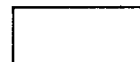


18th Annual Report 2008-2009

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Prudential Sugar Corporation Limited



BOARD OF DIRECTORS

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

AUDITORS

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

BANKERS

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

CORPORATE OFFICE

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

REGISTERED OFFICE & FACTORY

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

DEPOSITORY REGISTRAR

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

Prudential Sugar Corporation Limited		
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**NOTICE**

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS

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

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

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

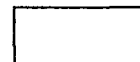
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Articles of Association of the Company and other applicable provisions if any of the Companies Act, 1956, read with the provisions of Schedule XIII to the Companies Act, 1956, consent of the members of the Company be and is hereby accorded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

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

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

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

Prudential Sugar Corporation Limited



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

EXPLANATORY STATEMENT

Item No. 5

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

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

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

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

Item No. 6 & 7

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

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

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

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

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

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

For and on behalf of the Board

Place : Nindra
Date : 03/09/2009

VINOD BAID
Chairman

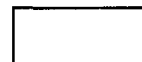
Prudential Sugar Corporation Limited**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member.
2. The Register of Members and share transfer books of the Company shall remain closed from 26th September, 2009 to 30th September, 2009 (both days inclusive).
3. Members desiring any information as regards to the Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
4. Members are requested to notify change in address, if any, immediately to the company, quoting their Folio Number.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of all such folios together with Share Certificates for Consolidation of their holdings into a single folio.
6. Members/Proxies should bring the Attendance Slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting. Xerox copy/torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting as copies will not be distributed at the Meeting hall due to prohibitive cost of printing.
7. Consequent upon amendment of Sec 205A of the Companies Act, 1956 and introduction of section 205C by the company's (Amendment Act, 1999), the unclaimed dividend for the financial year 1995-1996 has been transferred to the Investor Education and Protection Fund.

For and on behalf of the Board

VINOD BAID
ChairmanPlace : Nindra
Date : 03/09/2009

Prudential Sugar Corporation Limited



Annexure to the Notice

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

Profile of Directors being Appointed/Re-appointed:

Item No. 2

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

Item No. 3

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

Item No. 5

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

Item No. 6

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

Prudential Sugar Corporation Limited

**DIRECTORS' REPORT**

To,
The Members,

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

2. Financial Performance

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

3. Review of Operations

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

4. Dividend

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

5. Management Analytical Report

a. Sugar Industry - Opportunities, Threats and Future Outlook

Indian Sugar Scenario

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

Prudential Sugar Corporation Limited



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

Opportunities and Threats:

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

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

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

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

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

6. Internal Control, System and their Adequacy

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

7. Public Deposits

Deposits collected from Shareholders and Public as on 31.03.2009 is Nil. No Deposits are due and outstanding for payment as on 31.03.2009.

8. Directors

Sri Y. Ravinder Reddy and Sri Kishore Jhunjunwala are retiring by rotation at the ensuing Annual General Meeting and are eligible for reappointment. Necessary resolution is placed before the shareholders for their approval.

9. Environmental friendliness & pollution free techniques

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

10. Personnel

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

Prudential Sugar Corporation Limited



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

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

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

12. Directors' Responsibility Statement:

Your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such Accounting Policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Accounting year ended 31st March, 2009 and of the Profit of the Company for that year;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis.

13. Corporate Governance

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

14. Auditors

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

15. Cost Auditor

As per the directives of the Central Government to appoint Cost Auditor pursuant to Section 233B of the Companies Act, 1956, your company has appointed Mr. Sivanandam, Chennai as Cost Auditor of the Company for the year 2009-2010.

16. Acknowledgement

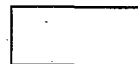
Your Directors place on record their gratitude to the Company's Bankers, Sugar Dealers, Growers, Shareholders, Business Associates and Government Bodies for the patronage, encouragement and support extended to company.

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

For and on behalf of the Board

Place : Nindra
Date : 03/09/2009

Vinod Baid
Chairman



ANNEXURE – A

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

A. Conservation of Energy

a. Energy Conservation measures taken:

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

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

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

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

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

B. Technology Absorption

Efforts made in technology — As per Form 'B'

C. Foreign Exchange Earnings & Outgo

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

2. Total Foreign exchange Earnings and Outgo	Rs. lakhs
Foreign Exchange Earnings	\$ 36,95,310 (Rs.15,17,73,778)
Foreign Exchange Outgo	NIL