7**

To look after other day to day state of affairs of the Management of Company the Board of Directors have recommended to appoint Sri Ch. Krishnamoorthy as Managing Director of the Company and the same has been accepted by Sri Ch. Krishnamoorthy. The Board of Directors has recommended the name of Sri Ch. Krishnamoorthy due to his vast experience in the Educational Institutions, Distillery, etc. for more than 10 years.

Your Board of Directors recommended the necessary resolution for your approval.

In view of appointment of Sri Ch. Krishnamoorthy as the Managing Director, Sri Vinod Baid has been re-designated as the Chairman of the Company.

None of the Directors is directly or indirectly concerned or interested in this resolution, except Sri Vinod Baid and Sri Ch. Krishnamoorthy to the extent of his shareholding, if any, in the Company.

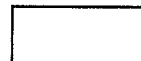
The brief profile of Sri Vinod Baid and Sri Ch. Krishnamoorthy has been given elsewhere in this Notice.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

For and on behalf of the Board

Place : Nindra  
Date : 03/09/2009

**VINOD BAID**  
Chairman



**NOTES**

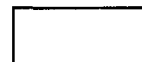
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member.
2. The Register of Members and share transfer books of the Company shall remain closed from 26th September, 2009 to 30th September, 2009 (both days inclusive).
3. Members desiring any information as regards to 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 dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting. Xerox copy/torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting as copies will not be distributed at the Meeting hall due to prohibitive cost of printing.
7. Consequent upon amendment of Sec 205A of the Companies Act, 1956 and introduction of section 205C by the company's (Amendment Act, 1999), the unclaimed dividend for the financial year 1995-1996 has been transferred to the Investor Education and Protection Fund.

For and on behalf of the Board

**VINOD BAID**  
Chairman

Place : Nindra  
Date : 03/09/2009

# Prudential Sugar Corporation Limited



## Annexure to the Notice

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

Profile of Directors being Appointed/Re-appointed:

### Item No. 2

S.No.	Particulars	Sri Y. Ravinder Reddy
1.	Age	48 years
2.	Date of Appointment	16.04.2003
3.	Qualification	BA
4.	Experience	He has vast experience in executing Civil works i.e. Road, Building Bridges, Canals in Government Sector and Private Sectors, Cultivating Agriculture and Poultry business.
5.	Other Directorships	Prudential Pharmaceuticals Ltd.
6.	Member of the Committees	(A) Audit Committee (B) Share Transfer Committee/Investors' Grievances Committee

### Item No. 3

S.No.	Particulars	Sri Kishore Jhunjunwala
1.	Age	62 years
2.	Date of Appointment	31-10-2002
3.	Qualification	FCA
4.	Experience	He has vast experience in business and various other Industries.
5.	Other Directorships	Prudential Pharmaceuticals Ltd.
6.	Member of the Committees	(A) Audit Committee (B) Share Transfer Committee/Investors' Grievances Committee

### Item No. 5

S.No.	Particulars	Sri Ch. Krishnamoorthy
1.	Age	63 years
2.	Date of Appointment	09.12.2008
3.	Experience	He has vast experience in business and various other Industries.
4.	Other Directorships	O.R.Distilleries Ltd.
5.	Member of the Companies.	(A) Audit Committee (B) Share Transfer Committee/Investors' Grievances Committee

### Item No. 6

S.No.	Particulars	Sri Vinod Baid
1.	Age	49 years
2.	Date of Appointment	09.12.2008
3.	Qualification	FCA
4.	Experience	Being FCA, he successfully carried on business of stock-broking and merchant banking and then he ventured into Manufacturing Industry, and pioneered many industries under his able leadership.
5.	Other Directorships	Gennex Laboratories Ltd., Prudential Infotech Ltd.
6.	Member of the Companies.	(A) Share Transfer Committee/Investors' Grievances Committee



## **DIRECTORS' REPORT**

To,  
The Members,

1. Your Directors have pleasure in submitting their Eighteenth Annual Report with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2009.

### **2. Financial Performance**

	<b>(Rs. in Lakhs)</b>	
	<b>for the Year ended</b>	<b>for the Year ended</b>
	<b>31.03.2009</b>	<b>31.03.2008</b>
Total Income	<b>5324.38</b>	7616.96
Profit/(Loss) before Interest and Depreciation	<b>613.50</b>	(1032.62)
Less: Interest	<b>304.42</b>	359.40
Profit/(Loss) after Interest but before Depreciation & Tax	<b>309.08</b>	(1392.03)
Less: Depreciation	<b>277.85</b>	280.22
Profit/(Loss) before tax	<b>31.23</b>	(1672.25)
Provision for Tax:		
- Current	<b>2.36</b>	2.53
- Deferred Tax Asset	<b>19.59</b>	564.33
Dividend on Pref. Shares	<b>21.00</b>	—
Dividend Distribution Tax	<b>3.57</b>	—
Profit/(Loss) after Tax and Dividend	<b>(15.29)</b>	(1110.45)
Add: Balance brought from previous year	<b>(465.62)</b>	644.82
Surplus/(Loss) carried to Balance Sheet	<b>(480.92)</b>	(465.62)

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

During the crushing season 2008-09 company have crushed 228935 MTs of cane as against 410893 MTs of cane crushing during crushing season 2007-08. The average recovery during the year under review was 9.15% as against 9.26% 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**

##### **Indian Sugar Scenario**

Indian Sugar scenario has undergone a total sea change within a year. India is the world's biggest consumer of sugar and it is second biggest producer of sugar and normally a net exporter. However, it is being forced to import large volumes this year after stagnant domestic prices discouraged farmer from growing cane, resulting in reduced output nearly to half as farmers shifted to showing the more lucrative rice or wheat. Sugar production in 2008-09 season is now set to sleep to sub 150 lakh tons, a steep fall by 40% from the previous season, while sugar consumption continuous to grow, albeit at a slower phase i.e. placed around 225-230 lakh tons. Such a strident shortfall in sugar production has posed a serious threat to virtually eliminate the inventory on hand prompting the Government to look at liberalizing and incentivizing sugar imports. Sugar production is of course bound to rebound during 2009-



10 but would still be below our domestic requirement. As such, imports in the region of 50 lakh tones would seem inevitable during these two years to tide over the transitory deficit.

**Opportunities and Threats:**

Monsoon forecast by the Meteorological Department projects a normal monsoon for the sixth year in a row. Despite higher cane price offered even well above the State Advice Price for 2008-09 and further higher advance cane price announcement for 2009-10, there appears little enthusiasm from farmers in resuming to large-scale and wide-spread cultivation of cane. Remunerative prices of competing crops and constricted availability of farm labour have obviously taken the sheen off the sugarcane crop.

The delayed start of crushing and distortions on day-to-day harvest during 2008-09 will have its spill over effect by way of uncrushed cane to be handled in early part of 2009-10. On the whole, there would be considerable challenge on cane availability besides exhorted pressure on its pricing.

The Company plans to import raw sugar in tune with the dynamics of market to supplement its in-house sugar production.

Sugar production during 2009-10 for India is sure to resurge but not enough to fully meet domestic demand. Price buoyancy should hence persist for one more year, while the resultant gain could get truncated by reason of higher cane prices.

In all your Company remains optimistic for a repeat of robust performance during 2009-10 as well.

**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 31.03.2009 is Nil. No Deposits are due and outstanding for payment as on 31.03.2009.

**8. Directors**

Sri Y. Ravinder Reddy and Sri Kishore Jhunjunwala 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 31<sup>st</sup> March, 2009 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 '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 2009-2010.

**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 : 03/09/2009

**Vinod Baid**  
Chairman

**ANNEXURE – A**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1938.

**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	\$ 36,95,310 (Rs. 15,17,73,778)
Foreign Exchange Outgo	NIL


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

DESCRIPTION	2008-09	2007-08
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
<b>a. PURCHASED</b>		
Units KWH	4,86,075	4,41,165
Total Amount (Rs.)	24,87,013	24,24,336
Rate per Unit (Rs.)	5,116	5,495
<b>b. OWN GENERATION</b>		
1. Through Diesel		
Generator Units (KWH)	3,106.8	5,448
Units per Ltr. of Diesel Oil	2.43	2.485
Cost per Unit (Rs.)	14.26	14.19
2. Through Steam Turbine /		
Generator Units (KWH)	51,49,535	99,88,992
KWH per tonne of Bagasse	206	215
Cost per Unit (Rs.900/-)	3.64	3.48
<b>2. BAGASSE</b>		
Quantity (Tonnes)	24,977	46,446
Total Cost (Rs.)	Own Bagasse	Own Bagasse
Average Rate (Rs.)	—	—
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity KWH (Per Tonne)	245	267



**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	0.98
c. Total	0.98
d. Total R&D expenditure as a percentage of total turnover	0.0196%



**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

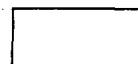
Introduction of African breed of earthworms suited to local condition with expected production of maximum quantity of humus.

**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

Company's philosophy is to achieve excellence in its entire activities serve the interest of the shareholders, stakeholders and the society in general thereby contributing to the welfare of the nation. The Company continues to be transparent in all its dealings and present a complete picture of the operations of the Company to the public at large and the shareholders and its stakeholders in particular. The Company has always believed in fair business and corporate practices while dealing with the shareholders, employees, customers, farmers, creditors, lenders and others. The Company is prompt in discharging its statutory obligations and duties. All the mandatory requirements of this clause have been complied with.

### 2. Composition of Board

The Board of Directors has mix of Executive and Non-Executive Directors. The Board comprises of Six Directors - the Chairman, Managing Director and Four Non-Executive Directors. Three 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 six times during the financial year on 30.04.2008, 01.09.2008, 04.11.2008, 09.11.2008, 09.12.2008 and 31.01.2009. The last Annual General Meeting of the Company was held on 29th November, 2008.

<b>Name of the Director</b>	<b>No. of Board Meetings held</b>	<b>No. of Board Meetings attended</b>	<b>Attendance at Last AGM</b>
Sri Vinod Baid	6	6	Present
Sri Ch. Krishnamoorthy	6	2	Present
Sri U.C. Bhandari	6	6	Present
Sri Kishore Jhunjunwala	6	3	Absent
Sri Y. Ravinder Reddy	6	6	Absent
Sri P.M. Nair	6	1	Absent

### 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 November, 2008.

The following are the members of the Audit Committee.

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

The Audit committee of the Company, interalia 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 five times during the year on 30.04.2008, 01.09.2008, 04.11.2008 09.12.2008 and 31.01.2009

Name of the Director	No. of Meetings attended
Sri U.C. Bhandari	5
Sri Kishore Jhunjunwala	5
Sri Y. Ravinder Reddy	5

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 Sri Vinod Baid, Chairman but due to loss to the Company during the year, Chairman 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. Sri Ch. Krishnamoorthy, Sri U.C.Bhandari, Sri Kishore Jhunjunwala and Sri Y. Ravinder Reddy are the members of the committee.

During the year 2008-2009 14 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 2008-2009 have been acted upon by the Company and there were no pending share transfers as on 31st March, 2009.

**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
2005-2006	28th September, 2006	PSCL, Prudential Nagar, Nindra	10.00 am
2006-2007	29th September, 2007	PSCL, Prudential Nagar, Nindra	10.00 am
2007-2008	29th November, 2008	PSCL, Prudential Nagar, Nindra	04.00 pm

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

**7. Disclosures**

- 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.
- 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**

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

**9. General shareholder information****A. Annual General Meeting**

Date and Time : 30.09.2009 at 10.00 am  
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** : 26.09.2009 to 30.09.2009  
(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, 2009, a total of 1,84,01,289 shares of the Company, which forms 51.47% 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, 2009**

Share holding of Nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% to Total	(in Rs.)	% to Total
Upto	5,000	10,282	88.19	2,09,88,500	5.87
5,001 —	10,000	560	4.80	47,40,000	1.33
10,001 —	20,000	348	2.98	53,93,350	1.51
20,001 —	30,000	89	0.76	22,78,660	0.64
30,001 —	40,000	82	0.70	31,35,000	0.88
40,001 —	50,000	43	0.37	20,64,990	0.58
50,001 —	1,00,000	106	0.91	84,51,460	2.36
1,00,001	and above	149	1.28	31,04,68,040	86.84
Total		11,659	100.00	35,75,20,000	100.00


**I. Shareholding Pattern as on 31st March, 2009**

Category	No. of shares held	Percentage of shareholding
<b>1. Promoters' Holding</b>		
1. Indian Promoters		
- Individual	40,53,305	11.34
- Bodies Corporate	1,54,53,099	43.22
- Foreign Promoters	—	—
2. Persons acting in concert	—	—
<b>Sub-Total - (1)</b>	<b>1,95,06,404</b>	<b>54.56</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	65,000	0.18
<b>Sub-Total - (2)</b>	<b>4,20,300</b>	<b>1.18</b>
<b>3. Others</b>		
a. Private Corporate Bodies	74,87,471	20.94
b. Individuals		
Persons holding nominal capital upto Rs. 1 Lakh	43,63,103	12.20
In Excess of Rs. 1 Lakh	39,74,722	11.12
<b>Sub-Total - (3)</b>	<b>1,58,25,296</b>	<b>44.26</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 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, (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.
6. The Calcutta Stock Exchange Association Limited		7, Lyons Range, Kolkata - 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, 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: 040-66822871 and Registered Office at "PRUDENTIAL NAGAR", P.O. Koppedu, Nindra, Chittoor District, Andhra Pradesh, Pin - 517 587, Phones: 08576-271093, Fax: 08576-271201, Email: prudentialsugars@yahoo.com

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

Date : 03/09/2009

**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, 2009  
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, 2009 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, 2009, complied in all material respects with the conditions of Corporate Governance as stipulated in clause 49, except appointment of Company Secretary.

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, 2009 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.

Place : Nindra

Date : 03/09/2009

**For Laxminiwas & Jain**  
Chartered Accountants

**B. Ramesh Kumar**  
Partner

Membership No. 200304



## 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, 2009 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 profit for the year is overstated by Rs 77.56 Lacs and cumulative impact is that the liabilities are understated by Rs.3199.26 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**



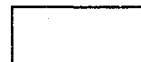
***in schedule P, the impact is that the Profit for the year is understated by Rs 5.60 Lacs & cumulative impact is that the assets are shown more by Rs.30.95 Lacs. Also Refer Note No. 6 in Schedule N regarding non-confirmation / reconciliation of Sundry Debtors, Creditors, Secured Loans, Unsecured Loans, 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 and Note No. 11 in Schedule N regarding compliance of MSMED Act 2006 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, 2009; 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 Laxminiwas & Jain**  
Chartered Accountants

Place : Nindra  
Date : 03/09/2009

**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 program 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 which in our opinion, considering the size and nature of Company's business, 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 31-03-2009 for a period of more than six months are Purchase Tax, CDCF, P.F. and Dividend Distribution Tax of Rs.363.12 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, 2009.

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	245.40 Lacs
	(Assigned to Sri Venkateswara Sugar & Industries Pvt. Ltd.,)	

- 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 (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 Laxminiwas & Jain**  
Chartered Accountants

Place : Nindra  
Date : 03/09/2009

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

# Prudential Sugar Corporation Limited



## BALANCE SHEET AS AT 31st MARCH, 2009

DESCRIPTION	SCHEDULE	As at 31.03.2009 In Rupees	As at 31.03.2008 In Rupees
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	A	32,33,20,000	34,33,20,000
b. Reserves & Surplus	B	15,00,000	15,00,000
<b>2. Loan Funds</b>			
a. Secured Loans	C	20,82,83,690	20,79,02,895
b. Unsecured Loans	D	8,67,71,750	2,58,21,750
<b>Total</b>		<b>61,98,75,440</b>	<b>57,85,44,645</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	E	61,90,97,537	61,67,67,565
b. Less: Depreciation		27,76,87,237	24,99,01,628
c. Net Block		34,14,10,300	36,68,65,937
d. Capital Work in Progress		—	12,23,789
		34,14,10,300	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		25,36,80,746	13,86,17,371
b. Sundry Debtors		6,30,28,430	10,40,34,786
c. Cash & Bank Balances		63,57,179	64,26,985
d. Other Current Assets		97,447	86,602
e. Loans and Advances		2,23,89,831	5,50,82,762
		34,55,53,633	30,42,48,506
Less: Current Liabilities and Provisions	H	22,45,00,120	25,16,35,169
Net Current Assets		12,10,53,513	5,26,13,337
<b>4. Deferred Tax Asset (Net)</b> (Refer notes to account)		10,37,91,737	10,57,51,122
<b>5. Profit &amp; Loss Account</b>		4,80,91,884	4,65,62,455
<b>Total</b>		<b>61,98,75,440</b>	<b>57,85,44,645</b>

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 Laxminiwas & Jain  
Chartered Accountants

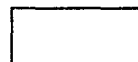
Place : Nindra  
Date : 03/09/2009

Vinod Baid  
Chairman

Ch. Krishnamoorthy  
Managing Director

B. Ramesh Kumar  
Partner

Membership No. 200304


**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH, 2009**

PARTICULARS	SCHEDULE	Year ending 31.03.2009 In Rupees	Year ending 31.03.2008 In Rupees
<b>INCOME</b>			
Income from Operations	I	53,24,37,950	76,16,97,563
Less: Excise Duties		3,31,56,770	4,34,42,459
		<u>49,92,81,180</u>	<u>71,82,55,104</u>
Other Income	J	93,91,321	13,26,132
Increase/(Decrease) in Stock	K	11,70,12,029	(10,93,75,457)
<b>Total</b>		<u>62,56,84,530</u>	<u>61,02,05,779</u>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	L	47,30,09,030	60,50,42,840
Manufacturing, Personnel, Selling, Administrative and Other Expenses	M	9,13,25,367	10,84,25,406
Interest & Financial Charges		3,04,41,627	3,59,40,331
Depreciation		2,77,85,609	2,80,22,124
<b>Total</b>		<u>62,25,61,633</u>	<u>77,74,30,701</u>
Profit/(Loss) Before Tax		31,22,897	(16,72,24,923)
Less: Provision for Fringe Benefit Tax		2,35,941	2,52,674
Profit After Tax		<u>28,86,956</u>	<u>(16,74,77,596)</u>
Dividend on Pref. Shares		21,00,000	—
Dividend Distribution Tax		3,57,000	—
Less: Adjustment for Deferred Tax		19,59,385	(5,64,32,993)
Profit / (Loss) After Tax and Dividend		<u>(15,29,429)</u>	<u>(11,10,44,604)</u>
Transfer from General Reserve		(4,65,62,455)	6,44,82,149
Profit Carried to Balance sheet		(4,80,91,884)	(4,65,62,455)
Earning per share - Basic and Diluted		(0.06)	(3.98)

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 **Laxminiwas & Jain**  
Chartered Accountants

Place : Nindra  
Date : 03/09/2009

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

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

# Prudential Sugar Corporation Limited



## SCHEDULES FORMING PART OF THE ACCOUNTS

As at 31.03.09  
In Rupees

As at 31.03.08  
In Rupees

### SCHEDULE: A SHARE CAPITAL

#### Authorised

50000000 Equity Shares of Rs.10/- each	50,00,00,000	50,00,00,000
5000000 16% 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. 1,54,06,400 Equity Shares of Rs.10/- each	15,40,64,000	15,40,64,000
b. 1,00,00,000 Equity Shares of Rs.10/- each issued at a premium of Rs.10/- each	10,00,00,000	10,00,00,000
c. 1,03,45,600 Equity Shares of Rs.10/- each (Converted from 2586400 Equipref Shares of Rs.40/- each)	10,34,56,000	10,34,56,000
d. 20,000 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. 10,00,000 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. 4,00,000 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)	2,00,00,000	2,00,00,000

#### Called Up and Paid Up

a. 1,54,06,400 Equity Shares of Rs.10/- each fully paid up	15,40,64,000	15,40,64,000
b. 1,00,00,000 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. 1,03,45,600 Equity Shares of Rs.10/- each (Converted from 25,86,400 Equipref Shares of Rs.40/- each)	10,34,56,000	10,34,56,000
d. 20,000 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. 10,00,000 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. 4,00,000 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	—	2,00,00,000
	<u>32,33,20,000</u>	<u>34,33,20,000</u>

# Prudential Sugar Corporation Limited



As at 31.03.09  
In Rupees

As at 31.03.08  
In Rupees\*

## SCHEDULE: B

### RESERVES & SURPLUS

A. Capital Reserves - Investment Subsidy	15,00,000	15,00,000
B. Balance In Profit & Loss Account	(4,80,91,884)	(4,65,62,455)
	<u>(4,65,91,884)</u>	<u>(4,50,62,455)</u>

## SCHEDULE: C

### SECURED LOANS

Term Loans from:

IFCI Limited (Sri Venkateswara Sugar & Industries Ltd. in terms of assignment of Loan of IFCI)	2,45,40,054	2,30,97,700
IIBI	1,55,25,000	1,55,25,000
Interest Accrued and Due	<u>1,69,02,000</u>	<u>1,69,02,000</u>
	5,69,67,054	5,55,24,700

Cash Credit account from Banks	11,00,94,846	11,09,53,393
Crop Loan from Banks	4,00,00,000	4,00,00,000
(The above 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)		
Loan from others (Car Loan from Banks) (Car Hypothecated to HDFC Bank Limited)	12,21,790	14,24,802
	<u>20,82,83,690</u>	<u>20,79,02,895</u>

## SCHEDULE: D

### UNSECURED LOANS

Deferred Payment Credit from Eqpt. Supplier	2,50,00,000	2,50,00,000
Loans from others	<u>6,17,71,750</u>	<u>8,21,750</u>
	8,67,71,750	2,58,21,750

**SCHEDULE: E**  
**FIXED ASSETS**

(In Rupees)

SL. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost upto 01.04.2008	Additions during the year	Deductions during the year	Cost upto 31.03.2009	Upto 01.04.2008	Additions for the year	Deductions during the year	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
1.	Land	1,63,43,937	—	—	1,63,43,937	—	—	—	—	1,63,43,937	1,63,43,937
2.	Plant & Machinery	41,30,31,375	14,87,014	—	41,45,18,389	18,16,27,396	2,17,05,872	—	20,33,32,418	21,11,85,971	23,14,03,979
3.	Furniture & Fittings	2,37,92,613	—	—	2,37,92,613	1,45,50,695	15,03,592	—	1,60,54,287	77,38,326	92,41,918
4.	Buildings	15,74,54,206	2,63,538	—	15,77,17,744	4,98,14,078	42,27,894	—	5,40,41,972	10,36,75,772	10,76,40,128
5.	Vehicles	61,45,434	5,79,420	—	67,24,854	39,09,459	3,48,251	—	42,58,560	24,66,294	22,35,975
	<b>Total</b>	61,67,67,565	23,29,972	—	61,90,97,537	24,99,01,628	2,77,85,609	—	27,76,87,237	34,14,10,300	36,68,65,937
	Previous year	61,52,23,603	16,64,171	1,20,209	61,67,67,565	22,19,91,820	2,80,22,123	1,12,315	24,99,01,628	36,68,65,937	39,32,31,783





**As at 31.03.09  
In Rupees**

**As at 31.03.08  
In Rupees**

**SCHEDULE: F**

**INVESTMENTS**

**A. Trade Investment in Shares and Bonds - Quoted**

Shares and Debentures

1. 500 Shares of Rs.1/- each in The KCP Sugars Ltd.,	<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
	<b>55,28,005</b>	55,28,005
1. Aggregate of Quoted Investments - Cost	<b>17,005</b>	17,005
- Market Value	<b>16,915</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 31.03.09  
In Rupees**

**As at 31.03.08  
In Rupees**

**SCHEDULE: G**

**CURRENT ASSETS, LOANS AND ADVANCES**

**A. Current Assets**

1. *Inventories (as certified by management)*

a. Stores and Spare parts	5,28,17,169	5,47,60,059
b. Loose tools	3,04,835	3,10,599
c. Stock-In-Trade	19,88,57,742	7,73,11,963
d. Works-In-Progress	17,01,000	62,34,750

2. Sundry Debtors (unsecured and considered good)

a. Debts outstanding for a period exceeding six months.	—	—
b. Other debts	6,30,28,430	10,40,34,786

3. Cash & Bank Balances

a. Cash balance in hand	7,26,668	2,54,635
b. Bank balances		
— with scheduled banks		
i. in Current A/c	53,73,141	59,14,980
ii. in Deposit A/c	2,57,370	2,57,370

4. Other Current Assets

a. Interest Accrued on Investments/Deposits	—	3,540
b. Other Current Assets	97,447	83,062

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

1. Advances recoverable in cash or kind or for value

to be received	1,87,93,217	5,03,64,881
----------------	-------------	-------------

2. Deposits

- With Government	17,48,418	28,26,684
- With Others	18,48,196	18,91,196

<b>34,55,53,633</b>	<b>30,42,48,505</b>
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**SCHEDULE: H**

**CURRENT LIABILITIES & PROVISIONS**

**A. Current Liabilities**

1. Sundry Creditors	14,98,45,727	18,69,34,888
2. Other Current Liabilities	6,97,60,038	5,97,89,192

**B. Provisions**

1. Provision for retirement benefits	46,50,841	46,50,841
2. Provision for fringe benefit tax	2,35,941	2,52,674
3. Provision for MAT	7,574	7,574
	<b>22,45,00,120</b>	<b>25,16,35,169</b>





**For the year  
ending 31.03.09  
In Rupees**

**For the year  
ending 31.03.08  
In Rupees**

**SCHEDULE: I**
**INCOME FROM OPERATIONS**

Sale of Sugar	45,02,53,156	70,07,13,829
Sale of Molasses	7,13,13,893	3,62,53,669
Sale of Bagasse & Filter Cake	1,07,83,751	2,43,09,712
Sale of Scrap	87,150	4,20,353
	<u>53,24,37,950</u>	<u>76,16,97,563</u>

**SCHEDULE: J**
**OTHER INCOME**

Income from Allied Services	18,00,970	5,25,526
Income from Transport subsidy from Govt.	27,33,750	—
Gain on Foreign Exchange Fluctuation	48,56,601	8,00,606
	<u>93,91,321</u>	<u>13,26,132</u>

**SCHEDULE: K**
**INCREASE/(DECREASE) IN STOCK**

Closing Stock		
Stock in Trade	19,88,57,742	7,73,11,963
Work in Process - Sugar	17,01,000	62,34,750
	<u>20,05,58,742</u>	<u>8,35,46,713</u>
Opening Stock		
Stock in Trade	7,73,11,963	18,40,15,310
Work in Process - Sugar	62,34,750	89,06,560
	<u>8,35,46,713</u>	<u>19,29,22,170</u>
Increase/(Decrease) in Stock	<u>11,70,12,029</u>	<u>(10,93,75,457)</u>

**SCHEDULE: L**
**COST OF MATERIAL CONSUMED**

47,30,09,030	60,50,42,840
<u>47,30,09,030</u>	<u>60,50,42,840</u>



**For the year  
ending 31.03.09  
In Rupees**

**For the year  
ending 31.03.08  
In Rupees**

**SCHEDULE: M**

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

**1. Manufacturing**

Fuel & Consumables	45,40,281	62,37,944
Packing & other Materials	94,37,876	1,89,53,781
Cost of Chemicals & Consumables	58,38,581	94,39,458
Repairs & Maintenance - Plant and Machinery	1,63,10,689	2,03,68,920
- Buildings	4,29,318	6,26,552
- Others	26,74,349	40,49,435
Freight & Handling Charges	75,69,230	33,87,843
Cane Development Expenses	98,359	2,35,127
Insurance	7,61,502	8,01,375

**2. Personnel**

Salaries, Wages and Bonus	2,99,03,245	2,93,17,665
Contribution to P.F., Gratuity and Other Funds	31,65,936	33,99,828
Welfare expenses-Workmen & Staffs	14,88,091	17,28,887

**3. Selling**

Transport & Loading Charges	29,83,385	22,97,314
Sales Commission	3,37,030	9,03,910

**4. Administrative**

Travelling Expenses	11,31,435	12,65,589
Rent	4,58,520	4,77,540
Rates, Fees & Taxes	2,19,525	2,22,904
Printing & Stationery	4,12,352	4,03,787
Postage & Telephones	3,17,579	4,94,391
Consultancy Fee	6,54,510	3,25,252
Audit Fee and Certification Charges	1,75,000	1,75,000
Advertisement	29,796	92,167
Donation	1,25,250	66,001
Listing Fee	56,180	96,732
Bank Charges	6,77,451	9,93,683
Miscellaneous	15,29,896	20,64,322

**9,13,25,367**

**10,84,25,406**

For and on behalf of the Board

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

Place : Nindra  
Date : 03/09/2009

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

**B. Ramesh Kumar**  
Partner

Membership No. 200304

**SCHEDULE: N****NOTES TO ACCOUNTS****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. 9.63 lacs (PY - Rs.8.57 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. 11.65 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.595.71 Lacs (P.Y. - Rs.594.43 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. 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. During the year Company has paid all the installments including redemption of Preference Shares leaving a balance of Rs.245.50 lacs for which IFCI has assigned the said amount to Sri Venkateswara Sugars & Industries Pvt. Ltd., and Company is liable now to the said Company.

**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 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 realization 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 realization along with proportionate costs.

If liabilities are calculated as per the Common Judgment of Madras High Court, a sum of Rs.401.96 Lacs are required to be further provided in the Books of Accounts as on 31.03.2009 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 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 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.216.03 Lacs (P.Y.Rs.177.11 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 35877 MTs. of white sugar till 31.03.09 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 export obligation period. Hence, all of the Advance Licenses has got the extension of 18 months to fulfill the export obligation. In addition to the above extension, Govt. of India has further extended the period of fulfillment of Export obligation till 31/12/2009. The financial commitment of custom duty on the balance export quantity comes to Rs.1537.54 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.

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

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.

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:	31.03.2009	31.03.2008
	Rupees	Rupees
a. Statutory Audit Fees	1,50,000	1,50,000
b. Tax Audit Fees	25,000	25,000
	<u>1,75,000</u>	<u>1,75,000</u>
8. Tax deducted at sources on interest receipts	<u>14,670</u>	<u>14,670</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. The Company has three geographic segments i.e India, Bangladesh and Rest of the World. Significant portion of the segment assets are in India. Revenue from geographic segments based on domicile of the customer's outlined below:

India	-	77.09 %
Bangladesh	-	20.18 %
Rest of the World	-	2.73 %

11. The Company has not received intimation from vendors regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest has not been made.

12. Earnings per shares (EPS)	2008-09	2007-08
	(Rs.in lacs)	(Rs. In lacs)
Basic and Diluted:		
Profit/(Loss) attributable to equity holders	(16.57)	(1,123.73)
Weighted average number of shares	2,82,52,000	2,82,52,000
EPS - (Rs.)	(0.06)	(3.98)

13. During the year, the Company has received a sum of Rs.27.34 lacs towards transport subsidy for the export of sugar from the Govt. of India. The same is shown as Other Income being revenue in nature.


**14. 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 01.04.2008 (Rs.in lacs)	(Charge)/Credit for the current year (Rs.in lacs)	Deferred Tax Asset/ (Liability) as at 31.03.2009 (Rs. In lacs)
a. Deferred Tax Asset			
Items covered u/s 43 B	228.07	(15.20)	243.27
Brought forward losses	1648.04	88.77	1559.27
Sub Total - A	1876.11	73.56	1802.55
b. Deferred Tax Liability			
Depreciation	(818.60)	53.97	(764.63)
Sub Total - B	(818.60)	53.97	(764.63)
c. NET AMOUNT	1057.51	(19.60)	1037.92

**15. 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.**

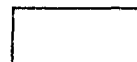
Class of Goods	As on 31.03.2009		As on 31.03.2008	
	Unit	Quantity	Unit	Quantity
i. <b>Sugar-Capacity</b>				
a) Licenced	TCD	2500	TCD	2500
b) Installed	TCD	2500	TCD	2500
c) Actual production	QTs	290440	QTs	490650
ii. <b>Molasses (by product)</b>				
a) Actual production	MTs	15440	MTs	24888


**iii. Sales & Stock**

	Unit	Qty.	31.03.2009 Value Rs. in Lacs	Unit	Qty.	31.03.2008 Value Rs. in Lacs
<b>a) Sales</b>						
Sugar	QTs	260318	4502.53	QTs	530766	7007.14
Molasses	MTs	14409	713.14	MTs	23869	362.54
Bagasse	MTs	13697	106.96	MTs	37829	236.88
Filter Cake	MTs	1736	0.87	MTs		6.22
			<u>5323.50</u>			<u>7612.77</u>
<b>b) Stock</b>						
Sugar	QTs	80565	1748.26	QTs	51343	743.37
Molasses	MTs	3353	210.32	MTs	2324	24.98
Bagasse	MTs	2500	30.00	MTs	681	4.77
<b>IN-PROCESS</b>						
Sugar	QTs	810	17.01	QTs	4260	57.18
Molasses	MTs	-	-	MTs	481	5.17
			<u>2005.59</u>			<u>835.47</u>
<b>iv. Details of Raw Material Consumed</b>						
Sugarcane	MTs	317468	4730.09	MTs	516496	6050.43
Raw Sugar	MTs	—	—	MTs	—	—
			<u>4730.09</u>			<u>6050.43</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	4730.09		100	6050.43	
Imported	—	—		—	—	
		<u>4730.09</u>			<u>6050.43</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	58.39		100	94.39	
Imported	—	—		—	—	
		<u>58.39</u>			<u>94.39</u>	

16. Earnings in foreign currency for sale of sugar \$ 36,95,310 (Rs. 15,17,73,778).

17. 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 or net realizable value, whichever is less.
- 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. Grants**

- a. Grants relating to capital cost is treated capital reserve.
- b. Grants relating to revenue is treated as income.

**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 **Laxminiwas & Jain**  
Chartered Accountants

Place : Nindra  
Date : 03/09/2009

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

**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	:	31.03.2009			

**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	:	6198.75	Total Assets	:	6198.75
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**Source of Funds**

Paid up Capital (Equity)	:	2825.20	Paid up Capital (Preference)	:	408.00
Reserves & Surplus	:	15.00	Secured Loans	:	2082.84
Unsecured Loans	:	867.72			

**Application of Funds**

Net Fixed Assets	:	3414.10	Investments	:	55.28
Net Current Assets	:	1210.54	Misc. Exps.	:	—
Profit and Loss A/c	:	480.92	Deferred Tax Asset	:	1137.92

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

Turnover (including increase/decrease in stock & other income)	:	6256.85	Total Expenditure	:	6225.62
Profit before Tax	:	31.23	Prior period adjustments	:	Nil
Profit after Tax	:	(15.29)	Earning per Share	:	(0.06)
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

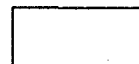
For and on behalf of the Board

Place : Nindra  
Date : 03/09/2009

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

# Prudential Sugar Corporation Limited



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

31.03.2009

31.03.2008

### A. CASH FLOW FROM OPERATING ACTIVITIES

(Rs. in lakhs)

Net Profit / Loss before Tax	31.23	(1672.25)
Adjustments for:		
Depreciation	277.86	280.22
Other Income	(93.91)	(13.26)
Interest	304.32	359.40
Taxation	(5.93)	(2.53)
Profit/Loss on sale of Assets	—	0.02
Operating Profit before working capital changes	513.67	(1048.44)
Adjustment for:		
Trade and Other Receivables	737.00	73.80
Inventories	(1150.64)	1102.22
Change in Other Current Assets	(0.10)	0.40
Trade Payables	(271.35)	752.36
Cash Generated from Operations	(171.42)	880.34
Interest paid	(304.42)	(359.40)
Dividend Paid	(21.00)	—
Net Cash from Operating Activities	(496.86)	520.94

### B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(11.06)	(28.88)
Sale of Fixed Assets	—	0.10
Other Income	93.91	13.26
Net Cash from Investing Activities	82.85	(15.52)

### C. CASH FLOW FROM FINANCING ACTIVITIES

Repayment of Long Term Borrowing	(196.19)	(596.01)
Increase / (Decrease) in other Borrowings	809.50	8.38
Redemption of Pref. Shares	(200.00)	—
Net Cash used in Financing Activities	413.31	(587.63)
Net increase in Cash and Cash Equivalents	(0.70)	(82.21)
Opening balance of Cash and Cash Equivalents	64.27	146.48
Closing balance of Cash and Cash Equivalents	63.57	64.27

For and on behalf of the Board

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

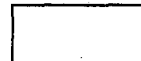
Place : Nindra  
Date : 03/09/2009

**Vinod Baid**  
Chairman &

**Ch. Krishnamoorthy**  
Managing Director

**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 18th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the  
30th September, 2009 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 Nine.

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 18th 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 : Wednesday, 30th September, 2009

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.