

**22nd Annual Report
2012-2013**



Prudential Sugar Corporation Limited



BOARD OF DIRECTORS

Sri Vinod Baid	—	<i>Chairman</i>
Sri Ch. Krishnamoorthy	—	<i>Managing Director (upto 16.05.2013)</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>
Sri K. Subba Rao	—	<i>Additional Director (w.e.f. 16.05.2013)</i>

COMPANY SECRETARY

Sri Sandeep Daga	—	Company Secretary
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AUDITORS

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

BANKERS

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

REGISTERED OFFICE

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

FACTORY

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

DEPOSITORY REGISTRAR

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



NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Monday, the 30th September, 2013 at 04.00 P.M. at "Akash Ganga", Plot No. 144, Sri Nagar Colony, Hyderabad - 500 073, Andhra Pradesh, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 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 Kishore Jhunjhunwala, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri Y. Ravinder Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2013-2014 and to authorize Board of Directors to fix their remuneration. The present Auditors of the Company, M/s. Laxminiwas & Jain, Chartered Accountants, Hyderabad, bearing Registration No. 001859S with the Institute of Chartered Accountants, retire at this Annual General Meeting and are eligible for reappointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. K. Subba Rao, who was appointed as an Additional Director at the Board Meeting held on 16th May, 2013 and who holds office as such up to the date of this Annual General Meeting, pursuant to Section 260 of the Act and Articles of Association and in respect of whom the Company has received a notice in writing from a member, under Section 257 of the Act, signifying the member's intention to propose Mr. K. Subba Rao, as a candidate for the office of Director, be and is hereby appointed a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or reenactment thereof, for the time being in force) and subject to such sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded to the appointment of Mr. K. Subba Rao, as a Whole-Time Director of the Company for a period of Three years, with effect from 2nd September, 2013 on such remuneration comprising a salary performance linked bonus, and perquisites, as may be determined by board from time to time within the maximum limits specified below.

1. Salary per month – Rs.75,000 in the scale of Rs.75,000-Rs.85,000.
2. Bonus – Mr. K. Subba Rao shall be entitled to a bonus of upto a maximum of 10% of the salary, payable quarterly or at other intervals, as may be decided by the Board of Directors.
3. Company performance linked incentive – Mr. K. Subba Rao shall be entitled to the Company performance linked incentive, payable quarterly or at other intervals, as may be decided by the Board.
4. Individual performance linked incentive – Mr. K. Subba Rao shall be entitled to the individual performance linked incentive, payable quarterly or at other intervals, as may be decided by the Board.
5. Long-term bonus plan – Mr. K. Subba Rao shall be entitled to a bonus payment, as may be decided by the Board, pursuant to the terms of the long-term bonus plan applicable to the senior officers of the Company.



Perquisites and allowances:

Mr. K. Subba Rao shall be entitled to the following perquisites and allowances:

- a. Housing – furnished/unfurnished residential accommodation or house rent allowance up to 10% of the salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings, if any, shall be valued as per Income Tax Rules, 1962.
- b. Medical reimbursement/allowance – Reimbursement of actual expenses for self and family and/or allowance will be paid as decided by the Board from time to time.
- c. Leave travel concession/allowance – for self and family once in a year, as decided by the Board from time to time.
- d. Club fees – Fees payable subject to a maximum of two clubs.
- e. Provision for driver/driver's salary allowance – as per the rules of the Company.
- f. Personal Accident Insurance – as per the rules of the Company.

Other benefits:

- a. Earned / Privilege leave – as per the rules of the Company.
- b. Company's contribution to Provident Fund and Superannuation Fund – as per the rules of the Company.
- c. Gratuity – as per the rules of the Company.
- d. Encashment of leave - as per the rules of the Company.
- e. Company car and telephone – use of the Company's car and telephone at the residence for official purposes, as per the rules of the Company.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different components of the above-stated remuneration as may be agreed to by the Board of Directors and Mr. K. Subba Rao.

For and on behalf of the Board

Place : Hyderabad
Date : 02/09/2013

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, 2013 to 30th September, 2013 (both days inclusive).
3. Members desiring any information as regards the Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
4. Members are requested to notify change in address, if any, immediately to the company, quoting their Folio Number.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of all such folios together with Share Certificates for consolidation of their holdings into a single folio.
6. Members/Proxies should bring the Attendance Slips duly signed to the meeting and hand them over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting. Xerox copy/torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting as copies will not be distributed at the Meeting hall due to prohibitive cost of printing.
7. Consequent upon amendment of Sec 205A of the Companies Act, 1956 and introduction of section 205C by the Company's (Amendment Act, 1999), the unclaimed dividend for the financial year 1995-1996 has been transferred to the Investor Education and Protection Fund.

For and on behalf of the Board

Place : Hyderabad
Date : 02/09/2013

VINOD BAID
Chairman



Explanatory Statement

Pursuant to Section 173(2) of the Companies Act, 1956

Item 5

At the Board meeting held on 16th May 2013, Mr. K. Subba Rao was appointed as an Additional Director of the Company. In terms of Section 260 of the Act, read with Articles of Association, Mr. K. Subba Rao holds office as Director until the date of this Annual General Meeting of the Company. The Company has received a notice in writing along with the requisite deposit from a Member, under Section 257 of the Act, signifying his intention to propose Mr. K. Subba Rao for appointment as a Director of the Company.

The Directors recommend passing of the resolution set out in Item 4 of the Notice.

Excepting Mr. K. Subba Rao, no other Director is concerned or interested in this resolution.

Item 6

At the Board meeting held on 16th May, 2013, Mr. K. Subba Rao was appointed as Additional Director of the Company. In terms of Section 260 of the Act and Article of Association, Mr. K. Subba Rao will hold office as Director until the date of this Annual General Meeting. The Company has received a notice in writing along with the requisite deposit from a Member, under Section 257 of the Act, signifying his intention to propose Mr. K. Subba Rao for appointment as a Director of the Company. Further, in the meeting held on 2nd September, 2013, the Board appointed Mr. K. Subba Rao as Whole-Time Director of the Company, with immediate effect, for a period of three years, subject to the approval of the shareholders. In terms of Articles of Association of the Company, Mr. K. Subba Rao shall not be liable to retirement by rotation till he continues to hold such office. The terms and conditions of the appointment are set out in a separate Agreement to be entered into between Mr. K. Subba Rao and the Company, the relevant provisions of which are briefly discussed below:

1. Period of appointment: Three years beginning September 2, 2013 and ending on September 2, 2016, subject to the retirement policy applicable to the Directors of Board of the Company.
2. Details of remuneration: As provided in the Resolution.
3. The agreement, executed between the Company and Mr. K. Subba Rao may be terminated by either party by giving notice as specified in the agreement in writing of such termination.
4. Mr. K. Subba Rao shall perform such duties as shall from time to time be entrusted to him, subject to the superintendence, guidance and control of the Board of Directors and he shall perform such other duties as shall from time to time be entrusted to him by the Board of Directors.

The Resolution seeks the approval of the members in terms of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 for the appointment of Mr. K. Subba Rao as the Whole-Time Director of the Company for a period of three years commencing from September 2, 2013.

The terms of appointment of Mr. K. Subba Rao, as stated in this notice, may be treated as the abstract under Section 302 of the Companies Act, 1956. The copies of relevant Resolutions of the Board with respect to the appointment is available for inspection by members at the registered office of the Company during working hours on any working day till the date of the Annual General Meeting.

The Board accordingly recommends the Resolution as set out in Item no. 6 for approval of the members.

**Annexure to the Notice**

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

Profile of Directors being Appointed/Re-appointed:

Item No. 2

S.No.	Particulars	Y. Ravinder Reddy
1.	Age	46 years
2.	Date of Appointment	22.03.2003
3.	Qualification	B.A.
4.	Experience	He has vast experience in executing Civil Works i.e., Roads, Buildings, Bridges, Canals in Government sector and Private Sectors, Cultivating Agriculture and Poultry Business.
5.	Other Directorships	1. Gennex Laboratories Ltd. 2. Rose Garden Developers Ltd. 3. B&B Infratech Ltd. 4. B&B Realty Ltd. 5. Beam Cox Constructions (P) Ltd.
6.	Member of the Committees	(A) Audit Committee 1. Prudential Sugar Corporation Ltd. (B) Share Transfer Committee/ Investors' Grievances Committee 1. Prudential Sugar Corporation Ltd.

Prudential Sugar Corporation Limited**Item No. 3**

S.No.	Particulars	Sri Kishore Jhunjunwala
1.	Age	65 years
2.	Date of Appointment	31.10.2002
3.	Qualification	FCA
4.	Experience	He has vast experience in businss and various other industries.
5.	Other Directorships	1. Gennex Laboratories Limited 2. Mercury Fund Management Co. Ltd. 3. Deccan Remedies Ltd. 4. Discovery e-com Ltd. 5. Discovery Infoways Ltd. 6. Discovery Institute of Information and Technology Ltd. 7. Sindia Steels Ltd. 8. Priyatama Exports (P) Ltd.
6.	Member of the Committees	(A) Audit Committee 1. Gennex Laboratories Ltd. (B) Share Transfer Committee/ Investors' Grievances' Committee 1. Gennex Laboratories Ltd. (C) Remuneration Committee 1. Gennex Laboratories Ltd.

Item No. 3

S.No.	Particulars	Sri K. Subba Rao
1.	Age	64 years
2.	Date of Appointment	16.05.2013
3.	Qualification	B.Tech. (Mech.), B.O.E.
4.	Experience	He has vast experience in Sugar Industries since last 35 years
5.	Other Directorships	NIL
6.	Member of the Committees	NIL



DIRECTORS' REPORT

To,
The Members,

1. Your Directors have pleasure in submitting their Twenty Second Annual Report with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2013.

2. Financial Performance

(Rs. in Lakhs)

	for the Year ended 31.03.2013	for the Year ended 31.03.2012
Total Income	11244.73	8527.98
Profit/(Loss) before Interest and Depreciation	798.59	846.22
Less: Interest	263.38	276.70
Profit/(Loss) after Interest but before Depreciation & Tax	535.21	569.52
Less: Depreciation	283.79	280.06
Profit/(Loss) before tax	251.42	289.46
Provision for Tax:		
- Taxation for earlier year	—	—
- Current	—	—
- Deferred Tax Asset	83.07	52.91
Profit/(Loss) after Tax and Dividend	168.36	236.55
Add: Balance brought from previous year	(283.55)	(520.10)
Surplus/(Loss) carried to Balance Sheet	(115.19)	(283.55)

3. Review of Operations

During the crushing season 2012-2013 Company has crushed 327718 Mts of cane as against 386689 MTs of cane crushed during crushing season 2011-12. The average recovery during the year under review was 8.91% as against 8.93% during last crushing season.

4. Dividend

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

5. Sugar Industry Overview

World Sugar production is poised to outpace consumption in 2012-2013 for the third year in row, touching an all time high of 182 million tonnes. India yet again fumbled and floundered during 2011-2012 to capitalize on buoyant world sugar prices. By restricting and rationing export quotas, we were lackadaisical to let go a golden opportunity to pare inventories through aggressive exports at lucrative world prices. As a result, we are now overburdened with huge sugar stocks hitting a 5 year high mark with little scope for its liquidation at the current juncture where export price parity is palpably negative. As feared, domestic sugar prices have crumbled and continually crashed during 2012-2013 sugar season. After peaking to Rs.3800 per Qtl in August 2012, Ex-factory prices in Andhra Pradesh currently rule below Rs.3000 per Qtl, too sharp a slide in too short a period. In addition to that Govt. of Andhra Pradesh has levied VAT of 5% on Sugar Sales within the state. Hence, Ex-factory prices in the state has come down due to buyers getting the stocks from nearby states.

Sugar Decontrol

The Central Government has finally taken the crucial decision to liberate the sugar sector from the clutches of excruciating controls. Pursuant to the recommendation of Dr. C. Rangrajan Committee made in October 2012, CCEA on 4th April 2013 decided to do away with levy obligation for with sugar produced from October 2012. While Government would continue with PDS sugar for BPL



families, the subsidy burden would henceforth shift from Industry to Government. Further, Sugar Release Mechanism has been dismantled to confer greater freedom on industry for managing its cash flows.

Indian Industry Outlook 2013-14

World sugar balance would record a surplus on the fourth year in succession in 2013-14, a feat not witnessed for over two decades. The only redeeming feature is the strong ethanol price parity that would prompt Brazil divert a larger share of cane from sugar to ethanol production to correspondingly slice the size of surging sugar surplus. With export availability outweighing demand, world prices would remain bearish, virtually shutting the export window for the high cost Indian sugar.

Indian Meteorological Department has predicted a normal monsoon for 2013 for the country as a whole but a sub-par rainfall in the southern parts that include Andhra Pradesh. With likely steep fall in cane area in Maharashtra, Indian sugar production would decline by about 10% during 2013-14 sugar season. This is still adequate to meet local off-take, thereby limiting meaningful scope for inventory draw-down. Accordingly, local sugar prices should only remain range bound under continual supply side pressures.

Meanwhile, there was advance signaling by Centre in hiking Fair and Remunerative Price for sugarcane for 2013-14 by a hefty 24% (Rs.170 to 210 per quintal). State Governments are generally prone to give pro-rata or higher hikes and hence cane pricing risk looms large on the industry.

With persistent drought, sugar production in Andhra Pradesh is on the throes of steep decline and the industry may hardly operate at 50% of its potent capacity. Your Company has been the hardest hit on this front, with fresh cane planting having virtually come to naught and ratoon crops wilting under woeful water shortage.

There are thus clearly more negatives and little positives for the sugar industry in general and your Company in particular in the coming year. Your Company is poised to face the severest of challenge in recent times on cane availability, sugar recovery and margins. It has of course no choice but to play a patient waiting game till the resumption of monsoon.

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 31.03.2013 is Nil. No Deposits are due and outstanding for payment as on 31.03.2013.

8. Directors

Shri Kishore Jhunjunwala and Shri Y.Ravinder Reddy are retiring by rotation at the ensuing Annual General Meeting and are eligible for reappointment. Shri Ch. Krishnamoorthy ceased as a Managing Director with effect from 16.05.2013. Shri K. Subba Rao was appointed as an Additional Director at the Board Meeting held on 16.05.2013. In the Board Meeting held on September 2, 2013, Shri K.Subba Rao was appointed as a Executive Director. Resolution seeking your approval for the appointment of Shri K. Subba Rao has been incorporated in the notice of the ensuing AGM of the Company.

9. Directors' Clarification on Auditors' Report

Point-wise explanations to the qualified opinion of the Auditors are as follows: Note No. 4 of the Auditors' Report:



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

10. Environmental friendliness & pollution free techniques

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

11. Personnel

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

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

12. Conservation of energy, technology absorption and foreign exchange earning/outgo

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

13. Directors' Responsibility Statement

Your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Accounting year ended 31st March, 2013 and of the Profit of the Company for that year;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis.

14. Corporate Governance

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

15. Auditors

M/s. Laxminiwas & Jain, Chartered Accountants, Hyderabad, the Auditors of your Company retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

16. Acknowledgement

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

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

For and on behalf of the Board

Place : Hyderabad
Date : 02/09/2013

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, 1998.

A. Conservation of Energy

a. Energy Conservation measures taken:

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

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

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

c. Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on reduction in cost of production is Rs.6.00 per bag.

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

B. Technology Absorption

Efforts made in technology — As per Form 'B'

C. Foreign Exchange Earnings & Outgo

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

2. Total Foreign exchange Earnings and Outgo	Rs. lakhs
Foreign Exchange Outgo	NIL



**FORM A
(See Rule 2)**

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

DESCRIPTION	2012-13	2011-12
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. PURCHASED		
Units KWH	4,13,988	4,31,444
Total Amount (Rs.)	40,44,901	28,28,414
Rate per Unit (Rs.)	9.77	6.50
b. OWN GENERATION		
1. Through Diesel		
Generator Units (KWH)	33,352	8,404
Units per Ltr. of Diesel Oil	2.71	2.74
Cost per Unit (Rs.)	18.90	18.04
2. Through Steam Turbine / Generator Units (KWH)	80,04,360	89,17,376
KWH per tonne of Bagasse	2000.01	204.50
Cost per Unit (Rs.1,000/-)	6.38	5.70
2. BAGASSE		
Quantity (Tonnes)	40,020	43,605
Total Cost (Rs.)	Own Bagasse	Own Bagasse
Average Rate (Rs.)	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity KWH (Per Tonne)	272.60	258.20



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

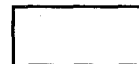
- a. Internode borer is controlled to manageable extent and improvement in yield is achieved.
- b. Better varieties of cane have been identified which are suitable for cultivation.
- c. Drip installation is made efficient.
- d. Productivity per acre is increased and farm earnings also improved.

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	0.97
c. Total	0.97
d. Total R&D expenditure as a percentage of total turnover	0.009%



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

Prudential Sugars Limited is committed to good governance practices that create long term sustainable shareholders value”

1. Company’s philosophy

Prudential Sugars Limited is committed to good governance practices that create long term sustainable shareholder value. The company’s philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity in all acts of its operations and in all its interactions with its operations concerning financial institutions, banks, shareholders, employees, the Government and the lenders.

2. Board of Directors

The Company’s policy is to maintain optimum combination of Executive and Non-Executive Directors. The strength of the Board as on March 31, 2013 was Seven, The Executive Chairman, The Managing Director and Four Non-Executive Independent Directors.

Seven Board Meetings were held during the financial year ended March 31, 2013. The dates of the Board Meetings are as follows:

15.05.2012, 15.08.2012, 31.08.2012, 13.11.2012, 01.12.2012, 15.02.2013 and 06.03.2013

The Composition of Board of Directors, attendance at the Board Meetings during the financial year ended March, 31, 2013 and the last Annual General Meeting and also number of other directorships of the Directors as on March, 31, 2013, are given below:

Name of the Director	Nature of Directorships	No. of Board Meetings held	No. of Board Meetings Attended	Attendance at Last AGM	No. of Directorships
Sri Vinod Baid	Promotor and Executive Chairman	7	7	Present	7
Sri Ch. Krishnamoorthy	Managing Director	7	0	Absent	0
Sri U.C. Bhandari	Non-Executive Independent Director	7	2	Present	7
Sri Kishore Jhunjunwala	Non-Executive Independent Director	7	2	Absent	13
Sri Y. Ravinder Reddy	Non-Executive Independent Director	7	7	Present	5
Sri P.M. Nair	Non-Executive Independent Director	7	2	Present	2



3. Audit Committee

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement. The Audit Committee consists of Non Executive Independent Directors and assists the Board in fulfilling its overall responsibilities. This comprises of three Non-Executive independent directors.

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

Brief description of terms of reference

The terms of reference of the Audit Committee include the following

- a. Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c. Approve payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Review, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) section 217 of the Companies Act, 1956.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management.
 - iv. Significant adjustments made in the financial statement arising out of audit findings
 - v. Compliance with listing and other legal requirement relation to financial statements
 - vi. Disclosure of any related party transactions
 - vii. Qualifications in the draft audit report.

The Audit Committee met four times during the year on 15.05.2012, 15.08.2012, 13.11.2012 and 15.02.2013

Name of the Director	No. of Meetings attended
Sri U.C. Bhandari	4
Sri Kishore Jhunjunwala	4
Sri 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 had approved remuneration to Shri Vinod Baid, Executive Chairman and Shri Ch. Krishnamoorthy, Managing Director. However, due to negative performance of the Company during the year, Executive Chairman and Managing Director have not taken remuneration and 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 2012-2013, 1 complaint was received from shareholders/investors. All complaints have been redressed to the satisfaction of the complainants.

All valid share transfers received during the year 2012-2013 have been acted upon by the Company and there were no pending share transfers as on 31st March, 2013.

6. General Body Meetings

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

Financial Year	Date	Location of the Meeting	Time
2009-2010	30th September, 2010	PSCL, Prudential Nagar, Nindra	10.00 am
2010-2011	30th September, 2011	PSCL, Akash Ganga Plot No. 144, Srinagar Colony.	04.00 pm
2011-2012	26th December, 2012	PSCL, Akash Ganga Plot No. 144, Srinagar Colony.	11.00 am

No Postal Ballot was conducted since the date of last Annual General Meeting.

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, and 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 Shares of the company listed on National Stock Exchange and Bombay Stock Exchange, The Company's trading was suspended in both Stock Exchanges and since then, the company is regularly complying with all the provisions of listing agreement.

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

Date and Time : 30.09.2013 at 04.00 pm
Venue : Akash Ganga, Plot No. 144
Sri Nagar Colony, Hyderabad - 500 073. AP.

Demat ISIN No. for NSDL :
and CDSL for
Equity Shares : INE024D01016
Preference Shares : INE024D04010



B. Date of Book Closure : 26.09.2013 to 30.09.2013 (both days inclusive)

C. Registrar & Share transfer Agent

R&D Infotech (P) Ltd., 1st Floor, 7A, Beltala Road (Naresh Mitra Sarani, Kolkata - 700 026
Telefax: 033-24192641/42; Fax: 033-24761657

D. Address for Correspondence

Prudential Sugar Corporation Limited
Akash Ganga, Plot No. 144
Door No. 8-3-1053, Srinagar Colony
Hyderabad - 500 073.
Telefax: 040-23746451 / 67334400 Fax: 040-67334433/67334401

E. Transfer system

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

F. Dematerialization of shares and liquidity

The Company's shares being in compulsory Demat list, are transferable through the depository system. However, shares in the physical form are processed by the Registrar & Transfer Agent and approved by the Investors Grievance Committee. The share transfer process is reviewed by the said committee.

As on 31st March, 2013, a total of 18450389 shares of the Company, which forms 51.60% of the Share Capital, stands dematerialized.

G. Financial Calendar

The Company follows April-March as its financial year.

H. Distribution of Share holding as on 31st March, 2013

Share holding of Nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% to Total	(in Rs.)	% to Total
Upto	5,000	10,289	88.37	2,09,90,500	5.87
5,001 —	10,000	557	4.78	47,21,450	1.32
10,001 —	20,000	346	2.97	53,58,350	1.50
20,001 —	30,000	85	0.73	21,62,660	0.60
30,001 —	40,000	84	0.72	32,02,000	0.90
40,001 —	50,000	42	0.36	20,20,490	0.57
50,001 —	1,00,000	105	0.90	83,52,460	2.34
1,00,001	and above	135	1.16	31,07,12,090	86.91
Total		11,643	100.00	35,75,20,000	100.00



I. Shareholding Pattern as on 31st March, 2013

Category	No. of shares held	Percentage of shareholding
1. Promoters' Holding		
1. Indian Promoters		
- Individual	79,54,001	22.25
- Bodies Corporate	1,50,78,099	42.17
- Foreign Promoters	—	—
2. Persons acting in concert	—	—
Sub-Total - (1)	2,30,32,100	64.42
2. Non-Promoters' Holding		
Institutional Investors		
a. Mutual Funds and UTI	65,000	0.18
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-government Institutions)	12,900	0.04
c. Flls	—	—
Sub-Total - (2)	77,900	0.22
3. Others		
a. Private Corporate Bodies	64,25,472	17.97
b. Individuals	58,27,128	16.30
c. Non-Resident Individuals	3,89,300	1.09
d. Overseas Corporate Bodies	100	0.00
Sub-Total - (3)	1,26,42,000	35.36
Grand Total (1)+(2)+(3)	3,57,52,000	100.00

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

Name of the Stock Exchange	Stock Code	Address
1. The Stock Exchange, Mumbai	500342	Phiroze Jeejeebhoy Towers, Dalai Street, Mumbai - 400 001.
2. National Stock Exchange of India Limited	PRUDMOULI	Exchange Plaza, 5th Floor, Plot No. C/1 G Block, Bandra Kurla Complex, (East) Mumbai - 400 051.
3. Madras Stock Exchange	PRUDENTSUG	Exchange Building, Post Box No. 183, 11 Second Line Beach, Chennai - 600 001.
4. The Stock Exchange, Ahmedabad	PRUDSUG	Main Chowk, Ahmedabad - 480 001.
5. The Calcutta Stock Exchange Association Limited		7, Lyons Range Kolkata - 700 001.

Annual Listing Fee has been paid for the Year 2012-13 for BSE & NSE.

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: psclsugar@gmail.com

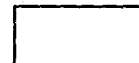
M. Address for Correspondence

Prudential Sugar Corporation Limited, Registered Office at "Akash Ganga", Plot No. 144, Door
No. 8-3-1053, Sri Nagar Colony, Hyderabad - 500 073. A.P. Phones: 040-23746451, 23746692,
Fax: 040-66822871

Email: psclsugar@gmail.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 or an employee having a significant role in the Company's internal control system.

Place : Hyderabad

Date : 30/05/2013

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, 2013 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, 2013 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, 2013, 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, 2013 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 : Hyderabad

Date : 30/05/2013

Fó Laxminiwas & Jain
Chartered Accountants
Firm Registration No. 001859S
Smt. Sharada G. Patil
Partner
Membership No. 015332



INDEPENDENT AUDITORS' REPORT

To
The Members,
PRUDENTIAL SUGAR CORPORATION LIMITED
Hyderabad

Report on Financial Statements

We have audited the accompanying financial statements of Prudential Sugar Corporation Limited, Hyderabad, ("the Company") which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- * **The company has not provided interest on accrual basis/certain liabilities, Refer Note No. 22 (a), the impact of which the profit for the year is over stated by Rs. 1.06 Lacs and cumulative impact is that the liabilities are understated by Rs. 431.34 Lacs.**
- * **The company has provided less depreciation @ 5.28% on sugar work roller whereas eligible depreciation as per schedule XIV of the Companies Act is 100% . Refer Note No. 21(b)(2) , the impact of which is that the cumulative profit is overstated by Rs. 9.19 Lacs.**
- * **The Company did not redeem the 16% Redeemable Cumulative preference shares as per the terms of issue, and did not provide for arrears of dividend thereon, Refer Note No. 22 (a) (5), the impact of which is that the Current Liabilities are understated by Rs. 408 Lacs and the Capital is overstated by Rs. 408 Lacs.**



- * **The company has not accounted the provisions for retirement benefits as per AS-15, the impact of which is unascertained.**
- * **The Balance of Trade Receivables, Trade payables, Secured Loans, Unsecured Loans, Loans and advances, Other Current assets and Current Liabilities are subject to confirmation/ reconciliation as indicated in Note No. 22 (e), the impact of which is unascertained.**

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified opinion paragraph, the financial statements, gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 those books.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, except Mr C. H Krishnamoorthy from whom the written representations not received, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Laxminiwas & Jain
Chartered Accountants
Firm Registration No. 001859S

Place : Hyderabad
Date : 30/05/2013

Smt. Sharada G. Patil
Partner
Membership No. 015332



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our Report of even date

1. a. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets which is required to be updated.
- b. 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. No material discrepancies were noticed on such verification.
- c. In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. a. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, 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. In our opinion and on the basis of our examination of the records, the Company is maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loans to two companies, covered in the register maintained under Section 301 of the Companies Act, 1956. The Maximum amount involved during the year was Rs.1333.96 lacs and the year end balance of loans granted to such parties was Rs.1145.46 lacs.
- b. In the absence of the rate of interest and other terms and conditions on which the Loans have been granted, we are unable to comment, whether the same are prima facie prejudicial to the interest of the company.
- c. In the absence of Terms and conditions on which the Loan has been granted, we are unable to comment whether the parties have repaid the principal amounts and interest on regular basis.
- d. In the absence of Terms and conditions on which the Loans have been granted, we are unable to comment, whether there is any overdue amount.
- e. According to the information and explanations given to us, during the year the company has taken unsecured loan of Rs.110 Lacs from one party and repaid Rs 434 Lacs to four parties and total amount outstanding as on 31st March 2013 was Rs.112 Lacs payable to two parties covered in the register maintained under section 301 of the Companies Act, 1956.
- f. In our opinion, the rate of interest and other terms and conditions on which loans were taken from Companies, Firms, or other parties covered under the register maintained under Sec. 301 of the Companies Act. 1956, are not prima facie, prejudicial to the interest of the Company.
- g. According to the information and explanations given to us, the company is regular in repayment of the principal and interest wherever applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its



business, for the purchase of inventories & fixed assets and for the sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the transactions made in pursuance of contracts or arrangements that need to be entered in the register to be maintained under Section 301 of the Act have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act and exceeding value of Rs. Five Lakhs in respect of each party during the financial year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. During the year, the company has not accepted any deposits from the public within the meaning of Sec. 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an internal audit system by their own staff, which needs to be further strengthened.
8. We have broadly reviewed the books of accounts relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Sec. 209(i)(d) and are of the opinion that *prima facie* prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a. According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident Fund, Investor education and protection fund, wealth tax, sales tax, customs duty, Excise duty, cess and other Material statutory dues applicable to it, except Service Tax. According to the information and explanations given to us, a sum of Rs. 334.22 Lacs is payable in respect of purchase tax and Income Tax (Dividend Distribution Tax) were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable .
- b. According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, service tax, customs duty , excise duty and cess except following amount of Sales Tax which have not been deposited due to disputes.

Sl.No.	Nature of Dues	Name of Statute	Amount	Pending before
1.	Sales Tax	APGST 1957	11.15 lacs	High Court of Andhra Pradesh

10. In our opinion the accumulated losses of the company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has defaulted in repayment of dues to IIBI for a sum of Rs. 11.27 lacs.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. In our opinion, the company is not dealing in or trading in Shares, Securities debentures and other investments. Accordingly, the provision of this clause of the Companies (Auditor's Report) Order is not applicable to the company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution during the year.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the company has not issued any debentures.
20. According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Laxminiwas & Jain
Chartered Accountants
Firm Registration No. 001859S

Place : Hyderabad
Date : 30/05/2013

Smt. Sharada G. Patil
Partner
Membership No. 015332

Prudential Sugar Corporation Limited



BALANCE SHEET AS AT 31st MARCH, 2013

PARTICULARS	Notes	As at 31.03.2013 In Rupees	As at 31.03.2012 In Rupees
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
Share Capital	1	323,320,000	323,320,000
Reserves & Surplus	2	(10,019,842)	(26,855,487)
		<u>313,300,158</u>	<u>296,464,513</u>
2 Non-current liabilities			
Long-term borrowings	3	18,038,004	113,605,221
Other Long term liabilities		—	—
Long-term provisions	4	8,021,230	8,021,230
		<u>26,059,234</u>	<u>121,626,451</u>
3 Current liabilities			
Short-term borrowings	5	136,300,971	132,335,067
Trade payables		382,837,469	381,467,769
Other current liabilities	6	76,401,621	82,466,178
Short-term provisions		—	—
		<u>595,540,061</u>	<u>596,269,014</u>
		<u>934,899,453</u>	<u>1,014,359,979</u>
(TOTAL OF 1+2+3)			
II. ASSETS			
Non-current assets			
1. Fixed assets			
Tangible assets	7	242,109,455	267,514,608
Intangible assets		—	—
Capital work-in-progress		—	—
Non-current investments	8	5,528,005	5,528,005
Deferred tax assets (net)		64,726,304	73,032,918
Long-term loans and advances		—	—
Other non-current assets		—	—
		<u>312,363,763</u>	<u>346,075,531</u>
2. Current assets			
Current investments		—	—
Inventories	9	413,804,004	454,282,440
Trade receivables	10	64,022,934	63,250,190
Cash and cash equivalents	11	17,590,473	34,508,647
Short-term loans and advances	12	127,118,279	116,243,171
Other current assets		—	—
		<u>622,535,690</u>	<u>668,284,449</u>
		<u>934,899,453</u>	<u>1,014,359,979</u>
(TOTAL OF 1+2)			
III. SIGNIFICANT ACCOUNTING POLICIES			
	21		
NOTES TO ACCOUNTS			
	22		

The accompanying notes are an integral part of the Financial Statements.

For and on behalf of the Board

As per our report of even date

For **Laxminiwas & Jain**

Chartered Accountants

Firm Regn. No. 001859S

Place : Hyderabad	Vinod Baid	K. Subba Rao	Sandeep Daga	Smt. Sharada G. Patil
Date : 30/05/2013	Chairman	Director	Company Secretary	Partner
				Membership No. 015332

Prudential Sugar Corporation Limited



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2013

PARTICULARS	Notes	Year ended 31.03.2013 In Rupees	Year ended 31.03.2012 In Rupees
I. Income:			
Revenue from operations	13	1,124,473,600	852,797,890
Less: Excise Duty		<u>44,409,168</u>	<u>42,910,242</u>
		1,080,064,432	809,887,648
Other income	14	<u>235,292</u>	<u>108,349</u>
Total Revenue (I)		<u>1,080,299,724</u>	<u>809,995,997</u>
II. Expenses:			
Cost of materials consumed	15	835,384,347	737,671,264
Purchases of Stock-in-Trade		-	-
[Increase]/Decrease in inventories of finished goods work-in-progress and Stock-in-Trade	16	40,156,506	(128,022,610)
Employee benefits expense	17	50,617,988	45,585,610
Finance costs	18	26,337,683	27,669,683
Depreciation and amortization expense	19	28,379,136	28,006,140
Other expenses	20	<u>74,273,269</u>	<u>69,941,602</u>
Total Expenses (II)		<u>1,055,148,929</u>	<u>780,851,689</u>
Profit before Exceptional, Extraordinary items & Taxation		25,150,795	29,144,308
Exceptional items: Loss on sale of Asset		8,536	198,567
Tax expenses	3371850	-	-
Less: MAT Credit Entitlement	3371850	-	-
Les : Deferred Tax Assets		8,306,614	5,290,939
Profit / (Loss) for the year from continuing operations		<u>16,835,645</u>	<u>23,654,802</u>
Earnings per equity share:			
Basic		0.59	0.84
Diluted		0.58	0.83
III. SIGNIFICANT ACCOUNTING POLICIES	21		
NOTES TO ACCOUNTS	22		

The accompanying notes are an integral part of the Financial Statements.

For and on behalf of the Board

As per our report of even date
For **Laxminiwas & Jain**
Chartered Accountants
Firm Regn. No. 001859S

Place : Hyderabad	Vinod Baid	K. Subba Rao	Sandeep Daga	Smt. Sharada G. Patil
Date : 30/05/2013	Chairman	Director	Company Secretary	Partner
				Membership No. 015332

Prudential Sugar Corporation Limited**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

31.03.2013

31.03.2012

*(Rs. in lakhs)***Cash flow from Operating activities**

Net Profit before Tax and Extraordinary items	251.42	289.46
Adjustments for :		
Depreciation	283.79	280.06
Interest paid	263.38	276.69
Other Income	(2.35)	(1.08)
Operating Profit before working capital changes	<u>796.24</u>	<u>845.13</u>
Adjustments for:		
Decrease/(Increase) in Trade and Other Receivables	(116.48)	(498.93)
Decrease/(Increase) in inventories	404.78	(1,333.94)
(Decrease)/Increase in Trade Payables/current liabilities	(46.95)	1,626.98
Cash generation from operations (A)	<u>1037.59</u>	<u>639.24</u>

Cash flow from Investing Activities

Purchase of Fixed assets	(29.98)	(99.74)
Proceeds from sale of fixed assets	0.25	3.01
Other Income	2.35	1.08
Net Cash flow from Investing activities (B)	<u>(27.38)</u>	<u>(99.65)</u>

Cash flow from Financing activities

Repayment of Long Term Borrowings	(955.67)	(31.11)
Repayment of Short Term Borrowings	39.66	(112.39)
Interest paid	(263.38)	(276.69)
Net Cash flow from Financing activities (C)	<u>(1179.39)</u>	<u>(420.19)</u>

NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES

	(169.18)	123.40
Add: Opening Cash and cash equivalents	345.08	221.68
Cash and cash equivalents at the end of the period	175.90	345.08

For and on behalf of the Board

As per our report of even date

For **Laxminiwas & Jain**
Chartered Accountants

Firm Regn. No. 001859S

Place : Hyderabad **Vinod Baid** **K. Subba Rao** **Sandeep Daga** **Smt. Sharada G. Patil**
Date : 30/05/2013 Chairman Director Company Secretary Partner

Membership No. 015332

Prudential Sugar Corporation Limited



As at 31.03.13
in Rupees

As at 31.03.12
in Rupees

1. SHARE CAPITAL

Authorised

5,00,00,000 Equity Shares of Rs. 10/- each	500,000,000	500,000,000
16% Cum.Redemable Preference shares of Rs.50/- each	<u>250,000,000</u>	<u>250,000,000</u>
	<u>750,000,000</u>	<u>750,000,000</u>

Issued

a. 1,54,06,400 Equity shares of Rs.10/ each	154,064,000	154,064,000
b. 1,00,00,000 Equity shares of Rs.10/ each issued at a premium of Rs.10/ each	100,000,000	100,000,000
c. 10345600 Equity Shares of Rs.10/ each (Converted from 2586400 Equipref Shares of Rs 40/ each)	103,456,000	103,456,000
d. 20000 16% Cum.Redemable Pref. Shares of Rs.40/ each (Rs.10/ converted into Equity)	800,000	800,000
e. 1000000 16% Cum.Redemable Pref.Shares of Rs. 50/ each (Redeemable at any time on or before 10/02/2006)	50,000,000	50,000,000
	<u>408,320,000</u>	<u>408,320,000</u>

Subscribed & Fully Paid up

1,54,06,400 Equity shares of Rs.10/ each	154,064,000	154,064,000
1,03,45,600 Equity shares of Rs.10/- each (Converted from 2586400 Equipref Shares of Rs 40/ each)	103,456,000	103,456,000
20,000 16% Cum.Redemable Pref. Shares of Rs.40/ each (Rs.10/ converted into Equity)	800,000	800,000
	<u>258,320,000</u>	<u>258,320,000</u>

Subscribed but not fully Paid up

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	25,000,000	25,000,000
1000000 16% Cum.Redemable Pref.Shares of Rs.50/- each Rs.40/- per share each called up and up	<u>40,000,000</u>	<u>40,000,000</u>
Total	<u>65,000,000</u>	<u>65,000,000</u>

1.1. The Opening and closing balance of the Subscribed and Paid-up equity shares of the company are same, hence, the reconciliation between opening number and closing number of shares does not arise.

1.2. Details of Shareholders holding more than 5% fully paid shares in the company

S. No.	Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	VAB Ventures Ltd.	9,877,599	27.62	8,877,889	24.83
2	Bank of India	3,500,500	9.79	3,500,500	9.79
	(Pledgee of Shares of the following Companies)				
	a. Premier Fiscal Services P. Ltd.	1,500,500			
	b. Premier Industrial & Commercial Services Private Ltd.	1,000,000			
	c. J.M.Properties Private Ltd.	500,000			
	d. Baid Apartments Private Ltd.	500,000			
3	Nageshwar Consultant Private Ltd.	—	—	2,700,000	7.55
4	Chadalavada Krishna Moorthy	2,125,000	5.94	2,125,000	5.94
5	Sucharitha Manda	2,000,000	5.59	2,000,000	5.59

Prudential Sugar Corporation Limited



As at 31.03.13
In Rupees

As at 31.03.12
In Rupees

2. RESERVES AND SURPLUS

CAPITAL RESERVES

Opening Balance	1,500,000	1,500,000
(+) Current Year Transfer	—	—
(-) Written Back in Current Year	—	—
Closing Balance	1,500,000	1,500,000

Surplus/(Deficit) in the Statement of Profit and Loss

Opening balance	(28,355,486)	(52,010,289)
(+) Net Profit/(Net Loss) For the current year	16,835,645	23,654,802
Closing Balance	(11,519,842)	(28,355,487)
Total	(10,019,842)	(26,855,487)

3. LONG TERM BORROWINGS

a. Term loans

Rupee loan from banks - IFCI Limited	—	24,540,054
Rupee loan from banks - IIBI Limited	1,127,000	15,525,000
Interest Accrued and Due on above Loan	—	16,902,000
Rupee loan from banks	16,759,004	56,239,167

b. Vehicle Loan from Bank

	152,000	399,000
Total	18,038,004	113,605,221

Notes

- 3.1 Loan from IIBI is Secured by 1st Charge on the Fixed Assets of the company and guaranteed by one of the director and one former director
- 3.2 Rupee loan from banks 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
- 3.3 Vehicle loan is Secured by Hypothecation of vehicle purchased.

4. PROVISIONS (Long Term)

a. Provision for employee benefits

Superannuation (unfunded)	8,021,230	8,021,230
Total	8,021,230	8,021,230

Prudential Sugar Corporation Limited



As at 31.03.13
In Rupees

As at 31.03.12
In Rupees

5. CURRENT LIABILITIES

SHORT TERM BORROWINGS

Cash credit from Banks (Secured)	82,279,221	47,913,317
Crop Loan (Secured)	42,000,000	40,000,000
	124,279,221	87,913,317

Unsecured

a. Other Loans and advances

From Directors	11,200,000	43,600,000
From Others	821,750	821,750
	12,021,750	44,421,750

Total	136,300,971	132,335,067
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TRADE PAYABLES	382,837,469	381,467,769
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5.1 The above borrowings from banks 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.

6. OTHER CURRENT LIABILITIES

a. Interest accrued but not due on borrowings	3,983,684	4,931,514
b. Accrued Salaries and Benefits	6,035,862	6,007,893
c. Statutory Dues	51,805,780	48,402,461
d. Vehicle Loan	228,000	228,000
e. Others	14,348,295	22,896,310
	76,401,621	82,466,178

7. FIXED ASSETS

(In Rupees)

SL. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 01.04.2012	Additions during the year	Deductions during the year	Cost upto 31.03.2013	Total Dep. upto 31.03.2012	Depreciation for the year	Depreciation on deletions	Total Dep. upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
1	Land	16,343,937	—	—	16,343,937	—	—	—	—	16,343,937	16,343,937
2	Plant & Machinery	423,864,589	2,997,519	—	426,862,108	268,827,818	22,358,748	—	291,186,566	135,675,542	155,048,317
3	Furniture & Fittings	23,878,793	—	—	23,878,793	20,541,086	1,498,357	—	22,039,442	1,839,351	3,337,707
4	Buildings	157,717,744	—	—	157,717,744	66,735,365	4,231,131	—	70,966,495	86,751,249	90,982,379
5	Vehicles	5,876,086	—	48,328	5,827,758	4,062,694	290,901	24,792	4,328,803	1,498,955	1,801,847
	Total	627,681,149	2,997,519	48,328	630,630,340	360,166,962	28,379,136	24,792	388,521,306	242,109,034	267,514,188
	Previous Year	618,479,859	9,974,205	772,915	627,681,149	332,629,751	28,006,140	468,930	360,166,961	267,514,188	285,850,108



Prudential Sugar Corporation Limited



As at 31.03.13
In Rupees

As at 31.03.12
In Rupees

8. NON-CURRENT INVESTMENTS

Trade Investments (Valued at cost unless stated otherwise)

Equity Shares (quoted)

500 Shares of Rs.1/- each fully paid up in KCP Sugars Ltd.	3,755	3,755
50 Shares of Rs.10/- each fully paid up in The KCP Ind. Ltd.	3,755	3,755
100 Shares of Rs.10/- each fully paid up in Sakthi Sugars Ltd.	4,495	4,495
5 Shares of Rs.10 /- each fully paid up in Kothari Sugars & Chem Ltd.	3,000	3,000
100 Shares of Rs.10/- each fully paid up in Aruna Sunrise Hotels Ltd.	2,000	2,000

Equity Shares (Unquoted)

5,50,000 Equity Shares of Rs.10/- each fully paid up in Prudential Spinners Ltd.	5,500,000	5,500,000
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Other Investments

National Savings Certificate (Deposited with Forest Department)	11,000	11,000
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Total	5,528,005	5,528,005
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9. INVENTORIES (Valued at Lower of Cost and Net Realisable Value)

a. Work-in-progress	4,700,500	20,558,800
b. Finished Goods	351,901,115	376,199,321
c. Stores and spares	56,945,271	57,168,771
d. Loose Tools	257,118	355,549

Total	413,804,004	454,282,440
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10. TRADE RECEIVABLES (Unsecured, considered good unless stated otherwise)

Trade receivables outstanding for a period less than six months from the date they are due for payment

Unsecured, considered good	64,022,934	63,250,190
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Less: Provision for doubtful debts	—	—
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Total	64,022,934	63,250,190
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11. CASH AND BANK BALANCES

a. Balances with banks*	—	—
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On Current accounts	16,803,093	33,704,461
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b. Margin Money	727,510	625,000
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c. Cash on hand*	59,870	179,186
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Total	17,590,473	34,508,647
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12. SHORT TERM LOANS AND ADVANCES

a. Loans and advances to related parties

Unsecured, considered good	114,545,946	104,150,000
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Doubtful	—	—
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Less: Provision for doubtful loans and advances	—	—
---	---	---

	114,545,946	104,150,000
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b. Others

Loans and advances to employees	811,025	1,152,044
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Prepaid Expenses	264,935	399,097
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Balances with Statutory/Government Authorities	5,566,449	4,472,117
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Others	5,929,924	6,069,913
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	12,572,333	12,093,171
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Total	127,118,279	116,243,171
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Prudential Sugar Corporation Limited



	For the year ended 31.03.13 In Rupees	For the year ended 31.03.12 In Rupees
13. REVENUE FROM OPERATIONS		
Sale of products	1,124,162,600	852,706,490
Sale of services	—	—
Other operating revenues		
Scrap sales	311,000	91,400
<u>Less: Excise duty</u>	<u>44,409,168</u>	<u>42,910,242</u>
Total	<u>1,080,064,432</u>	<u>809,887,648</u>
14. OTHER INCOME		
Interest Income	183,729	69,829
Others	51,563	38,520
Total	<u>235,292</u>	<u>108,349</u>
15. COST OF RAWMATERIALS AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	—	—
Add: Purchases	835,384,347	737,671,264
Less: Inventory at the end of the year	—	—
Cost of Raw materials and Components Consumed	<u>835,384,347</u>	<u>737,671,264</u>
16. (INCREASE) / DECREASE IN INVENTORIES		
Inventories at the end of the year		
Work in Progress	4,700,500	20,558,800
Finished Goods	351,901,114	376,199,320
	<u>356,601,614</u>	<u>396,758,120</u>
Inventories at the beginning of the year		
Work in Progress	20,558,800	11,087,000
Finished Goods	376,199,320	257,648,510
	<u>396,758,120</u>	<u>268,735,510</u>
Total	<u>(40,156,506)</u>	<u>128,022,610</u>
17. EMPLOYEE BENEFIT EXPENSES		
a. Salaries, Wages and Bonus	45,779,103	41,312,048
b. Contributions to Provident and other funds	2,680,213	2,637,874
c. Gratuity expenses	229,894	541,690
c. Staff welfare expenses	1,928,778	1,093,998
Total	<u>50,617,988</u>	<u>45,585,610</u>



	For the year ended 31.03.13 In Rupees	For the year ended 31.03.12 In Rupees
18. FINANCE COST		
Interest expense	26,337,683	27,669,683
Other borrowing costs	—	—
Total	<u>26,337,683</u>	<u>27,669,683</u>
19. DEPRECIATION		
Depreciation of Tangible Assets	28,379,136	28,006,140
Total	<u>28,379,136</u>	<u>28,006,140</u>
20. OTHER EXPENSES		
Consumption of Stores & Spares	8,145,162	8,418,876
Power & Fuel	7,388,308	5,677,204
Handling charges	2,443,047	2,775,707
Repairs and maintenace		
To Plant & Machinery	21,132,646	22,144,638
To Buildings	607,274	1,191,809
To Others	2,052,431	2,857,944
Insurance	665,581	632,517
Rates & taxes	474,255	595,190
Legal & Professional Fees	555,631	231,859
Packing Materials	24,041,225	19,744,736
Bank charges	328,961	184,322
Printing & Stationery	400,795	216,922
Telephone & Internet Charges	339,578	302,325
Travelling Expense	1,762,087	1,470,732
Sales comission	995,340	855,005
Business Promotion	29,000	20,349
Rent	94,183	107,132
Miscellaneous Expense	2,617,766	2,314,335
Total	<u>74,073,269</u>	<u>69,741,602</u>
Payment to Auditors		
Audit Fee	175,000	175,000
Tax Audit Fee	25,000	25,000
Total	<u>200,000</u>	<u>200,000</u>



NOTE: 21

SIGNIFICANT ACCOUNTING POLICIES

a. General

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

b. Fixed Assets and Depreciation

1. 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.
2. 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%.

c. Investments

Investments are stated at cost price.

d. Inventories

1. Sugar is valued at cost price or net realizable value which ever is less.
2. Molasses and Bagasse (By products) valued at net realizable value.
3. 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.

e. Revenue recognition

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

f. Capital Grants

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

g. 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.

h. Cenvat Credit on Capital goods

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



i. Miscellaneous Expenditure

Capital Issue Expenses / Preliminary Expenses are being amortized over a period of 10 years.

j. Taxes

Provision for current tax is made after taking into consideration benefits under the provision of the Income-Tax Act, 1961.

Deferred Tax is provided and recognized on timing differences between taxable income and accounting income subject to consideration of prudence.

k. 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 and other than those relating to fixed assets are translated at the applicable year and 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.

l. Impairment of Assets

An Asset is treated as impaired when the carrying cost of the Asset exceeds its recoverable value. An Impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

For and on behalf of the Board

As per our report of even date

For **Laxminiwas & Jain**

Chartered Accountants

Firm Regn. No. 001859S

Place : Hyderabad **Vinod Baid**

K. Subba Rao

Sandeep Daga

Smt. Sharada G. Patil

Date : 30/05/2013 Chairman

Director

Company Secretary

Partner

Membership No. 015332

**NOTE 22****NOTES TO ACCOUNTS****a. Contingent Liabilities / Liabilities not provided**

1. Company has entered into a Settlement Agreement with Ashok Leyland Finance Limited for Rs. 28.52 lacs payable in 3 installments. 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. 13.87 lacs (PY - Rs.12.81 lacs) to be further provided in the Books of Accounts.
2. 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.
3. Counter guarantee given by company against Bank Guarantee is Rs.25.00 Lacs (Previous Year Rs. 25.00 lacs).
4. Sales Tax claim of Rs.22.80 Lacs (Previous Year Rs. 22.80 Lacs) for which an appeal is pending with High Court of Andhra Pradesh. The Company has paid Rs. 11.65 lacs (P.Y. Rs.11.65 lacs) against above claim which is shown as deposit recoverable in the books of accounts.
5. The Company has issued 16% Cumulative Redeemable Preference Shares to promoters in the year 1995-96 redeemable on or before 12.01.2005 which is pending redeemable to the tune of Rs.8 lacs. The Company had also issued 16% Cumulative Redeemable Preference Shares for Rs.400 lacs in the year 1996-97 redeemable on or before 10.02.2006. The Company could not redeem the above shares in time as it was registered with BIFR,if redeemed with accumulative dividend the liability upto 31.03.2013 shall stand to Rs.4082.93 lacs (P.Y.Rs.3463.49 Lacs) on account of Dividend.
6. Disputed claim of interest on delayed payment of Purchase Tax Rs. 362.72 lacs. (P.Y. Rs.362.72 lacs)
7. Disputed claim of penal charges on delayed payment of Provident Fund Rs. 9.87 lacs. (P.Y.Rs. 9.87 lacs)

b. IIBI

Company is in the process to negotiate the outstanding amount payable to IIBI which was purchased by Edelweiss Assets Management Company Limited, Mumbai. During the year company has paid a sum of Rs.313 lacs and there is outstanding of Rs. 11.27 lacs payable. Pending Final settlement no provision has been made in the books of accounts for interest etc.

c. Custom Duty on Import of Raw Sugar:	31.03.13	31.03.12
Export Obligation:	4638 Mts	4638 Mts
Duty component to be paid in case of non fulfillment of obligation	Rs.483.62 lacs	Rs.483.62 lacs

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



- d. The Company's reference application, based on 2007-08 financials, before BIFR has been dismissed and the Company had preferred an Appeal against the BIFR's Order before the AAIFR. AAIFR was pleased to admit the Company's Appeal which is presently being heard. The Company expects that a verdict will be delivered by the AAIFR after completion of pleadings and arguments and counter-arguments of the parties concerned.
- e. Balance in Trade Receivables, Trade payables, Secured Loans, Unsecured Loans, Loans and Advances, Other Current Assets and Current Liabilities are subject to reconciliation/confirmation. In the opinion of the management Trade Receivables, Loans and Advances and other Current Assets are fully realizable.
- f. The Company has entered into a settlement agreement with M/s. Sri Venkateswara Sugar and Industries Pvt. Ltd. & cleared the outstanding payable to them of Rs.245.50 lacs.
- g. The Company is in the process to obtain the actuarial value for Gratuity and Leave Encashment . As such the same is not provided for the current year. However the Amount paid during the year is debited to Profit and Loss account.

h. Auditors' remuneration represents	31.03.2013	31.03.2012
	Rupees	Rupees
a. Statutory Audit Fees	1,75,000	1,75,000
b. Tax Audit Fees	25,000	25,000
	<u>2,00,000</u>	<u>2,00,000</u>
i. Tax deducted at sources on interest receipts	<u>12,573</u>	<u>6,983</u>

- j. There are no Micro and Small Enterprises to whom the company owes amounts which are outstanding as at 31st March 2013. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) has been determined on the basis of and to the extent information is available with the company. No interest is paid/payable during the year to any enterprises registered under the MSME.
- k. The company operation consists only one segment – Sugar and therefore the figures given relates to one segment.

l. Earnings per shares (EPS)	2012-13	2011-12
	(Rs.in lacs)	(Rs. In lacs)
Basic and Diluted:		
Profit/(Loss) attributable to equity holders	167.08	235.27
Weighted average number of shares	2,82,52,000	2,82,52,000
EPS - (Rs.)	0.59	0.83

m. Deferred Tax Assets

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

Nature of timing difference

Nature of timing difference



	Deferred Tax Asset/ Liability) as at 01.04.2012 (Rs.in lacs)	(Charge)/Credit for the current year (Rs.in lacs)	Deferred Tax Asset/ (Liability) as at 31.03.2013 (Rs. In lacs)
1. Deferred Tax Asset			
Items covered u/s 43 B	272.14	80.21	191.93
Brought forward losses	1012.50	66.14	946.52
Sub Total - A	<u>1284.64</u>	<u>146.35</u>	<u>1138.45</u>
2. Deferred Tax Liability			
Depreciation	554.47	63.28	491.19
Sub Total - B	<u>554.47</u>	<u>63.28</u>	<u>491.19</u>
3. NET AMOUNT	730.33	-83.07	647.26

n. Disclosure Pursuant To AS-28 on "IMPAIRMENT OF ASSETS"

The Company during the year, has reviewed carrying value of the Assets for finding out the impairment, if any. The review has not revealed any impairment of Assets.

o. RELATED PARTY DISCLOSURES

I. RELATED PARTIES

A. KEY MANAGERIAL PERSONNEL

Sri Vinod Baid, Chairman
Sri Ch Krishnamoorthy, Managing Director

B. Relatives of Key Managerial Personnel

Ms Aruna Ramni Krishna
Ms Kavita C
Ms Sucharita
Ms Sumalatha

C. ENTERPRISES IN WHICH KEY MANAGERIAL PERSONNEL ARE INTERESTED

O.R Distilleries
VAB Ventures Ltd.
Ammana Sugars Limited



II. RELATED PARTY TRANSACTION

(Amt in lacs)

	Key Managerial Personnel	Relatives of key Managerial	Enterprises Personnel
Acceptance of Unsecured Loans			
Opening Balance	221.00	215.00	1041.5
Acceptance during the year	110.00	Nil	2855.40
Paid during the year	284.00	150.00	2959.36
Closing balance	47.00	65.00	1145.46
Sale of Molasses			Nil
Advance against sales			88.02

(Amt in Lacs)

	31.03.13	31.03.12
p. Advance Due from officers (Senior Executives of the Company)	1.84	1.84
Maximum Amount due from officers (Senior Executives) of the Company	1.84	2.65

q. 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.

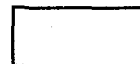
A. PARTICULARS REGARDING CAPACITY.

Class of Goods	As on 31.03.2013		As on 31.03.2012	
	Unit	Quantity	Unit	Quantity
i. Sugar-Capacity				
a) Licenced	TCD	2500	TCD	2500
b) Installed	TCD	2500	TCD	2500
c) Actual production	QTs.	341500	QTs	327020
ii. Molasses (by product)				
a) Actual production	MTs	20153	MTs	16860



iii. Sales & Stock

	Unit	Qty.	2013 Value Rs. in Lacs	Unit	Qty.	2012 Value Rs. in Lacs
a) Sales						
Sugar	QTs	353696	10443.56	QTs	293026	7870.87
Molasses	MTs	21948	530.23	MTs	14771	389.76
Bagasse	MTs	21228	260.32	MTs	22564	259.57
Filter Cake	MTs	9378	7.50	MTs	9124	6.86
			<u>11241.61</u>			<u>8527.06</u>
b) Stock						
Sugar	QTs	110760	3295.27	QTs	122956	3504.25
Molasses	MTs	6937	208.11	MTs	8732	215.90
Bagasse	MTs	1250	15.63	MTs	3640	41.84
Sugar-in-Process	QTs	1580	47.01	QTs	7288	200.42
Molasses-in-Process	MTs	—	—	MTs	304	5.17
			<u>3566.01</u>			<u>3967.58</u>
iv. Details of Raw Material Consumed						
Sugarcane	MTs	377355	8353.84	MTs	368531	7376.71
			<u>8353.84</u>			<u>7376.71</u>
v. Value of imported and indigenous material consumed						
Raw material		Percentage	Amount		Percentage	Amount
Indigenous		100	8353.84		100	7376.71
Imported		0	—		—	—
			<u>8353.84</u>			<u>7376.71</u>
vi. Value of imported and indigenous chemicals and consumables consumed						
Chemicals & consumables		Percentage	Amount		Percentage	Amount
Indigenous		100	81.45		100	84.18
Imported		—	—		—	—
			<u>81.45</u>			<u>84.18</u>
r. Earnings in foreign currency— Nil						
s. Previous year figures are recasted /rearranged wherever necessary.						



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.	:	32731	State Code	:	01
Balance Sheet Date	:	31.03.2013			

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	:	9348.99	Total Assets	:	9348.99
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Source of Funds

Paid up Capital (Equity)	:	2825.20	Paid up Capital (Preference)	:	408.00
Reserves & Surplus	:	(100.20)	Secured Loans	:	1423.17
Unsecured Loans	:	120.22	Current Liabilities	:	4672.60

Application of Funds

Net Fixed Assets	:	2421.09	Investments	:	55.28
Net Current Assets	:	6225.36	Misc. Exps.	:	—
Profit and Loss A/c	:	—	Deferred Tax Asset	:	647.26

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

Turnover (including increase/decrease in stock & other income)	:	10401.43	Total Expenditure	:	10551.57
Profit before Tax	:	251.42	Prior period adjustments	:	Nil
Profit after Tax	:	168.36	Earning per Share	:	0.58
Dividend Rate	:	NIL			

5. Generic Names of three Principai Services of Company

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

For and on behalf of the Board

Place : Hyderabad
Date : 30/05/2013

Vinod Baid
Chairman

K. Subba Rao
Director

Sandeep Daga
Company Secretary

PRUDENTIAL SUGAR CORPORATION LIMITED

Regd. Office: "Akash Ganga", 3rd Floor, 8-3-1053, Sri Nagar Colony
Hyderabad - 500 073. AP

PROXY FORM

Folio No.....

I/We ofin
.....being a Member(s) of PRUDENTIAL SUGAR CORPORATION LIMITED
hereby appoint..... of or failing
him/her..... ofin the district of
.....as my/our proxy to attend and vote for me/us, on my/our
behalf at the 22nd ANNUAL GENERAL MEETING of the Company to be held on Monday, the 30th
September, 2013 at 04.00 P.M. at the Registered Office of the Company at "Akash Ganga", 8-3-
1053, Sri Nagar Colony, Hyderabad - 500 073, AP and at any adjournment thereof.

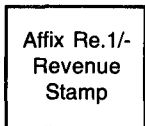
Signed this day of Two Thousand Thirteen.

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: "Akash Ganga", 3rd Floor, 8-3-1053, Sri Nagar Colony
Hyderabad - 500 073. AP

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 22nd Annual General Meeting.

Venue : Registered Office: **M/s. PRUDENTIAL SUGAR CORPORATION LIMITED**
"Akash Ganga", 8-3-1053, Sri Nagar Colony, Hyderabad - 500 073, AP

Date : Monday, 30th September, 2013

Time : 04.00 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: Akash Ganga, Plot No. 144,
Sri Nagar Colony, Hyderabad - 500 073. AP