

# Prudential Sugar Corporation Limited



## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held on Friday, the 30th September, 2011 at 4.00 P.M. at the Registered office at 4th Floor, Akash Ganga, Plot No. 144, Door No. 8-3-1053, 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, 2011 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 Jhunjunwala, 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 2011-2012 and to authorise 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.

For and on behalf of the Board

Place : Hyderabad

**VINOD BAID**

Date : 30/08/2011

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, 2011 to 29th September, 2011 (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

Place : Hyderabad

**VINOD BAID**

Date : 30/08/2011

Chairman

## 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	50 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	1. Gennex Laboratories Ltd.
6.	Member of the Committees	(A) Audit Committee (B) Share Transfer Committee/Investors' Grievances Committee - Gennex Laboratories Ltd.

#### Item No. 3

S.No.	Particulars	Sri Kishore Jhunjhunwala
1.	Age	64 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	1. Gennex Laboratories Ltd. 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.

# Prudential Sugar Corporation Limited



## DIRECTORS' REPORT

To,  
The Members,

1. Your Directors have pleasure in submitting their Twentieth Annual Report with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2011.

### 2. Financial Performance

(Rs. in Lakhs)

	for the Year ended 31.03.2011	for the Year ended 31.03.2010
Total Income	<b>8091.41</b>	7530.24
Profit/(Loss) before Interest and Depreciation	<b>758.64</b>	532.01
Less: Interest	<b>276.43</b>	238.07
Profit/(Loss) after Interest but before		
Depreciation & Tax	<b>482.21</b>	293.94
Less: Depreciation	<b>278.77</b>	278.76
Profit/(Loss) before tax	<b>203.44</b>	15.18
Provision for Tax:		
- Taxation for earlier year	—	3.12
- Deferred Tax Asset	<b>149.29</b>	105.39
Profit/(Loss) after Tax and Dividend	<b>54.15</b>	(93.33)
Add: Balance brought from previous year	<b>(574.25)</b>	(480.92)
Surplus/(Loss) carried to Balance Sheet	<b>(520.10)</b>	(574.25)

### 3. Review of Operations

During the crushing season 2010-2011 Company has crushed 357617 Mts of cane as against 259220 Mts of cane during crushing season 2009-10. The average recovery during the year under review was 8.73% as against 8.40% during last crushing season.

### 4. Dividend

In view of inadequate profits during the year under review, your Directors have not recommended any Dividend for the year.

### 5. Sugar Industry Overview

#### “Sugar Industry Overview:

After two years of deficit, Indian sugar production was well poised to rebound during 2010-11 season with a moderate surplus. As a welcome departure, India was enviably placed this year to cash on the physical tightness in global market with ready surplus sugar stock on hand further bolstered by a positive production outlook for the season. Indian producers were however denied the golden opportunity to ride on buoyant global prices by reason of prolonged delay and repeated deferral of the decision to reopen OGL exports that has remained closed for two years.

## Prudential Sugar Corporation Limited



With its overwhelming concern over inflation, the Government predictably preferred to play it safe and persisted with its policy of total liberalization on imports and convoluted controls on exports. It flooded the local market by choking exports during rising production and announcing huge releases with unfailing extensions month after month. All this deplorably dented market sentiments, demoralized trade and decisively destabilized domestic sugar prices. Finally OGL export of a measly 5 lakh tonnes was first announced in January 2011 and then put on back burner, was confirmed during April 2011. By then, global prices have considerably corrected and noticeably nosedived by about 40% on the arrival of fresh crop from Brazil and changes in market dynamics.

The rebound and resurgence of Indian sugar production was unarguably triggered and convincingly catalyzed by lucrative cane prices voluntarily paid by sugar mills over and above Government fixed prices during the last two years on the strength of viable sugar prices. This helped to bring the farmer back to cane crop, improve the drawl rate for sugar mills ( in preference to other competing users) and further motivate and empower the farmer to take better care of the cane crop that has turned valuable. In turn, the resultant higher sugar production helped in significant price correction (that rose to dizzy heights in the previous year on perceived shortage) to benefit the consumer.

It is however imperative that the fine and delicate balance between sugar and sugarcane price is not stretched beyond the point of elasticity. Regretfully, sugar prices have suffered a factitious fall below breakeven due to excessive Government intervention in the past one year. Sugar cycles in India, of late, would seem to be the bizarre outcome of unhelpful Government policies than by the vagaries of nature.

The current mismatch between input and output prices has come to inflict losses even on most efficient producers of sugar. It cries for early correction lest it leads to mounting cane arrears and moribund sugar production.

### Government measures

Levy obligation was restored to 10% on the strength of higher sugar production to meet PDS supply. Levy sugar price after several years of hibernation was revised for 2009-10 on 21.06.2010 and for 2010-11 on 18.01.2011. With retrospective amendment to the Essential commodities Act, levy sugar price computation continues to ignore well settled legal and commercial principles that does not cover even the cane cost. The industry is again before the Apex Court for relief.

Duty-free raw sugar import facility was repetitively extended and is now in force till end of June 2011. Restrictions on bulk users brought under inventory norms is also similarly getting undue extensions though the ceiling has been moderately hiked. While these measures were introduced during domestic deficit, repeated extensions unmindful of market realities have only helped to accentuate the bearish undertone of the market.

Fair and remunerative price for 2010-11 was fixed at 139.12 per qtl linked to 9.5% recovery. Advance FRP announcement for 2011-12 has now been made by the Centre at Rs.145 per qtl.

Sugar decontrol looks presciently off the radar of the Central Government. Despite several of the Expert Committees unanimously recommending decontrol, there appears little political will to push forward at the current juncture.

Sugar has been taken out of the purview of additional excise duty to pave way for states imposing VAT on sugar under the proposed GST regime.

## **Prudential Sugar Corporation Limited**



### **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 31.03.2011 is Nil. No Deposits are due and outstanding for payment as on 31.03.2011.

### **8. Directors**

Shri Y. Ravinder Reddy and Shri 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. Directors' Clarification on Auditors' Report**

Point-wise explanations to the observations of the Auditors are as follows:

Note No. 4(d) of the Auditors' Report:

Since the company is having accumulated losses, therefore 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.

## Prudential Sugar Corporation Limited



### 13. Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. that in the preparation of the accounts for the financial year ended March 31, 2011, the applicable accounting standards except AS-15 and AS-29 as to the extent as referred to in this report under the head Auditors' Report have been followed along with proper explanations 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 31<sup>st</sup> March, 2011 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. As regards Auditor observations in their report, the notes given in schedule 'N' is self explanatory.

### 16. Acknowledgement

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

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

For and on behalf of the Board

Place : Hyderabad  
Date : 30/08/2011

**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.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 Outgo	NIL

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

DESCRIPTION	2010-11	2009-10
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. ELECTRICITY		
a. PURCHASED		
Units KWH	<b>4,55,236</b>	5,27,506
Total Amount (Rs.)	<b>28,60,533</b>	25,78,027
Rate per Unit (Rs.)	<b>6.235</b>	4.887
b. OWN GENERATION		
1. Through Diesel		
Generator Units (KWH)	<b>5,064</b>	5,028
Units per Ltr. of Diesel Oil	<b>2.25</b>	2.37
Cost per Unit (Rs.)	<b>18.19</b>	16.17
2. Through Steam Turbine / Generator Units (KWH)	<b>75,59,240</b>	64,21,000
KWH per tonne of Bagasse	<b>187.80</b>	193.8
Cost per Unit (Rs. 1,000/-)	<b>4.25</b>	3.64
2. BAGASSE		
Quantity (Tonnes)	<b>40,246</b>	33,132
Total Cost (Rs.)	<b>Own Bagasse</b>	Own Bagasse
Average Rate (Rs.)	—	—
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Electricity KWH (Per Tonne)	<b>242.23</b>	294.3



**FORM – B**

**Disclosure of particulars with respect to Technology Absorption,  
Research and Development**

**1. Specific areas in which R&D carried out by the company**

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

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

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

**3. Future plan of action**

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

**4. Expenditure on Research and Development**

(Rs.in lakhs)

a. Capital	—
b. Recurring	1.47
c. Total	1.47
d. Total R&D expenditure as a percentage of total turnover	0.019%



**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**

Prudential Sugars believes that good corporate governance is essential to achieve long term corporate goals and enhance shareholder value. The company is committed to produce sugar and by products of good quality and strive for continuous improvement in all spheres of its activities to create value that can be sustained over a long term for all its shareholders, employees, customers, government and lenders. Prudential Sugars endeavors to ensure that high standards of ethical conduct are maintained throughout the organization.

**2. Composition of Board**

The Board of Directors has mix of Executive and Non-Executive Directors. The Board comprises of Six Directors - The Chairman, The Managing Director and Four Non-Executive Directors. Two of the Non-Executive Directors are independent Directors. Accordingly, the composition of the Board is in conformity with the Listing Agreement.

Except the Chairman, Managing Director, all other Directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

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

The Board met Six times during the financial year on **30.04.2010, 31.07.2010, 02.09.2010, 31.10.2010, 07.12.2010** and **31.01.2011** The last Annual General Meeting of the Company was held on **30<sup>th</sup> September, 2010**.

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at Last AGM
Sri Vinod Baid	6	6	Present
Sri Ch. Krishnamoorthy	6	5	Present
Sri U.C. Bhandari	6	4	Present
Sri Kishore Jhunjhunwala	6	5	Present
Sri Y. Ravinder Reddy	6	5	Absent
Sri P.M. Nair	6	4	Present

**3. Audit Committee**

An Audit Committee was constituted in accordance with Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement. This comprises of three Non-Executive Directors out of whom two are independent directors. The Chairman was also present at Annual General Meeting held on 30th September 2010.

The following are the members of the Audit Committee.

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

## Prudential Sugar Corporation Limited



The role of the Committee includes the following:-

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

The Audit Committee met four times during the year on 30.04.10, 31.07.10, 31.10.10, and 31.01.11

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 have approved remuneration to Shri Vinod Baid, Chairman and Shri Ch. Krishnamoorthy. During the year, the Chairman and Managing Director have decided not to take any remuneration, also no provision has been made in the books of Account. The Company has no Stock Option scheme. In view of the above, no remuneration committee is constituted.

### 5. Shareholders'/ Investors' Grievance Committee

The shareholders grievance committee has been constituted to oversee redressal of shareholders complaints. Shri U.C.Bhandari, Shri Kishore Jhunjunwala & Shri Y. Ravinder Reddy are the members of the committee.

During the year 2010-2011, 21 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 2010-2011 have been acted upon by the Company and there were no pending share transfers as on 31st March, 2011.

## Prudential Sugar Corporation Limited



### 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
2007-2008	29th November, 2008	PSCL, Prudential Nagar, Nindra	04.00 pm
2008-2009	30th September, 2009	PSCL, Prudential Nagar, Nindra	10.00 am
2009-2010	30th September, 2010	PSCL, Prudential Nagar, Nindra	10.00 am

#### Postal Ballot

The following Resolution was passed by postal Ballot Mechanism in Financial Year 2010-2011 on January 7, 2011.

Special Resolution for Shifting of Registered Office from Prudential Nagar, P.O. Nindra Mandal, Chittoor Dist. to Akash Ganga, Plot # 144, 4th Floor, Srinagar Colony, Hyderabad - 500 073.

#### Process of Postal Ballot:

The procedure prescribed under Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, was adopted.

Particulars of Special Resolution	Votes Casted in Favour	Votes Casted Against
Shifting of Registered Office from Prudential Nagar P.O. Nindra Mandal, Chittoor Dist. to Akash Ganga Plot # 144, 4th Floor, Srinagar Colony, Hyderabad - 500 073	7,65,92,308	19,15,592

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

### 8. Means of Communication

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

## Prudential Sugar Corporation Limited



### 9. General shareholder information

#### A. Annual General Meeting

Date and Time : 30.09.2011 at 4.00 pm  
Venue : Akash Ganga, 4th Floor, 8-3-1053  
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 : 26.09.2011 to 29.09.2011 (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, 2011, a total of 1,84,45,689 shares of the Company, which forms 51.59% 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, 2011

Rs.	Rs.	Shareholders		Share Amount	
		Number	% to Total	(in Rs.)	% to Total
Upto 5,000	5,000	10,293	88.37	2,10,07,500	5.88
5,001 — 10,000	10,000	558	4.79	47,26,950	1.32
10,001 — 20,000	20,000	348	2.99	53,92,350	1.51
20,001 — 30,000	30,000	88	0.76	22,48,660	0.63
30,001 — 40,000	40,000	83	0.71	31,68,000	0.88
40,001 — 50,000	50,000	41	0.35	19,74,990	0.55
50,001 — 1,00,000	1,00,000	104	0.89	82,89,460	2.32
1,00,001 and above		133	1.14	31,07,12,090	86.91
Total		11,648	100.00	35,75,20,000	100.00

## Prudential Sugar Corporation Limited



### I. Shareholding Pattern as on 31st March, 2011

Category	No. of shares held	Percentage of shareholding
<b>1. Promoters' Holding</b>		
1. Indian Promoters		
- Individual	42,29,001	11.83
- Bodies Corporate	1,85,53,099	51.89
- Foreign Promoters	—	—
2. Persons acting in concert	—	—
Sub-Total - (1)	2,27,82,100	63.72
<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. FIIs	—	—
Sub-Total - (2)	3,55,300	1.00
<b>3. Others</b>		
a. Private Corporate Bodies	54,66,371	15.29
b. Individuals	71,48,229	19.99
Sub-Total - (3)	1,26,14,600	35.28
<b>Grand Total (1)+(2)+(3)</b>	<b>3,57,52,000</b>	<b>100.00</b>

## Prudential Sugar Corporation Limited



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

Name of the Stock Exchange	Stock Code	Address
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](mailto:prudentialsugars@yahoo.com)

### M. Address for Correspondence

Prudential Sugar Corporation Limited, Registered Office at “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 Factory Address at “PRUDENTIAL NAGAR”, P.O. Koppedu, Nindra Mandal, Chittoor District, Andhra Pradesh, Pin - 517 587, Phones: 08576-271093, Fax: 08576-271201, Email: [prudentialsugars@yahoo.com](mailto: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.

## Prudential Sugar Corporation Limited



### 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 : Nindra

Date : 30/08/2011

**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, 2011 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, 2011 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, 2010, 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, 2011 there were no investor grievances remaining pending for a period exceeding one month, and as explained to us by the management, the Company have reported to the Shareholders/Investors' Grievances Committee regularly on the status of such grievances.

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

**For Laxminivas & Jain**

Chartered Accountants

Firm Registration No. 001859S

**Smt. Sharada G. Patil**

Partner

Membership No. 015332

Place : Hyderabad

Date : 30/08/2011

# Prudential Sugar Corporation Limited



## 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 31.03.2011 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 the auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures 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 purpose of our audit;
  - b. In our opinion, proper books of accounts 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 accounts;
  - d. In our opinion, the Profit and 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 **non accounting of interest on accrual basis, non provision of retirement benefits as per AS-15 and non provision of liabilities as per AS-29 refer Note No. 1,2, and 6 in Schedule N.**
  - e. Based on the representations made by the Directors of the Company and the information and explanations as made available, Directors of the Company do not *prima facie* have any disqualification as referred to in clause (g) of Sub section (1) to section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations 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.76.80 lacs and cumulative impact is that the liabilities are understated by Rs. 796.73 lacs refer Note No. 1,2 and 6 of Schedule "N". Also providing of less Depreciation @ 5.28% on Sugar work Rollers whereas eligible depreciation as per schedule XIV of the Companies Act is 100% refer 2.b in schedule O, the impact is that the cumulative Profit is overstated by Rs.20.28 Lacs **Note No. 1 (e) in Schedule N regarding non redemption of 16% Cumulative Redeemable Preference Shares, the impact of which**

## Prudential Sugar Corporation Limited



is that the current liabilities are understated by Rs. 408 Lacs and Capital is overstated by Rs. 408 Lacs. Refer Note No.7 in schedule N for non accounting of Provision for Retirement benefit as per AS-15, also refer Note No.5 in Schedule N regarding non confirmation/ reconciliation of Sundry Debtors, Creditors, Secured Loans, Unsecured Loans, Loans and advances, Other Current assets and Current Liabilities the impact of which on assets/ liabilities and Profit is unascertained, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011
- ii. in the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date and
- iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Place : Hyderabad  
Date : 30/08/2011

**Smt. Sharada G. Patil**  
Partner  
Membership No. 015332

## Prudential Sugar Corporation Limited



### ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date:

- i. a. The company has maintained proper records showing full particulars, including quantitative details and situations of Fixed assets, Which is required to be updated.  
b. As explained to us, All the assets have not been physically verified by the Management during the year but there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, No material discrepancies were noticed on such verification.  
c. According to the information and explanation furnished to us, the company has not disposed of a substantial part of its fixed assets during the year.
- ii. a. According to the information and explanation 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 accounts..
- iii. a. The Company has not granted any loans to companies and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
b. According to the information & explanation furnished to us, the Company had taken unsecured loans from five parties, covered under register maintained under Section 301 of the Companies Act, 1956. During the year it has accepted Rs.20 Lacs & repaid Rs.42.50 Lacs. The year-end balances of loans taken from such parties were Rs 552 Lacs.  
c. 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 Section 301 of the Companies Act, 1956, are not *prima facie*, prejudicial to the interest of the Company.  
d. According to the information and explanation given to us, the company is regular in repayment of the principal and interest amounts wherever applicable as stipulated on the loans taken by it from the parties listed in the registers 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 the 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, the transactions made in pursuance of contracts or arrangements entered in the register maintained under

## Prudential Sugar Corporation Limited



Section 301 of Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of each party have been entered during the Financial year at prices which are reasonable having regard to prevailing market prices at relevant time.

- 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 Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion and according to the information and explanations given to us, the company has an 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 explanations 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 31.03.2011 for a period of more than six months are Purchase Tax, CDCF, and Dividend Distribution Tax Totaling to Rs. 346.83 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, was not deposited with the concerned authorities as at 31<sup>st</sup> March, 2011.

Sl.No.	Nature of Dues	Name of Statute	Amount	Pending before
1.	Sales Tax	APGST 1957	11.15 lacs	High Court of Andhra Pradesh
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 are less than 50% of its net worth and it has not incurred cash loss in current financial year as per books and also not incurred cash losses in immediately preceding financial year.			
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 of 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 (Assigned to Sri Venkateswara Sugar & Industries Pvt. Ltd.,)	245.40 Lacs

- xii. According to the information furnished 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.
- xiii. In our opinion and according to the information and explanations given to us, the company is not

## Prudential Sugar Corporation Limited



a chit fund or a nidhi / mutual benefit fund/ society and hence, the requirements of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company during 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 requirement of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is 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 or financial institutions during the year.
- xvi. Based on information & explanation 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 the overall 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 investments.
- xviii. According to the information and explanation furnished to us, the company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. According to the information and explanation 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 issues 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  
Firm Registration No. 001859S

Place : Hyderabad  
Date : 30/08/2011

**Smt. Sharada G. Patil**  
Partner  
Membership No. 015332

# Prudential Sugar Corporation Limited



## BALANCE SHEET AS AT 31st MARCH, 2011

DESCRIPTION	SCHEDULE	As at 31.03.2011 In Rupees	As at 31.03.2010 In Rupees
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	A	<b>32,33,20,000</b>	32,33,20,000
b. Reserves & Surplus	B	<b>15,00,000</b>	15,00,000
<b>2. Loan Funds</b>			
a. Secured Loans	C	<b>20,71,47,984</b>	20,66,98,486
b. Unsecured Loans	D	<b>5,60,21,750</b>	5,82,71,750
<b>Total</b>		<b>58,79,89,734</b>	<b>58,97,90,236</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	E	<b>61,84,79,859</b>	61,88,48,937
b. Less: Depreciation		<b>33,26,29,749</b>	30,52,49,789
c. Net Block		<b>28,58,50,110</b>	31,35,99,148
<b>2. Investments</b>			
<b>3. Current Assets, Loans and Advances</b>			
a. Inventories	F	<b>32,08,88,200</b>	27,08,25,816
b. Sundry Debtors		<b>4,69,87,811</b>	7,46,05,471
c. Cash & Bank Balances		<b>2,21,68,571</b>	1,08,60,093
d. Loans and Advances		<b>8,26,12,564</b>	6,58,79,450
		<b>47,26,57,146</b>	<b>42,21,70,830</b>
Less: Current Liabilities and Provisions	H	<b>30,63,79,672</b>	30,21,85,761
Net Current Assets		<b>16,62,77,474</b>	11,99,85,069
<b>4. Deferred Tax Asset (Net)</b> (Refer notes to account)			
		<b>7,83,23,857</b>	9,32,52,885
<b>5. Profit &amp; Loss Account</b>			
<b>Total</b>		<b>5,20,10,288</b>	<b>5,74,25,129</b>
		<b>58,79,89,734</b>	<b>58,97,90,236</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

Firm Regd. No. 001859S

Place : Hyderabad  
Date : 30/08/2011

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

**Smt. Sharada G. Patil**  
Partner  
Membership No. 015332

**Prudential Sugar Corporation Limited**



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

PARTICULARS	SCHEDULE	Year ended 31.03.2011 In Rupees	Year ended 31.03.2010 In Rupees
<b>INCOME</b>			
Income from Operations	I	<b>80,91,41,807</b>	75,30,23,949
Less: Excise Duties		<b>3,88,42,816</b>	3,07,71,598
		<b>77,02,98,991</b>	<b>72,22,52,351</b>
Other Income	J	<b>1,55,348</b>	26,04,947
Increase/(Decrease) in Stock	K	<b>4,92,32,187</b>	1,89,44,581
<b>Total</b>		<b>81,96,86,526</b>	<b>74,38,01,879</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	L	<b>64,04,60,452</b>	60,85,60,482
Manufacturing, Personnel, Selling, Administrative and Other Expenses	M	<b>10,33,61,924</b>	8,20,40,746
Interest & Financial Charges		<b>2,76,43,254</b>	2,38,06,701
Depreciation		<b>2,78,77,028</b>	<b>2,78,76,052</b>
<b>Total</b>		<b>79,93,42,658</b>	<b>74,22,83,981</b>
Profit/(Loss) Before Tax		<b>2,03,43,868</b>	15,17,898
Adjustment for Tax - Earlier Years		<b>—</b>	<b>3,12,290</b>
Profit/(Loss) After Tax		<b>2,03,43,868</b>	12,05,608
Less: Adjustment for Deferred Tax		<b>1,49,29,028</b>	1,05,38,852
Profit / (Loss) After Tax		<b>54,14,840</b>	<b>(93,33,245)</b>
Balance Brought Forward from Previous Year		<b>(5,74,25,129)</b>	(4,80,91,884)
Balance Carried to Balance sheet		<b>(5,20,10,288)</b>	(5,74,25,129)
Earning per share - Basic and Diluted		<b>0.19</b>	(0.33)

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

Firm Regd. No. 001859S

Place : Hyderabad  
Date : 30/08/2011

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

**Smt. Sharada G. Patil**  
Partner  
Membership No. 015332

**Prudential Sugar Corporation Limited**

**SCHEDULES FORMING PART OF THE ACCOUNTS**



**As at 31.03.11  
In Rupees**



**As at 31.03.10  
In Rupees**

**SCHEDULE: A**

**SHARE CAPITAL**

**Authorised**

50000000 Equity Shares of Rs.10/- each	<b>50,00,00,000</b>	50,00,00,000
5000000 16% Cum. Redeemable Pref. Shares of Rs.50/- each	<b>25,00,00,000</b>	25,00,00,000
	<b>75,00,00,000</b>	<b>75,00,00,000</b>

**Issued and Subscribed**

a. 1,54,06,400 Equity Shares of Rs.10/- each	<b>15,40,64,000</b>	15,40,64,000
b. 1,00,00,000 Equity Shares of Rs.10/- each issued at a premium of Rs.10/- each	<b>10,00,00,000</b>	10,00,00,000
c. 1,03,45,600 Equity Shares of Rs.10/- each (Converted from 2586400 Equipref Shares of Rs.40/- each)	<b>10,34,56,000</b>	10,34,56,000
d. 20,000 16% Cum. Redeemable Pref. Shares of Rs.40/- each (Rs. 10/- converted into Equity)	<b>8,00,000</b>	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)	<b>5,00,00,000</b>	5,00,00,000

**Called Up and Paid Up**

a. 1,54,06,400 Equity Shares of Rs.10/- each fully paid up	<b>15,40,64,000</b>	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	<b>2,50,00,000</b>	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)	<b>10,34,56,000</b>	10,34,56,000
d. 20,000 16% Cum. Redeemable Pref. Shares of Rs.40/- each (Rs.10/- converted into Equity)	<b>8,00,000</b>	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	<b>4,00,00,000</b>	4,00,00,000
	<b>32,33,20,000</b>	<b>32,33,20,000</b>

## Prudential Sugar Corporation Limited



As at 31.03.11  
In Rupees

As at 31.03.10  
In Rupees

### SCHEDULE: B

#### RESERVES & SURPLUS

Capital Reserves - Investment Subsidy	15,00,000	15,00,000
Balance In Profit & Loss Account	(5,20,10,288)	(5,74,25,129)

### SCHEDULE: C

#### SECURED LOANS

Term Loans from:

IFCI Limited	2,45,40,054	2,45,40,054
--------------	-------------	-------------

(Sri Venkateswara Sugar & Industries Pvt. Ltd.  
in terms of assignment of Loan of IFCI)

IIBI	1,55,25,000	1,55,25,000
Interest Accrued and Due	1,97,19,642	1,72,00,732

(The above loan is secured by 1st Charge on the  
Fixed Assets of the Company and guaranteed by  
one of the Directors and one former Director)  
(Payable within one year - NIL)

5,97,84,696      5,72,65,786

Cash Credit account from Banks	4,75,53,292	4,92,46,601
--------------------------------	-------------	-------------

Crop Loan from Banks	4,00,00,000	4,00,00,000
----------------------	-------------	-------------

Term Loan from Banks	5,97,50,000	5,97,50,000
----------------------	-------------	-------------

(Payable within One Year - Nil)

(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)

Vehicle Loan from Bank	59,996	4,36,099
------------------------	--------	----------

(Secured by Hypothecation of vehicle purchased)  
(Payable within One Year - Rs.59,996 and P.Y. Rs.3,76,103)

20,71,47,984      20,66,98,486

### SCHEDULE: D

#### UNSECURED LOANS

Loan from Directors/Relatives	5,52,00,000	5,74,50,000
-------------------------------	-------------	-------------

Loan from Corporate Bodies	8,21,750	8,21,750
----------------------------	----------	----------

5,60,21,750      5,82,71,750

**Prudential Sugar Corporation Limited**



**SCHEDULE: E  
FIXED ASSETS**

(In Rupees)

SL. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Cost upto 01.04.2010	Additions during the year	Cost upto 31.03.2011	Up to 01.04.2010	Additions for the year	Deductions during the year	Up to 31.03.2011	As at 31.03.2011
1.	Land	1,63,43,937	—	1,63,43,937	—	—	—	—	1,63,43,937
2.	Plant & Machinery	41,45,65,789	1,27,990	41,46,93,779	22,51,11,753	2,17,80,728	—	24,68,92,481	16,78,01,298
3.	Furniture & Fittings	2,38,26,613	—	2,38,26,613	1,75,50,608	14,95,054	—	1,90,45,662	18,94,54,036
4.	Buildings	15,77,17,744	—	15,77,17,744	5,82,73,103	42,31,131	—	6,25,04,234	9,52,13,510
5.	Vehicles	63,94,854	—	4,97,068	58,97,786	43,14,326	3,70,116	4,97,068	41,87,374
	<b>Total</b>	61,88,48,937	1,27,990	61,84,79,859	30,52,49,790	2,78,77,029	4,97,068	33,26,29,751	28,58,50,108
	Previous year	61,90,97,537	81,400	3,30,000	61,88,48,937	27,76,87,237	2,78,76,053	3,13,500	30,52,49,790
									31,35,99,147
									34,14,10,300

## Prudential Sugar Corporation Limited



**As at 31.03.11  
In Rupees**



As at 31.03.10  
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.,	3,755	3,755
2. 50 Shares of Rs.10/- each in The KCP Ind. Ltd.,	3,755	3,755
3. 100 Shares of Rs.10/- each in Sakthi Sugars Ltd.,	4,495	4,495
4. 5 Shares of Rs.10/- each in Kothari Sugars & Chem Ltd.	3,000	3,000
5. 100 Shares of Rs.10/- each in Aruna Sunrise Hotels Ltd.,	2,000	2,000

## B. Unquoted

## Prudential Sugar Corporation Limited



As at 31.03.11  
In Rupees

As at 31.03.10  
In Rupees

### SCHEDULE: G

#### CURRENT ASSETS, LOANS AND ADVANCES

##### A. Current Assets

1. Inventories (as certified by management)		
a. Stores and Spare parts	5,18,21,118	5,09,99,877
b. Loose tools	3,31,571	3,22,616
c. Stock-In-Trade	25,76,48,511	21,69,65,824
d. Works-In-Progress	1,10,87,000	25,37,500
	<u>32,08,88,200</u>	<u>27,08,25,816</u>
2. Sundry Debtors (unsecured and considered good)		
a. Debts outstanding for a period exceeding six months.	—	—
b. Other debts	4,69,87,811	7,46,05,471
	<u>4,69,87,811</u>	<u>7,46,05,471</u>
3. Cash & Bank Balances		
a. Cash balance in hand	3,51,477	2,12,119
b. Bank balances		
— with scheduled banks		
i. in Current A/c	2,11,92,094	1,03,90,604
ii. in Deposit A/c (given as lien against Bank Guarantee)	6,25,000	2,57,370
	<u>2,21,68,571</u>	<u>1,08,60,093</u>
B. Loans and Advances (unsecured and considered good)		
1. Advances recoverable in cash or kind or for value to be received	7,90,18,138	6,26,16,986
2. Deposits		
- With Government	20,31,263	17,08,285
- TDS Recoverable	13,966	6,983
- With Others	15,49,197	15,47,197
	<u>8,26,12,564</u>	<u>6,58,79,450</u>

### SCHEDULE: H

#### CURRENT LIABILITIES & PROVISIONS

##### A. Current Liabilities

1. Sundry Creditors - due to others	23,30,17,714	20,16,06,011
Due to MSMED**	—	—
2. Other Current Liabilities	6,53,40,729	9,21,77,871
3. Book Over Drafts	—	3,80,649

##### B. Provisions

1. Provision for retirement benefits	80,21,230	80,21,230
	<u>30,63,79,672</u>	<u>30,21,85,761</u>

\*\*Based on the information available with the Company

**Prudential Sugar Corporation Limited**



For the year  
ended 31.03.11  
In Rupees

For the year  
ended 31.03.10  
In Rupees

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

Sale of Sugar	74,87,32,986	68,70,00,599
Sale of Molasses	3,63,25,932	5,77,47,457
Sale of Bagasse & Filter Cake	2,40,82,889	82,60,893
Sale of Scrap	—	15,000
	<b>80,91,41,807</b>	<b>75,30,23,949</b>

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

Income from Allied Services	1,55,348	26,04,947
	<b>1,55,348</b>	<b>26,04,947</b>

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

Closing Stock		
Stock in Trade	25,76,48,510	21,69,65,823
Work in Process - Sugar	1,10,87,000	25,37,500
	<b>26,87,35,510</b>	<b>21,95,03,323</b>
Opening Stock		
Stock in Trade	21,69,65,823	19,88,57,742
Work in Process - Sugar	25,37,500	17,01,000
	<b>21,95,03,323</b>	<b>20,05,58,742</b>
Increase/(Decrease) in Stock	<b>4,92,32,187</b>	<b>1,89,44,581</b>

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

64,04,60,452	60,85,60,482
<b>64,04,60,452</b>	<b>60,85,60,482</b>

**Prudential Sugar Corporation Limited**



For the year  
ended 31.03.11  
In Rupees

For the year  
ended 31.03.10  
In Rupees

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

**1. Manufacturing**

Fuel & Consumables	<b>51,80,043</b>	43,47,522
Packing & other Materials	<b>2,16,09,937</b>	77,65,986
Cost of Chemicals & Consumables	<b>57,51,141</b>	39,28,706
Repairs & Maintenance - Plant and Machinery	<b>2,04,08,948</b>	1,41,07,599
- Buildings	<b>3,91,790</b>	4,14,729
- Others	<b>13,68,411</b>	16,39,090
Freight & Handling Charges	<b>20,70,412</b>	16,97,627
Cane Development Expenses	<b>1,47,379</b>	5,78,452
Insurance	<b>7,13,484</b>	5,75,209

**2. Personnel**

Salaries, Wages and Bonus	<b>3,48,43,473</b>	3,22,26,325
Contribution to P.F., Gratuity and Other Funds	<b>29,20,207</b>	56,63,899
Welfare expenses-Workmen & Staffs	<b>12,66,839</b>	15,21,046

**3. Selling**

Transport & Loading Charges	<b>5,90,648</b>	19,49,694
Sales Commission	<b>7,11,175</b>	4,66,350

**4. Administrative**

Travelling Expenses	<b>13,07,509</b>	14,46,155
Rent	<b>1,62,200</b>	1,59,295
Rates, Fees & Taxes	<b>4,13,139</b>	1,82,931
Printing & Stationery	<b>2,42,792</b>	2,29,022
Postage & Telephones	<b>2,29,697</b>	3,19,067
Consultancy Fee	<b>7,19,057</b>	6,17,803
Audit Fee and Certification Charges	<b>2,00,000</b>	2,00,000
Advertisement	<b>2,29,960</b>	15,097
Donation	<b>39,550</b>	1,27,913
Listing Fee	<b>2,67,711</b>	80,632
Bank Charges	<b>1,39,393</b>	2,78,276
Miscellaneous	<b>14,37,029</b>	15,02,319

**10,33,61,924**

**8,20,40,746**

## Prudential Sugar Corporation Limited



### SCHEDULE: N

#### NOTES TO ACCOUNTS

1. Contingent Liabilities / Liabilities not provided
  - a. Company has entered into a Settlement Agreement with Ashok Leyland Finance Limited or 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. 11.75 lacs (PY - Rs.10.69 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.25.00 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 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.
  - e. 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 31.03.2011 shall stand to Rs.2929.49 lacs ( P.Y.Rs.2469.14 Lacs) on account of Dividend.
  - 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 (P.Y. Rs.9.87 Lakhs).
2. 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 balance 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.293.87 Lacs (P.Y.Rs.254.95 lacs) which includes Rs.38.92 Lacs (PY. 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.

## Prudential Sugar Corporation Limited



### 3. Custom Duty on Import of Raw Sugar:

**31.03.11** 31.03.10

Export Obligation: **4638 Mts** 14650 Mts

Duty component to be paid in case of  
non fulfillment of obligation **Rs.483.62 lacs** Rs.1537.54 lacs

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

4. The Company's reference application, based on 2007-08 financials, before BIFR has been dismissed and the Company sought to file an Appeal against the BIFR's Order before the AAIFR. The Appeal is being heard by the AAIFR and a verdict will be delivered by the AAIFR after completion of pleadings and arguments and counter-arguments of the parties concerned were heard.
5. 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.
6. The Company had entered into One Time Settlement for amount outstanding to IFCI in the year 2007. However the company could not pay a sum of Rs. 245.50 Lacs out of the settlement amount on or before 31.03.2009. IFCI Limited has advised the company vide their letter dated that the outstanding debt along with all the rights have been assigned by them to Sri Venkateswara Sugar and Industries Limited. The Company has been approached by SVSPL for settlement of dues, which is in process. Pending settlement, an amount of interest on the said loan of Rs 73.64 lacs(P.Y.36.82) has not been provided in the books of account.
7. 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.
8. Auditors' remuneration represents
 

	<b>31.03.2011</b>	31.03.2010
	Rupees	Rupees
a. Statutory Audit Fees	<b>1,75,000</b>	1,75,000
b. Tax Audit Fees	<b>25,000</b>	25,000
	<b>2,00,000</b>	<b>2,00,000</b>
9. Tax deducted at sources on interest receipts **6,983** 6,983
10. The Company has not received any intimation from suppliers regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the Act have not been given.
11. The company operation consists only one segment – Sugar and therefore the figures given relates to one segment.

## Prudential Sugar Corporation Limited



12. Earnings per shares (EPS)	2010-11 (Rs.in lacs)	2009-10 (Rs. In lacs)
Basic and Diluted:		
Profit/(Loss) attributable to equity holders	<b>52.87</b>	(94.61)
Weighted average number of shares	<b>2,82,52,000</b>	2,82,52,000
EPS - (Rs.)	<b>0.19</b>	(0.33)

### 13. Deferred Tax Assets

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

Nature of timing difference

	Deferred Tax Asset/ Liability) as at 01.04.2010 (Rs.in lacs)	(Charge)/Credit for the current year (Rs.in lacs)	Deferred Tax Asset/ (Liability) as at 31.03.2011 (Rs. In lacs)
a. Deferred Tax Asset			
Items covered u/s 43 B	237.72	6.78	230.94
Brought forward losses	<u>1400.24</u>	<u>262.92</u>	<u>1137.32</u>
Sub Total - A	<u>1637.96</u>	<u>269.70</u>	<u>1368.26</u>
b. Deferred Tax Liability			
Depreciation	<u>705.43</u>	<u>120.40</u>	<u>585.02</u>
Sub Total - B	<u>705.43</u>	<u>120.40</u>	<u>585.02</u>
c. NET AMOUNT	932.53	149.29	783.24

### 14. 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.

### 16. 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

O.R Distilleries  
Krishna Teja Group College

## Prudential Sugar Corporation Limited



### II. RELATED PARTY TRANSACTION

			(Amt in lacs)
	Key Managerial Personnel	Relatives of key Managerial	Enterprises Personnel
Acceptance of Unsecured Loans			
Opening Balance	359.50	215.00	Nil
Acceptance during the year	20.00	Nil	Nil
Paid during the year	42.50	Nil	Nil
Closing balance	337.00	215.00	Nil
Sale of Molasses			272.27
Advance against sales			153.05
			(Amt in Lacs)
	<b>31.03.11</b>		31.03.10
16. Advance Due from officers (Senior Executives of the Company	<b>1.05</b>		1.88
Maximum Amount due from officers (Senior Executives) of the Company	<b>1.88</b>		2.43

### 17. 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 31.03.2011		As on 31.03.2010	
	Unit	Quantity	Unit	Quantity
<b>i. Sugar-Capacity</b>				
a) Licensed	TCD	2500	TCD	2500
b) Installed	TCD	2500	TCD	2500
c) Actual production	QTs.	<b>281575</b>	QTs	222325
<b>ii. Molasses (by product)</b>				
a) Actual production	MTs	<b>14640</b>	MTs	11679

**Prudential Sugar Corporation Limited**



**iii. Sales & Stock**

	Unit	Qty.	2011 Value Rs. in Lacs	Unit	Qty.	2010 Value Rs. in Lacs
<b>a) Sales</b>						
Sugar	QTs	<b>263213</b>	<b>7487.33</b>	QTs	232225	6870.00
Molasses	MTs	<b>10684</b>	<b>363.26</b>	MTs	12345	577.47
Bagasse	MTs	<b>20506</b>	<b>237.07</b>	MTs	8142	82.61
Filter Cake	MTs	<b>7525</b>	<b>3.76</b>	MTs	—	—
			<b><u>8091.42</u></b>			<b><u>7530.08</u></b>
<b>b) Stock</b>						
Sugar	QTs	<b>88962</b>	<b>2369.95</b>	QTs	70600	1979.52
Molasses	MTs	<b>6643</b>	<b>184.18</b>	MTs	2687	155.13
Bagasse	MTs	<b>1903</b>	<b>22.36</b>	MTs	3500	35.00
<b>IN-PROCESS</b>						
Sugar	QTs	<b>4015</b>	<b>104.39</b>	QTs	875	25.38
Molasses	MTs	<b>324</b>	<b>6.48</b>	MTs	—	—
			<b><u>2687.36</u></b>			<b><u>2195.03</u></b>
<b>iv. Details of Raw Material Consumed</b>						
Sugarcane	MTs	<b>326137</b>	<b>6404.60</b>	MTs	259221	5953.54
Raw Sugar	MTs	—	—	MTs	420	132.07
			<b><u>6404.60</u></b>			<b><u>6085.61</u></b>
<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		<b>100</b>	<b>6404.60</b>		97.83	5953.54
Imported		<b>0</b>	<b>—</b>		2.17	132.07
			<b><u>6404.60</u></b>			<b><u>6085.61</u></b>
<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		<b>100</b>	<b>57.51</b>		100	39.29
Imported		<b>—</b>	<b>—</b>		—	—
			<b><u>57.51</u></b>			<b><u>39.29</u></b>

18. Earnings in foreign currency for sale of sugar — Nil

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

# Prudential Sugar Corporation Limited



## SCHEDULE: O SIGNIFICANT ACCOUNTING POLICIES

### 1. General

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

### 2. Fixed Assets and Depreciation

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

### 3. Investments

Investments are stated at cost price.

### 4. Inventories

- a. Sugar is valued at cost 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. Capital Grants

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

### 7. Retirement Benefits

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

### 8. Cenvat Credit on Capital goods

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

## Prudential Sugar Corporation Limited



### 9. Miscellaneous Expenditure

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

### 10. 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.

### 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.

### 12. 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.

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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  
Date : 30/08/2011

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

**Smt. Sharada G. Patil**  
Partner  
Membership No. 015332

**Prudential Sugar Corporation Limited****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****1. Registration Details**

Registration No.	:	32731	State Code	:	01
Balance Sheet Date	:	31.03.2011			

**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	:	5879.90	Total Assets	:	5879.90
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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	:	2071.47
Unsecured Loans	:	560.22			

**Application of Funds**

Net Fixed Assets	:	2858.50	Investments	:	55.28
Net Current Assets	:	1662.77	Misc. Exps.	:	—
Profit and Loss A/c	:	520.10	Deferred Tax Asset	:	783.24

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

Turnover (including increase/ decrease in stock & other income)	:	8196.87	Total Expenditure	:	7993.42
Profit before Tax	:	203.43	Prior period adjustments	:	Nil
Profit after Tax	:	54.15	Earning per Share	:	0.19
Dividend Rate	:	NIL			

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

Item Code No.	:	170111.09
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(ITC Code)	
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Product Description	:	S U G A R
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For and on behalf of the Board

Place : Hyderabad  
Date : 30/08/2011

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

**Prudential Sugar Corporation Limited**



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011**

	31.03.2011	31.03.2010
	(Rs. in lakhs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / Loss before Tax & Extraordinary Items	<b>203.44</b>	15.17
Adjustments for:		
Depreciation	<b>278.77</b>	278.76
Other Income	<b>(1.55)</b>	(26.04)
<b>Interest</b>	<b>276.43</b>	238.07
Taxation	—	(3.12)
Profit/Loss on sale of Assets	—	—
Operating Profit before working capital changes	<b>757.09</b>	502.84
Adjustment for:		
Trade and Other Receivables	<b>111.79</b>	(438.90)
Inventories	<b>(503.58)</b>	(171.45)
Change in Other Current Assets	—	—
Trade Payables	<b>41.94</b>	665.51
Cash Generated from Operations	<b>407.24</b>	558.00
Interest paid	<b>(276.43)</b>	(238.07)
Dividend Paid	—	—
Net Cash from Operating Activities	<b>130.81</b>	319.93
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(1.28)</b>	(0.81)
Sale of Fixed Assets	—	0.16
Other Income	<b>1.55</b>	26.04
Net Cash from Investing Activities	<b>0.27</b>	25.39
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowing	<b>4.49</b>	(15.86)
Repayment of Working Capital Loans		(285.00)
Increase / (Decrease) in other Borrowings	<b>(22.50)</b>	—
Net Cash used in Financing Activities	<b>(18.01)</b>	(300.86)
Net increase in Cash and Cash Equivalents	<b>113.08</b>	44.46
Opening balance of Cash and Cash Equivalents	<b>108.60</b>	64.14
Closing balance of Cash and Cash Equivalents	<b>221.68</b>	108.60

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  
Date : 30/08/2011

**Vinod Baid**  
Chairman

**Ch. Krishnamoorthy**  
Managing Director

**Smt. Sharada G. Patil**  
Partner  
Membership No. 015332

**Prudential Sugar Corporation Limited**



**PRUDENTIAL SUGAR CORPORATION LIMITED**

Regd. Office: "Akash Ganga", 4th Floor, 8-3-1053, Sri Nagar Colony  
Hyderabad - 500 073. AP

**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 20th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 30th  
September, 2011 at 4.00 P.M. at the Registered Office of the Company at "Akash Ganga", 4th Floor,  
8-3-1053, Sri Nagar Colony, Hyderabad - 500 073, AP and at any adjournment thereof.

Signed this ..... day of ..... Two Thousand Eleven.

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: "Akash Ganga", 4th 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 20th Annual General Meeting.

Venue : Registered Office: **M/s. PRUDENTIAL SUGAR CORPORATION LIMITED**  
"Akash Ganga", 4th Floor, 8-3-1053, Sri Nagar Colony, Hyderabad - 500 073, AP

Date : Friday, 30th September, 2011

Time : 4.00 P.M.

Signature of the Member/Proxy

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

BOOK-POST  
PRINTED MATTER

*If undelivered, please return to:*



**Prudential Sugar Corporation Limited**

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

**20th Annual Report  
2010-2011**



**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

**REGISTERED OFFICE**

Akash Ganga, 4th Floor,  
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 Pvt. Ltd.,  
22/4, Nakuleswar Bhattacharya Road,  
Kolkatta - 700 026.