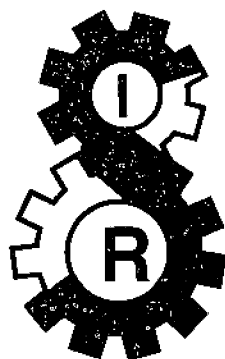


74th

ANNUAL REPORT 2007 – 2008



The India Sugars & Refineries Limited

BOARD OF DIRECTORS :

Sri Siddharth R Morarka , Managing Director
Sri Rahul R Morarka , Joint Managing Director
Sri G V Shantharaju
Sri K P Medhekar
Sri A Vamanan
Sri. Sanjay M Medhekar
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 :

C/o M/s F.Bock (Agencies) Pvt Ltd.,
Voltas International House,
2nd Floor, 28, Bank Street,
Fort Mumbai - 400 001

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 - 400 001



THE INDIA SUGARS & REFINERIES LIMITED



RAJENDRA PRASAD R. MORARKA

अद्वेष्टा सर्वभूतानां मैत्रः करुण एव च ।
निर्ममो निरहंकारः समदुःखसुखः क्षमी ॥
संतुष्टः सततं योगी यतात्मा दृढनिश्चयः ।
मय्यर्पितमनोबुद्धिर्यो मद्भक्तः स मे प्रियः ॥

(He who has no ill will to any being, who is friendly and compassionate, free from egoism and self sense, even minded in pain and pleasure and patient, The Yogi who is ever content, self controlled, unshakable in determination, with mind and understanding given up to Me-He, My devotee, is dear to Me.)

Bhagavad Gita



THE INDIA SUGARS & REFINERIES LIMITED

Memorial Note

Our hearts are filled with sadness this year on the passing away of Sri. Rajendra Prasad R. Morarka on 10th September 2008. His loss is enormous and the void left behind is immeasurable.

Sri R.P. Morarka was an extraordinary personality. He was a person with pleasing manners and he was the embodiment of modesty, nobility and courteousness. He was Chairman Cum Managing Director of India Sugars & Refineries Limited and he made very valuable contributions to the working of the company and his valuable guidance was available to the board in the management of the company. He was a great philanthropist and was always concerned about the welfare of the employees of the company as well as the farming community in the vicinity of Hospet township and the result of his concern was the school he established opposite to the ISR Sugar Factory at Hospet which is catering to the educational upliftment of one and all of the public in Hospet.

His love for nature is something remarkable and worth mentioning. The garden surrounding the factory bears testimony to this. When he was incharge of Salarjung Sugar Mills at Munirabad, he had developed a beautiful garden as he has done at Hospet.

He was a generous host and was very meticulous not only in his attire but also in creating ideal atmosphere in the work place. The office of the ISR at Hospet as well as the factory premises bears ample testimony to this. A man of tireless energy and intense devotion to his duties, Sri. R.P. Morarkaji was always available to sort out any business or management problems. He has left behind a tradition of high business ethics, integrity and values which we at ISR shall remain totally committed to perpetuate. This will be our humble tribute to the memory of the great man.

He will be missed by one and all at Hospet.



THE INDIA SUGARS & REFINERIES LIMITED

NOTICE

NOTICE is hereby given that the **SEVENTY-FOURTH ANNUAL GENERAL MEETING OF THE INDIA SUGARS & REFINERIES LIMITED** will be held at the Registered Office of the Company at Chitwadgi Hospet-583211, Bellary District, Karnataka State, at 11.00 A M on Saturday the 21st March, 2009 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 2008 and the Balance Sheet as at that date and Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. K. P. Medhekar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. A Vamanan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the ensuing year and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT, Shri Sanjay M Medhekar, who was appointed as an Additional Director of the Company with effect from 18.10.2008 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company subject to retirement by rotation."

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 provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Shri. Siddharth R Morarka as the Whole-Time Director of the Company for a period of 5 years with effect from 01.06.2008 and his appointment as Managing Director of the Company subsequently with effect from 18.10.2008 to 31.05.2013 on the remuneration and other terms and conditions as set

out in the explanatory statement annexed to the Notice convening this meeting.

FURTHER RESOLVED THAT, in the event of the Company having no profit or inadequacy of profit during any financial year during his tenure of appointment the aforesaid remuneration shall be paid to Shri. Siddharth R Morarka as the minimum remuneration subject however to the conditions and the limits laid down under Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT, the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the terms and conditions including remuneration as may be agreed to by the Board of Directors and Shri. Siddharth R Morarka."

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 provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Shri. Rahul R Morarka, as Joint Managing Director with effect from 18.10.2008 to 30.06.2010 on the remuneration and other terms and conditions as set out in the explanatory statement annexed to the Notice.

FURTHER RESOLVED THAT, in the event of the Company having no profit or inadequacy of profit during any financial year during his tenure of appointment the aforesaid remuneration shall be paid to Shri. Rahul R Morarka as the minimum remuneration subject however to the conditions and the limits laid down under Section II of Part II of Schedule XIII to the Companies Act, 1956

RESOLVED FURTHER THAT, the Board of Directors of the Company be and are hereby authorized to vary, alter or modify the terms and conditions including the remuneration as may be agreed to by the Board of Directors and Shri. Rahul R Morarka."

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

" RESOLVED THAT, pursuant to the provisions of the Securities and Exchange Board of India (Delisting



of Securities) Guidelines 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the Rules made there under, Listing Agreement, and all other applicable rules, regulations and guidelines and subject to the approval of the Stock Exchanges where the shares of the Company are listed, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to delist the equity shares of the Company from The Bangalore Stock Exchange Limited, Bangalore (BgSE) and Madras Stock Exchange Limited, Chennai with immediate effect.

RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board of Directors or any Committee thereof be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary for the purpose."

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

Siddharth R. Morarka
Managing Director

Place: Bangalore
Date : 9th February 2009

Report  junction.com



THE INDIA SUGARS & REFINERIES LIMITED

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 16th March, 2009 to 21st March, 2009 (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. 5

Shri Sanjay M Medhekar was appointed by the Board of Directors as an Additional Director on 18-10-2008 pursuant to the provisions of Article 107 of Articles of the Association of the Company. In terms of Section 260 of the Companies Act, 1956, he will hold office only upto the date of this Annual General Meeting. A Notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- has been received by the Company from a member signifying his intention to propose the appointment of Sri Sanjay M Medhekar as a Director of the Company.

Additional Information on the Director recommended for Appointment or seeking election at the Annual General Meeting as required to be given by the listed Company is given below-

Sri Sanjay Medhekar is the son of Sri M N Medhekar Director of the Company. He is holding B.Com Degree of Pune University and after his graduation pursued his career in finance and obtained Management degree from Institution of Management Development & Research Pune. He is having vast experience in corporate finance, working capital management, HR

management, plant administration, etc. His appointment as a Director is considered to be of immense help and is in the interest of the Company.

The Board recommends his appointment as a Director of the Company.

Except Shri Sanjay M Medhekar as the resolution relates to his appointment, no other Director of the Company is interested or concerned in the resolution.

ITEM No. 6

The term of appointment of Shri Siddharth R. Morarka, who was appointed as the Whole-time Director of the Company for a period of 5 years w.e.f. 01-06-2003 which was approved by the shareholders in the 70th AGM held on 24-03-2004 and also by the Central Government subsequently, expired on 31-05-2008. The Board of Directors of the Company in their meeting held on 30-06-2008 on the recommendations of the Remuneration Committee have re-appointed him as a Whole Time Director for a further period of 5 years w.e.f. 1-6-2008 on the following remuneration and 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, superannuation 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 traveling and entertainment expenses incurred for the purpose of business of the company.

Subsequently, consequent to the sudden demise of Shri Rajendra Prasad Morarka, the then Chairman and Managing Director of the Company, Shri Siddharth R. Morarka was appointed as Managing Director of the Company w.e.f. 18-10-2008. As recommended by the Remuneration Committee, he shall be paid the same remuneration as was being paid to him as a Whole Time Director of the Company and other terms and conditions of his appointment shall also remain unchanged.

His re-appointment was subject to the approval of the shareholders pursuant to Section 269 read with schedule XIII and other applicable provisions of the Companies Act, 1956. The resolution seeks such approval of the shareholders.

Additional Information on the Director recommended for Appointment or seeking election at the Annual General Meeting as required to be given by the listed Company is given below-

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.

The re-appointment of Sri Siddharth R Morarka, as a Whole Time Director and subsequently as Managing Director was considered not only necessary but also is in the interest of the Company. Therefore, the Board recommends the resolution for approval of the shareholders.

Mr. Siddharth R. Morarka, as the resolution relates to his appointment and remuneration and Mr. Rahul R. Morarka being a relative in terms of Section 6 read with schedule 1A of the Companies At, 1956, may be regarded as interested and concerned in the resolution. No other Director is interested or concerned in the resolution.

ITEM No.7

Shri. Rahul R. Morarka was appointed as a whole time Director of the Company for a period of 5 years w.e.f. 1-7-2005 which was approved by the shareholders in the 71st AGM held on 21-03-2006 and also by the Central Government vide its letter No.1/455/2005-CL.VII dt 12-01-2006 and his appointment is effective upto 30.06.2010.

Consequent to the sudden demise of Shri Rajendra Prasad R. Morarka, on the recommendation of Remuneration Committee, the Board of Directors of the Company in their meeting held on 18-10-2008 have appointed / re-designated Mr. Rahul R. Morarka as the Joint Managing Director of the Company, subject to the approval of the shareholders in the General Meeting.

His term of appointment shall be for the remaining period of his existing appointment i.e. upto 30.06.2010. He will be entitled to the same remuneration as being paid to him at present as a Whole-time Director and all other terms and conditions of his appointment shall remain unchanged. The remuneration payable to him is as follows-

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.



THE INDIA SUGARS & REFINERIES LIMITED

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, superannuation 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 traveling and entertainment expenses incurred for the purpose of business of the company.**

Additional Information on the Director recommended for Appointment or seeking election at the Annual General Meeting as required to be given by the listed Company is given below-

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.

The resolution seeks the approval of the shareholders pursuant to Section 269 /schedule XIII and other application provisions of the Companies Act, 1956 for appointment /designation of Mr. Rahul R. Morarka as

the Joint Managing Director of the Company w.e.f. 18-10-2008.

His appointment as a Joint Managing Director is considered to be in the interest of the company and therefore the Board recommends his appointment for approval of the shareholders.

Mr. Rahul R. Morarka, as the resolution relates to his appointment and remuneration and Mr.Siddharth R. Morarka being a relative in terms of Section 6 read with schedule 1A of the Companies At, 1956, may be regarded as interested and concerned in the resolution. No other Director is interested or concerned in the resolution.

ITEM No. 8

The shares of the Company are presently listed on the Bombay Stock Exchange Limited Mumbai (BSE), The Bangalore Stock Exchange Limited (BgSE) and Madras Stock Exchange Limited, Chennai (MSE).

The shares of the Company are at present being traded only on BSE. The shares of the Company have not traded on BgSE and MSE for 8 to 10 years now and these Regional Stock Exchanges do not have trading platform at all now. Recently the SEBI has permitted listed Company to delist from the Regional Stock Exchanges if the Company's shares are listed on any National level Stock Exchange. In accordance with the guidelines of the SEBI the Board of Directors of the Company have proposed to delist the shares of the Company from the BgSE and MSE. The shares of the Company would continue to be listed on the BSE. In accordance with the SEBI Guidelines the approval of the members by way of a special resolution is required for enabling voluntary delisting of the securities from the stock exchanges. Accordingly the approval of the shareholders is sought.

The Board recommends the resolution for approval of the members.

None of the Directors of the Company is interested or concerned in the resolution.

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

Siddharth R.Morarka
Managing Director

Place: Bangalore
Date : 9th February 2009



DIRECTORS' REPORT TO:THE MEMBERS

Your Directors present their **SEVENTY-FOURTH ANNUAL REPORT** and the Accounts of the Company for the year ended 30th September, 2008

TRIBUTE TO LATE SRI RAJENDRA PRASAD R. MORARKA

Our hearts are filled with sadness this year on the passing away of our beloved Chairman cum Managing Director Sri Rajendraprasad R Morarka on 10th September 2008. Sri Rajendraprasad R Morarka was associated with the management of our Company since 1972. He was the director of the company from 22.08.1972 to 29.06.1983 and thereafter as Managing Director of the Company from 30.06.1983 to till his date of death i.e. 10.09.2008.

During his tenure he has given his valuable guidance to the Board in the management of the affairs of the company. He was always concerned about the welfare of the labours, sugarcane growers, and its farming community. He has contributed immensely towards socio-economic development of Hospet town.

He has left behind a tradition of high business ethics, integrity and values which would be of guidance to the younger generation of the ISR family. He was always available to the members of the young generation of Morarka family to sort out any business or management problems.

The Directors pay homage to the memory of the departed soul.

FINANCIAL RESULTS: (Rs. in Lacs)

	2007-08	2006-07
Profit/(Loss) before Financial Charges and Depreciation	677.18	(612.54)
Less: Financial Charges	451.01	377.80
Profit/(Loss) before Depreciation	226.17	(990.34)
Less: Depreciation	126.58	121.00
Profit before tax	99.59	(1111.34)
Fringe Benefit Tax (current year) (-)	3.45	(-) 5.28
Prior year (with drawal)	-	(+) 4.32
Provision for Tax / Deferred Tax	(+)116.45	(+)92.03
Profit / (Loss) after Tax	212.59	(1020.27)
Add: Profit / (Loss) brought forward from the previous Year	(1234.66)	(214.39)
Balance of Profit / (Loss) carried to Balance Sheet	(1022.07)	(1234.66)

Dividend.

Keeping in view of the performance of the Company in the recent past, your Directors do not recommend dividend for the year 2007- 2008

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 205C vide Companies Act 1956.