



PONNI SUGARS (ERODE) LIMITED

Regd. Office: ESVIN House, No.13, Rajiv Gandhi Salai (OMR)

Perungudi, Chennai 600 096

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PRESS RELEASE

Ponni Sugars has come out with a trailblazing performance in FY 2009-10. Higher sugar production in a year of robust sugar prices has helped the Company achieve spectacular results.

[Rs. crores]

	2009-10	2008-09
Turnover	244.64	137.27
PBIDT	74.37	23.59
PBT	55.41	18.72
PAT	36.85	12.26
EPS (Rs)	42.86	14.46

Cane volumes improved by 19% despite drought like conditions prevailing in the command area. Sugar recovery slipped marginally to 10.11% from 10.55% due to adverse cane quality. Raw sugar imports helped augment total sugar production to touch the second highest ever achieved.

Sugar prices remained highly remunerative during most part of the year, while they started their descent from February 2010. With the sudden and significant crash in world raw sugar prices by over 50%, there has been serious erosion in the value of raw sugar contracted by the company during January 2010 that will arrive in the next financial year. In line with its prudent and conservative practice, the Company has made due provision for the decline in the value of raw sugar contracted as of 31st March 2010.

Even after the aforesaid provision reflected as an exceptional item in the financial statement, the Company has achieved PBT and PAT levels recording a threefold increase over last year.

The Board has recommended a dividend of Rs.4/- per share as against Rs.2.50 for the previous year.



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The Company is pursuing a Cogeneration Project on a capital outlay of Rs.95 crores to produce 19 MW of power through the installation of 112 ata high pressure boiler. This would facilitate power export of 13 MW during season and 16 MW during off-season. It is intended to fund the project out of internal accruals for Rs.30 crores and the rest from term debts.

Contrary to normal monsoon prediction for the country, the command area of the company continues to witness considerable water stress due to failed monsoon in recent years. This has reduced fresh cane planting despite over 50% hike in cane price. The company accordingly expects cane volumes to shrink by more than 30% in the coming year by reason of drought.

Tamil Nadu Government has announced SAP for 2010-11 season at Rs.2000 per tonne inclusive of incentives and transport charges that would escalate the cane cost. Sugar prices are however expected to remain subdued under changed market fundamentals and current bearish market outlook.

The company is thus faced with an unenviable task to reckon with reduced output, higher input cost and lower product realization. With the help of carryover inventory and tight leash on cost, it hopes to combat these challenges and stay positive on its profit performance, albeit at significantly lower levels from that of current exceptional year.

28/5/2010



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Paid -up Equity Share Capital (Face Value : Rs 10 per share)	860	860
Reserves excluding Revaluation Reserves	7104	3820
Earnings Per Share (Rs) Basic & Diluted	42.86	14.46
Public Shareholding		
- Number of Equity shares	4725280	4725280
- Percentage of shareholding	54.96	54.96
Promoters and Promoter Group Share Holding		
a) Pledged/Encumbered	NIL	NIL
b) Non-Encumbered		
- Number of Equity shares	3873138	3873138
- Percentage of total Promoters and Promoter Group Shareholding	100.00	100.00
- Percentage of Total Share Capital of the Company	45.04	45.04

STATEMENT OF ASSETS AND LIABILITIES (Audited as at 31st March)

(Rs. In Lakhs)

Particulars	2010	2009
Shareholders Funds		
- Capital	860	860
- Reserves and Surplus	7104	3820
Loan Funds	3430	3358
Deferred tax	343	896
TOTAL	11737	8934
Fixed Assets	4703	4786
Investments	829	729
Current Assets, Loans and Advances		
- Inventories	8969	5092
- Sundry Debtors	1227	172
- Cash and Bank balances	306	239
- Loans and Advances	1333	1071
Less: Current Liabilities and Provisions		
- Liabilities	3595	2717
- Provisions	2035	438
TOTAL	11737	8934