



BOARD OF DIRECTORS

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

AUDITORS

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

BANKERS

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

CORPORATE OFFICE

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

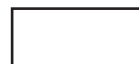
REGISTERED OFFICE & FACTORY

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

DEPOSITORY REGISTRAR

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

Prudential Sugar Corporation Limited



NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Thursday, the 30th September, 2010 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, 2010 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 P.M. Nair, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri U.C. Bhandari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2010-2011 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 : Nindra
Date : 01/09/2010

VINOD BAID
Chairman

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member.
2. The Register of Members and share transfer books of the Company shall remain closed from 26th September, 2010 to 30th September, 2010 (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 : Nindra
Date : 01/09/2010

VINOD BAID
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 P.M. Nair
1.	Age	69 years
2.	Date of Appointment	26th May, 2006
3.	Qualification	B.E. MBA
4.	Experience	He has 30 years of experience in Sugar Industry. He is a fellow member of Indian Sugar Technologists Association and of the Indian Institute of Plant Engineers. He is also a member of Indian Council of Arbitrators, Indian Labour Law Association and Loss Prevention Association of India. He worked in different capacities across various Companies.
5.	Other Directorships	1. Ganapati Sugar Industries Ltd. 2. Ganapati Systems & Solutions Ltd. 3. Response Informatics Ltd. 4. Haritha Krishi Vikas (P) Ltd.
6.	Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	(A) Audit Committee 1. Response Informatics Ltd. (B) Share Transfer Committee/ Investors' Grievances' Committee 1. Response Informatics Ltd.

Item No. 3

S.No.	Particulars	Sri U.C. Bhandari
1.	Age	59 years
2.	Date of Appointment	31st August, 2002
3.	Qualification	FCA
4.	Experience	He is currently practicing as a Chartered Accountant. He is having vast experience in Taxation, Project Financing, Company Law and other Corporate Laws.
5.	Other Directorships	1. Gennex Laboratories Ltd. 2. Raj Packaging Industries Ltd. 3. Ritual Developers Ltd. 4. Atlantis Stocks Ltd. 5. Ritual Garments Exports (P) Ltd. 6. Bonchance Finance (P) Ltd. 7. Paresh Exports (P) Ltd. 8. Gaurav Securities (P) Ltd. 9. Ritual Finance & Investments (P) Ltd. 10. Sitar Construction (P) Ltd.
6.	Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	(A) Audit Committee Gennex Laboratories Ltd. 1. Gennex Laboratories Ltd. (B) Share Transfer Committee/ Investors' Grievances' Committee 1. Gennex Laboratories Ltd. (C) Remuneration Committee 1. Gennex Laboratories Ltd.

**DIRECTORS' REPORT**

To,
The Members,

1. Your Directors have pleasure in submitting their Nineteenth Annual Report with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2010.

2. Financial Performance**(Rs. in Lakhs)**

	for the Year ended 31.03.2010	for the Year ended 31.03.2009
Total Income	7530.24	5324.38
Profit/(Loss) before Interest and Depreciation	532.01	613.50
Less: Interest	238.07	304.42
Profit/(Loss) after Interest but before		
Depreciation & Tax	293.94	309.08
Less: Depreciation	278.76	277.85
Profit/(Loss) before tax	15.18	31.23
Provision for Tax:		
- Taxation for earlier year	3.12	—
- Current	—	2.36
- Deferred Tax Asset	105.39	19.59
Dividend on Pref. Shares	—	21.00
Dividend Distribution Tax	—	3.57
Profit/(Loss) after Tax and Dividend	(93.33)	(15.29)
Add: Balance brought from previous year	(480.92)	(465.62)
Surplus/(Loss) carried to Balance Sheet	(574.25)	(480.92)

3. Review of Operations

During the crushing season 2009-10 company have crushed 259220 Mts of cane as against 228935 MTs of cane crushing during crushing season 2008-09. The average recovery during the year under review was 8.40% as against 9.15% during last crushing season.

4. Dividend

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

5. Sugar Industry Overview

Sugar business has been intrinsically cyclical in India but the swings in recent times have turned rather too sharp and swift. Sugar production discernibly doubled between 2005 and 2007 that hurriedly halved just within the next two years. From this low base, it is now well poised to nearly double again in the near term.

No other major sugar producing country is witness to such galloping gyrations in year on year production. Price volatility is but a necessary outcome of such production volatility. This has rather made the diverse stakeholders by turn taciturn and dis-spirited towards taking a long term commitment for the orderly functioning and growth of this core industry.



The causes for such intermittent and intimidating upsurge and downswing in sugar production are too well known. It is axiomatic to recognize and pave way for price parity between sugar and sugarcane on the one hand as well as sugarcane and other competing cash crops on the other. A cohesive and comprehensive action plan is imperative and its need immediate to meaningfully moderate., if not totally eliminate the adversity of sugar cycles occurring in our country at frequent intervals with ferocious intensity.

Indian production figures have their domino effect both on the direction and degree of world sugar balance. It is thus no wonder that world sugar balance suffered a deficit during 2008-10 that is now heading towards surplus in 2010-11. As a corollary, Indian exports are invariably during glut at the bottom of global prices while imports are during deficits at the peak of prices. On both counts, the huge financial burden befalls on producers, consumers and the exchequer though in varying degree.

With two successive sugar years of low production, Indian sugar prices have been continuously on their climb up to reach robust levels. This in turn empowered and prompted the industry to offer high and remunerative cane price so as to lure the farmer back to cane crop. Sugar mills have voluntarily paid a whopping Rs.20,000/- crores over and above the Central Government's mandatory cane price in this process. As a result, there has been a swift and strident recovery in Indian sugar production to narrow down the deficit during 2009-10 and turn surplus during 2010-11. There is no arguing that this remarkable rebound could and in fact has come only on the strength of buoyant sugar prices and consequent benevolent cane prices.

Government measures

The year under review witnessed aggressive Government intervention in sugar business to rein in rising sugar prices fuelled by the galloping deficit in production and stock estimates. Some of these measures were well justified to augment domestic sugar availability and cool-off the overheated market. But several others proved too harsh and outlandish that created panic in the minds of Trade and Industry, quelling demand and disrupting off-take.

Levy obligation was doubled from 10% to 20% to protect PDS supply while levy sugar prices now remain unrevised for over six years. Duty-free raw sugar import facility was extended till end of 2010 besides opening duty-free white sugar imports for all. Indeed, while imports are presently placed at a premium over domestically produced sugar with total exemption from levy obligation and full freedom from release mechanism. Further, bulk users of sugar were subjected to unrealistic inventory norms for holding domestic sugar that has forcibly moved them to imported sugar offering greater flexibility. Inventory and turnover norms were rigidly enforced on sugar traders followed by frequent raids. The reversal of market sentiments and concomitant price decline from the peak was taken in the normal stride by the industry. But persistence with these moves have plummeted prices to below breakeven levels that cries for instant policy correction.

The Government promulgated an Ordinance, later made as Law, to retrospectively amend the Essential Commodities Act 1955. By this, the Government has endeavoured to undo a favourable Supreme Court ruling and deny higher levy sugar price based on State Advised Price or actual price for cane. The new Law seeks to restrict and confine the levy sugar price by considering only Statutory Minimum Price for cane from 1974 to 2009. Sugar industry has challenged the retrospective amendment by filling a Writ Petition in Delhi High Court.

The concept of Statutory Minimum Price (SMP) has been changed to Fair and Remunerative Price (FRP) for sugarcane from 2009-10 season. Such FRP takes certain additional factors into consideration over SMP namely, reasonable margins for the growers of sugarcane on account of



risk and profits. FRP was conceptually intended to be total compensation and hence the sole mandatory price for cane, restraining States from announcing higher SAP. However, the Centre bowing to political pressures had to make a quick retreat and remove the ban on SAP. Dual cane pricing would thus continue to daunt the industry with its deleterious impact.

Indian sugar production for 2009-10 was initially estimated around 140 lakh tones that now stands uprevised to 185 lakh tones. Further, the production outlook for the next year is also highly promising. Simultaneously, world sugar deficit is moving towards a surplus. All these have brought about a strident shift in market sentiment and consequent crash in sugar prices. Raw sugar prices after recording a 29 year high at 30.40 c/lb on 1st February, 2010 now trades at less than 50% of that level. Concurrently, Indian sugar prices have also fallen from Rs.4200/- qtl. To below Rs.2800/- qtl. Accordingly, the industry has made fervent appeal to the Government to roll back the harsh measures initiated during times of high sugar prices that are no longer relevant. Sugar prices now need to recover from the bottom for the farmer to be able to get a remunerative cane price.

Excessive Government controls on sugar though well meant to balance the interest of diverse stakeholders, have hardly helped to serve the intended objectives. Still worse, they have repeatedly failed to meaningfully respond to market dynamics and in really resulted to unleash its innate potential, help meet the growing demands of sugar in our fast developing economy and be a credible exporter.

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 31.03.2010 is Nil. No Deposits are due and outstanding for payment as on 31.03.2010.

8. Directors

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

9. Environmental friendliness & pollution free techniques

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

10. Personnel

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

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

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

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

12. Directors' Responsibility Statement

Your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Accounting year ended 31st March, 2010 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. 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 observation in their report, the notes given in schedule 'O' is self explanatory.

15. 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 : 01/09/2010

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	2009-10	2008-09
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. PURCHASED		
Units KWH	5,27,506	4,86,075
Total Amount (Rs.)	25,78,027	24,87,013
Rate per Unit (Rs.)	4,887	5,116
b. OWN GENERATION		
1. Through Diesel		
Generator Units (KWH)	5,028	3,106.8
Units per Ltr. of Diesel Oil	2.37	2.43
Cost per Unit (Rs.)	16.17	14.26
2. Through Steam Turbine /		
Generator Units (KWH)	64,21,000	51,49,535
KWH per tonne of Bagasse	193.8	206
Cost per Unit (Rs.900/-)	3.64	3.64
2. BAGASSE		
Quantity (Tonnes)	33,132	24,977
Total Cost (Rs.)	Own Bagasse	Own Bagasse
Average Rate (Rs.)	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION		
Electricity KWH (Per Tonne)	294.3	245

**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	5.78
c. Total	5.78
d. Total R&D expenditure as a percentage of total turnover	0.08%