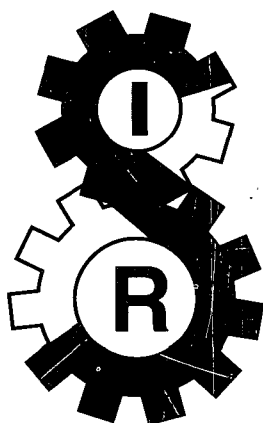


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ANNUAL REPORT 2006 - 2007



THE INDIA SUGARS & REFINERIES LIMITED



THE INDIA SUGARS & REFINERIES LIMITED

BOARD OF DIRECTORS :

Sri Rajendra Prasad R. Morarka, Chairman cum Managing Director
Sri Siddharth R Morarka, Executive Director
Sri Rahul R Morarka
Sri G V Shantharaju
Sri K P Medhekar
Sri A Vamanan
Sri S S Narayana

AUDITORS :

M/s. M S Krishnaswami & Rajan,
Chartered Accountants,
10, Sambasivam Street,
T. Nagar, Chennai - 600 017.

BANKERS :

State Bank of India

REGISTERED OFFICE :

Chitwadgi,
Hospet - 583211
Dist. Bellary, Karnataka

CORPORATE OFFICES :

Bank of Baroda Bldg., 5th Floor
12, Mumbai Samachar Marg,
Fort Mumbai - 400 023.

102, Midford House,
1, Midford Gardens,
Bangalore - 560001

STOCK EXCHANGES WHERE COMPANY'S SECURITIES ARE LISTED

Bangalore Stock Exchange Ltd.
Stock Exchange Towers
51, 1st Cross, J.C. Road,
Bangalore-560027

Madras Stock Exchange Ltd.
Exchange Bldg., P B No.183
11, Second Line Beach,
Chennai - 600001

Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street,
Mumbai - 400001.



NOTICE

NOTICE is hereby given that the **SEVENTY-THIRD ANNUAL GENERAL MEETING OF THE INDIA SUGARS & REFINERIES LIMITED** will be held at the Registered Office of the Company at Chitwan HOSPET-583211, Bellary District, Karnataka State, at 11.00 A M on Friday the 28th March, 2008 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, and adopt the audited Profit and Loss Account of the Company for the year ended 30th September 2007 and the Balance Sheet as at that date and Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri.G V Shanthraju, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint Auditors for the ensuing year and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an "ORDINARY RESOLUTION".

RESOLVED THAT pursuant to the provision of Section 198, 269 and 309 and other relevant sections read with Schedule XIII to the Companies Act, 1956, consent of the members of the company be and is hereby accorded for re-appointment of Sri Rajendra Prasad R Morarka, Chairman cum Managing Director for the period of 5 years with effect from 1.4.2007 on the terms and condition including remuneration as set out in the agreement duly approved by the Board and as set out in the explanatory statement annexed hereto.

"RESOLVED FURTHER THAT, the Board of Directors of the company be and is hereby authorized to take such steps as may be necessary to give effect to the resolution including an authority to vary or modify the remuneration and the terms and conditions of the appointment."

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an "ORDINARY RESOLUTION".

RESOLVED THAT pursuant to the provision of Section 198, 269 and 309 and other relevant sections read with Schedule XIII to the Companies Act, 1956, consent of the members of the company be and is hereby

accorded for re-appointment of Sri Siddharth R Morarka, Executive Director for the period of 5 years with effect from 1.4.2007 on the terms and condition including remuneration as set out in the agreement duly approved by the Board and as set out in the explanatory statement annexed hereto.

"RESOLVED FURTHER THAT, the Board of Directors of the company be and is hereby authorized to take such steps as may be necessary to give effect to the resolution including an authority to vary or modify the remuneration and the terms and conditions of the appointment."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an "ORDINARY RESOLUTION".

RESOLVED THAT pursuant to the provision of Section 198, 269 and 309 and other relevant sections read with Schedule XIII to the Companies Act, 1956, consent of the members of the company be and is hereby accorded for re-appointment of Sri Rahul R Morarka, Whole Time Director for the period of 5 years with effect from 1.4.2007 on the terms and condition including remuneration as set out in the agreement duly approved by the Board and as set out in the explanatory statement annexed hereto.

"RESOLVED FURTHER THAT, the Board of Directors of the company be and is hereby authorized to take such steps as may be necessary to give effect to the resolution including an authority to vary or modify the remuneration and the terms and conditions of the appointment."

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an "ORDINARY RESOLUTION".

"RESOLVED THAT pursuant to the provision of Section 198,269,309 read with Schedule XIII and other applicable provision if any, of the Companies Act, 1956 and approval of the Central Government, if necessary, consent of the Company be and is hereby accorded to the appointment of Sri S.S. Narayana as Whole-time Director of the company for a period of 5 Years w.e.f 28th February 2008, on a remuneration and on such other terms and conditions as set out in the explanatory statement annexed hereto.



FURTHER RESOLVED THAT, notwithstanding anything herein above contained, where in any financial year during the tenure, the company has incurred loss or its profits are inadequate, the company shall pay to Sri S.S. Narayana the Whole-time Director, the remuneration by way of salary, perquisites and other allowance as aforesaid as a minimum remuneration subject however to the limits and conditions specified under Section II of part II of the Schedule XIII of the Companies Act, 1956.

"RESOLVED FURTHER THAT, the Board of Directors of the company be and is hereby authorized to take such steps as may be necessary to give effect to the resolution including an authority to vary or modify the remuneration and the terms and conditions of the appointment."

By Order of the Board
For The India Sugars & Refineries Ltd.

S.S.Narayana
Director-(Tech)

Place: Bangalore
Date : 28th February, 2008

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**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled commencement of the meeting.
3. The explanatory statement relating to special business mentioned in the Notice as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd March, 2008 to 28th March, 2008 (both days inclusive).
5. Members are requested to notify any change in their Addresses, if any, quoting their Folio Number(s).

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956.

ITEM No.6

Sri Rajendra Prasad R Morarka was re-appointed as Managing Director of the Company for a period of five years with effect from 01.04.2007 by a Resolution of Board of Directors passed in their meeting held on 29th September, 2007. The Board of Directors seek the approval of the share holders for re-appointment of Sri Rajendra Prasad R Morarka as Managing Director.

Sri Rajendra Prasad R Morarka has been associated with the company since 1972 as a Director and as Managing Director of the Company since 1983. He is having intimate knowledge of the working of the company. He has wide and vast experience in business and industry in general and sugar industry in particular. During his tenure as Managing Director he has contributed towards the progress of the company. The Board has considered it necessary that the Company should continue to avail of the business expertise and guidance of Sri Rajendra Prasad R Morarka and as such at its meeting held on 29th September, 2007 has re-appointed Sri Rajendra Prasad R Morarka as Managing Director of the Company for a period of five years with effect from 1st April 2007. The agreement entered by the company with Sri Rajendra Prasad R Morarka in respect of his re-

appointment as Managing Director inter alia, contains the following terms and conditions:

a) Salary Rs.75,000/- per month with an annual increment in the said remuneration of Rs.10,000/- per month.

b) Perquisites:

i) **Housing.**

Free furnished accommodation with free gas, electricity, water, furnishings and other utilities or house rent allowance up to 40% of salary.

ii) **Leave travel Concession:**

For self and family once in year subject to ceiling of one month's salary in each year

iii) **Medical reimbursement:**

Reimbursement of medical expenses actually incurred for self and family subject to a ceiling of one month's salary per year or three months salary over a period of three years.

iv) **Medical Insurance**

The premium not exceeding Rs.10,000/- per annum

v) **Personal Accident Insurance:**

The premium not exceeding Rs.4,000/- per annum

vi) **Club Fees.**

Club fees subject to maximum of two clubs. This will not include admission and life membership fees.

vii) Contribution to provident fund, super- annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. The gratuity payable shall not exceed half month salary for each completed year of service.

viii) **Conveyance and Telephone:**

Provision of car with chauffeur for use for company's business and free telephone facility at residence.

ix) **Leave:**

One month leave for every 11 months of service completed and the leave accumulated but not availed shall be allowed to be encashed,



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x) Reimbursement of all actual expenses including travelling and entertainment expenses incurred for the purpose of business of the company.

A copy of the agreement between the Company and Sri Rajendra Prasad R Morarka is available for inspection by any member of the company at the Registered office of the company on any working day.

Sri Rajendra Prasad R Morarka is interested in the said appointment to the extent of the remuneration and perquisites payable to him. Sri Siddharth R Morarka and Sri Rahul R Morarka, Directors being related to Sri Rajendra Prasad R Morarka may also be deemed to be interested in the said re-appointment. No other director is concerned or interested.

ITEM No.7

Sri Siddharth R Morarka was re-appointed as Executive Director of the Company for a period of five years with effect from 01.04.2007 by a Resolution of Board of Directors passed in their meeting held on 29th September, 2007. The Board of Directors seek the approval of the share holders for re-appointment of Sri Siddharth R Morarka as Executive Director

Sri Siddharth R Morarka Executive Director has been looking after the administration and monitoring the activities in the sugar factory under the instructions of the Managing Director. He has totally involved in the modernization programme which was under taken by the company during the year 1995-96. He is instrumental in upgrading and reconditioning of the entire battery of Boilers to achieve maximum efficiency. Thus he has gained vast experience in the various fields of sugar factory including day to day administration. His induction on the Board as Executive Director in whole time employment will be in the interest of the company. Hence his appointment and remuneration accordance with the limits prescribed under the provisions of the Companies Act, 1956 i.e., schedule XIII is to be considered, subject to the approval of the shareholders in the General Meeting. The agreement entered by the company with of Sri Siddharth R Morarka in respect of his re-appointment as Executive Director inter alia, contains the following terms and conditions:

a) salary Rs.65,000/- per month with an annual increment in the said remuneration of Rs.10,000/- per month.

b) Perquisites:

i) Housing:

Free furnished accommodation with free gas, electricity, water, furnishings and other utilities or house rent allowance up to 40% of salary.

ii) Leave travel Concession:

For self and family once in year subject to ceiling of one month's salary in each year

iii) Medical reimbursement:

Reimbursement of medical expenses actually incurred for self and family subject to a ceiling of one month's salary per year or three months salary over a period of three years.

iv) Medical Insurance

The premium not exceeding Rs.10,000/- per annum

v) Personal Accident Insurance:

The premium not exceeding Rs.4,000/- per annum

vi) Club Fees.

Club fees subject to maximum of two clubs. This will not include admission and life membership fees.

vii) Contribution to provident fund, super- annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. The gratuity payable shall not exceed half month salary for each completed year of service.

viii) Conveyance and Telephone:

Provision of car with chauffer for use for company's business and free telephone facility at residence.

ix) Leave:

One month leave for every 11 months of service completed and the leave accumulated but not availed shall be allowed to be encashed,

x) Reimbursement of all actual expenses including travelling and entertainment expenses incurred for the purpose of business of the company.



A copy of the agreement between the Company and Sri Siddharth R Morarka is available for inspection by Sri Siddharth R Morarka is interested in the said appointment to the extent of the remuneration and perquisites payable to him.

Sri Rajendra Prasad R Morarka and Sri Rahul R Morarka, Directors being related to Sri Siddharth R Morarka may also be deemed to be interested in the said re-appointment. No other director is concerned or interested.

ITEM No.8

Sri Rahul R Morarka was re-appointed as Executive Director of the Company for a period of five years with effect from 01.04.2007 by a Resolution of Board of Directors passed in their meeting held on 29th September, 2007. The Board of Directors seek the approval of the share holders for re-appointment of Sri Rahul R Morarka as Whole-Time Director

Sri Rahul R Morarka looks after Marketing, Sales, Finance, Accounts & Administration function of the company and he has been spending whole-time attention. Therefore his appointment as a Whole-time Director is in the interest of the company. Hence his appointment and remuneration accordance with the limits prescribed under the provisions of the Companies Act, 1956 i.e., schedule XIII is to be considered, subject to the approval of the shareholders in the General Meeting. The agreement entered by the company with Sri Rahul R Morarka, in respect of his appointment as Director inter alia, contains the following terms and conditions:

a) Salary Rs. 65,000/- per month with an annual increment in the said remuneration of Rs.10,000/- per month.

b) Perquisites:

i) **Housing.**

Free furnished accommodation with free gas, electricity, water, furnishings and other utilities or house rent allowance up to 40% of salary.

ii) **Leave travel Concession:**

For self and family once in year subject to ceiling of one month's salary in each year

iii) **Medical reimbursement:**

Reimbursement of medical expenses actually incurred for self and family subject to a ceiling of one month's salary per year or three months salary over a period of three years.

iv) **Medical Insurance**

The premium not exceeding Rs.10,000/- per annum

v) **Personal Accident Insurance:**

The premium not exceeding Rs.4,000/- per annum

vi) **Club Fees.**

Club fees subject to maximum of two clubs. This will not include admission and life membership fees.

vii) Contribution to provident fund, super- annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. The gratuity payable shall not exceed half month salary for each completed year of service.

viii) **Conveyance and Telephone:**

Provision of car with chauffeur for use for company's business and free telephone facility at residence.

ix) **Leave:**

One month leave for every 11 months of service completed and the leave accumulated but not availed shall be allowed to be encashed,

x) Reimbursement of all actual expenses including travelling and entertainment expenses incurred for the purpose of business of the company.

A copy of the agreement between the Company and Sri Rahul R Morarka is available for inspection by any member of the company at the Registered office of the company on any working day.

Sri Rahul R Morarka is interested in the said appointment to the extent of the remuneration and perquisites payable to him. Sri Rajendra Prasad Morarka and Sri Siddharth R Morarka, Directors being related to Sri Rahul R Morarka may also be deemed to be interested in the said re-appointment. No other director is concerned or interested.

ITEM No.9

In view of resignation of Sri S. Dhayanadhan a Whole Time Director, the board felt it necessary to appoint another person and accordingly Sri S.S Narayana was inducted to the Board and was also appointed as Whole-time Director of the Company under the designation Director-(Tech) by the Board of Directors at its meeting held on 28.02.2008. Sri S S.Narayana till his appointment as a Whole Time Director of the company, was associated with the company as Technical advisor and was actively looking after the



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entire process operations of the factory. He has gained vast experience in field of sugar industry, factory administration etc., as such his services as Director-(Tech) are considered to be beneficial and are also in the interest of the company.

The remuneration payable to Sri S S Narayana as fixed by the Remuneration Committee and other terms of conditions of his appointment are as follows:

Period of Appointment 5 years w.e.f. 28th February 2008.

a) I) Salary: Rs.30,000/- per month

In addition to the salary Sri S S Narayana, shall be entitled to the following perquisites and benefits.

b) Perquisites:

Rent free accommodation.

The copy of the agreement entered into between the Company and Sri S S Narayana is available for inspection by any member of the company at the Registered Office of the company on any working day during the working hours till the date of the Annual General Meeting.

The resolution seeks the approval of members in General Meeting by way of Ordinary Resolution for appointment of and payment of remuneration to Sri S S Narayana in terms of Sec. 269 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Act and subject to the approval of Central Government if any.

The Board recommends the resolution for approval of this appointment.

Sri S S Narayana since the resolution relates to his appointment, may be regarded as interested or concerned in the resolution and no other director is interested or concerned in the resolution.

This may also be regarded as an Abstract of terms and conditions of appointment of Whole-time Director and memorandum of interest u/s 302 of the Companies Act, 1956.

By Order of the Board
For The India Sugars & Refineries Ltd.

S.S.Narayana
Director – (Tech)

Place: Bengaluru
Date : 28th February, 2008



DIRECTORS' REPORT TO:THE MEMBERS

Your Directors present their **SEVENTY-THIRD ANNUAL REPORT** and the Accounts of the Company for the year ended **30th September, 2007**

FINANCIAL RESULTS: (Rs. in Lacs)	2006-07	2005-06
Profit/ (Loss) before Financial Charges and Depreciation	(1368.14)	1,101.05
Less: Financial Charges	377.80	312.87
Profit/ (Loss) before Depreciation	(990.34)	788.18
Less: Depreciation	121.00	129.97
Profit before tax	(1111.34)	658.21
Fringe Benefit Tax (current year)	(-) 5.28	(-) 8.55
Prior year (with drawal)	(4.32)	—
Provision for Tax / Deferred Tax	(+) 92.03	(+) 99.08
Profit / (Loss) after Tax	(1020.27)	748.74
Add: Profit / (Loss) brought forward from the previous Year	(214.39)	(963.13)
Balance of Profit / (Loss) carried to Balance Sheet	(1234.66)	(214.39)

Dividend.

Keeping in view of the performance of the Company in the recent past, your Directors do not recommend dividend for the year 2006- 2007

There are no unclaimed amounts which are required to be transferred to the Investors Education & Protection Fund pursuant to the amendment to sub sec. (5) of the Section 205A vide Companies Act 1956.

WORKING RESULTS :

The working figures of the company for the season 2006-2007 along with the figures of 2005-2006 season are given below:

	2006-2007 Season	2005-2006 Season
Date of commencement of crushing operations	04.01.2007	17-12.2005
Date of Closure of crushing operations	31.07.2007	04.05.2006
Gross Season days	209	139
Sugarcane handled (Input) MT	3,93,355	2,91,599
Sugar produced (Output) Net of reprocessing	3,59,880 Qtls.	3,03,120 Qtls.
Recovery	9.15%	10.38%

Your Company has crushed 3,89,422 MT of sugarcane and produced 35,988 MT of sugar during the year 2006-2007 as against 2,88,616 MT of sugarcane crushed and produced 30,312 MT of sugar during the corresponding previous year i.e.2005-2006.The company has paid the sugar cane price of Rs.1,000/- PMT up to 20.5.2007 and Rs.928.50 PMT from 21.5.07 to 1.7.07

Your Company's turnover was Rs.3104.45.lakhs for the year 2006-2007 (previous year Rs.5,628.96 lakhs).

SUGAR POLICY AND SUGAR PRICE :

Government of India has fixed the levy Sugar Price for 2006-2007 season and the price applicable to your company is Rs.1290.68 per quintal. The ratio of levy and free sale sugar at 10% :90% is continued.

PROSPECTS:

Factory:

Cane crushing for the season 2006-07 started on 16th February, 2008. The working of the Factory is smooth and all the efficiency parameters are within the norms

To ensure smooth and efficient running of the Factory following major works have been carried out during the Off Season 2007.

- New modified cane cutter unit.
- New Continuous Centrifugal Machine NK-1100-1
- New MI25 –25 Injection pumps of latest design 3 Nos.