
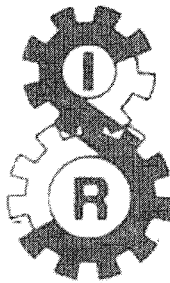


75th



ANNUAL REPORT 2008 – 2009



The India Sugars & Refineries Limited

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 (Upto 7th May 2010)
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 EXCHANGE WHERE COMPANY'S SECURITIES ARE LISTED

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



The India Sugars & Refineries Limited

NOTICE

NOTICE is hereby given that the **SEVENTY-FIFTH 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 Tuesday the 29th June, 2010 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 2009 and the Balance Sheet as at that date and Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Sanjay Medhekar, 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 "SPECIAL RESOLUTION".

"RESOLVED THAT, Article 115(23) of the Articles of Association of the Company be amended as under by virtue of provisions of Section 31 of the Companies Act 1956.

"At the end of Article 115(23) of the Articles of Association of the Company, the following words be added :

The Board of Directors of the company be and hereby are authorized under clause (e) of Sub Section (1) of section 293 of the Companies Act, 1956 to contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees, any amount, the aggregate of which shall not in any financial year exceed Rs.1.00 Lac.

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

S.S.Narayana
Director -Tech

Place: Bangalore
Date : 31st May 2010

**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 24th June, 2010 to 29th June, 2010 (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. 4

The company has been receiving requests from various Charitable Institutions for donation to their institutions for various objects. Some time the donations made in a financial year may likely to exceed the limits specified in Section 293 (1) (e) of the Companies Act, 1956. Hence the Board of Directors felt that suitable special resolution is required to be passed in general meeting of the company. Hence the proposed resolution. None of the Directors are interested in the said resolution

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

S.S.Narayana
Director -Tech

Place: Bangalore
Date : 31st May 2010

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The India Sugars & Refineries Limited

DIRECTORS' REPORT

TO: THE MEMBERS

Your Directors present their **SEVENTY-FIFTH ANNUAL REPORT** and the Accounts of the Company for the year ended **30th September, 2009**

TRIBUTE TO LATE SRI G V SHANTHRAJU

Our hearts are filled with sadness this year on the passing away of our beloved Director Sri G V Shanthraju on 7th May, 2010. Sri G V Shanthraju was associated with the management of our Company since 1989. He was the Director of the company from 22nd August, 1989 to till his date of death i.e. 7th May, 2010. Sri G V Shanthraju was also designated as Senior Counsel of the Hon'ble High Court of Karnataka Bangalore.

During his tenure he has given valuable guidance to the Board in the management of the affairs of the company. He was won many legal battles for the company and was instrumental in getting various landmark judgment.

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

FINANCIAL RESULTS: 2008-09 2007-08 (Rs. in Lacs)

Profit/ (Loss) before Financial Charges and Depreciation	373.97	677.18
Less: Financial Charges	238.31	451.01
Profit/ (Loss) before Depreciation	135.66	226.17
Less: Depreciation	128.75	126.58
Profit before tax	6.91	99.59
Fringe Benefit Tax (current year)	(-) 1.33	(-) 3.45
Prior year (with drawal)		
Provision for Tax / Deferred Tax	(-) 31.27	(+) 116.45
Profit / (Loss) after Tax	(-) 25.69	212.59
Add: Profit / (Loss) brought forward from the previous Year	(1022.07)	(1234.66)
Balance of Profit / (Loss) carried to Balance Sheet	(1047.76)	(1022.07)

Dividend.

Keeping in view of the performance of the Company in the recent past, your Directors do not recommend dividend for the year 2008- 2009

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.

WORKING RESULTS :

The working figures of the company for the season 2008-2009 along with the figures of 2007-2008 season are given below:

	2008-2009 Season	2007-2008 Season
Date of commencement of crushing operations	02.01.2009	16.02.2008
Date of Closure of crushing operations	01.03.2009	27.07.2008
Gross Season days	59	162
Sugarcane handled (Input) MT(Gross)	72,627	2,54,143
Sugar produced (Output) Net of reprocessing	74,658 Qtls	2,33,637 Qtls.
Recovery	10.28 %	9.19 %

Your Company has crushed 72,627 MT of sugarcane and produced 7,466 MT of sugar during the year 2008-2009 as against 2,54,143 MT of sugarcane crushed and produced 23,363 MT of sugar during the corresponding previous year i.e. 2007-2008. The company has paid the sugar cane price of Rs.1,215/- PMT for the season 2008-09.

The year 2008-09 witnessed country wide cane shortages and consequential decrease in sugar production. Further during the year, more than 2 lakhs MTS of sugarcane was illegally procured by other sugar factories. The company was able to crush 72,627 MT of sugarcane only as per the directions of Hon'ble High Court of Karnataka in Writ Appeal No.5132/2008



Because of lower production and consequentially lower stocks in the country sugar price rose sharply from Rs.1750/- per quintal in September 2008 to Rs.2950/- per quintal in September 2009.

Your Company's turnover was Rs 3843.73 lakhs for the year 2008-2009 (previous year Rs. 5175.52 lakhs).

PROSPECTS:

Factory:

Cane crushing for the season 2009-10 started on 8th March, 2010. at the intervention of Hon'ble Supreme Court of India in SLP No.1629-1633/2010

To ensure smooth and efficient running of the Factory following major works have been carried out during the Off Season 2009:

- Cane Unloader with Feeder Table
- Automatic Slip Regulator for fiberizer Motor
- For No. 1 Carrier 75 HP Motor with VFI Drive
- New Film Type Sulphur Burner installed

Maximum care is taken to attend to all the problems experienced during previous season, to ensure smooth and steady running of the Factory.

The working results are shown in the Tabulated form which is annexed.

STATUS OF COMPANY'S PENDING WRITS

During the year 2008-09 the sugarcane grown in reserved area of our company was illegally transported to other sugar factories. The company filed writ petition No.31532/2008 before Hon'ble High Court of Karnataka seeking writ of mandamus against Deputy Commissioner, Bellary. The Hon'ble High Court of Karnataka while disposing Writ Petition on 9th September, 2009 directed Deputy Commissioner, Bellary to implement the various provisions of Sugarcane (control) Order 1966 and to prosecute the errant sugar factories. The company has also filed criminal complaints against the errant sugar factories before JMFC Court Hospet.

Once again during the year 2009-10 when the farmers filed petition before Hon'ble High Court for export of sugarcane from the reserved area of our factory, the Hon'ble High court while allowing appeal filed by farmers given certain directions to the company. Aggrieved by the Order of the High Court of Karnataka the company filed writ appeal before High Court of Karnataka. Initially the relief was given to the company however the division

bench while dismissing the writ appeal of the company upheld the decision of the learned single judge. Aggrieved by the Order of division bench the company filed SLP bearing No. 1629-1633/2010 before Hon'ble Supreme Court of India and the Hon'ble Supreme Court gave relief to the company. In the mean time while the company was fighting the legal battle the sugarcane grown in the reserved area was being transported illegally to other sugar factories. The company has also filed contempt petition against the factories for violating the orders of the Hon'ble Supreme Court of India. The matter is pending before the Apex Court.

Extension time for holding General Meeting for the year ended 30th September, 2009

Company could not hold the Annual General Meeting for the year ended 30th September, 2009 which was due to be held on or before 31st March, 2010 for the reason company could not carry on its normal business activities due to the illegal diversion of sugarcane by farmers to other sugar factories. Therefore company made an application to the Registrar of Companies Bangalore on 18th March, 2010 for granting of extension of time for 3 months i.e. upto 30th June, 2010 to hold the Annual General Meeting. The same has been approved by the Registrar of Companies Bangalore vide its letter dated 17th April, 2010.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

Pursuant to Section 217 (1) (e) of the Companies Act, the particulars in respect of Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and Outgo are furnished in Annexure 'A'.

EMPLOYEES:

Your Directors place on record their appreciation for the contribution by the employees at all levels for the working of the Company. The company has no employee in respect of whom a statement under Section 217 (2A) of Act, is required to be annexed.

DIRECTOR:

Sri Sanjay Medhekar, Directors of the company retire by rotation under Article 105 & 106 of the Articles of Association of the company at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.



The India Sugars & Refineries Limited

COMPANY SECRETARY:

The company is taking suitable steps for the appointment of a qualified full time Company Secretary.

AUDITORS / THEIR REPORT :

Messrs M S Krishnaswami & Rajan, Chartered Accountants, Chennai, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the company to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (1) of the Act. No material developments or commitments have accrued affecting the financial position of the company between September 30, 2009 and the date of this report.

LISTING OF SHARES:

The Equity Shares of your company are listed on Bombay Stock Exchange Ltd., Necessary listing fee has been paid to the Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Act, your Directors state that :

- i) In preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

- ii) 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 affairs of your company at the end of the Financial Year 30th September 2009, and of the Loss of your Company, for that period.

- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv) We have prepared the Annual Accounts of your Company on a "going-concern" basis.

ACKNOWLEDGEMENTS:

Your Directors place on record their thanks to the State Bank of India, Sugar Cane Growers, for their co-operation.

**On behalf of the Board
For The India Sugars & Refineries Ltd.**

Siddharth R Morarka
Managing Director

S.S.Narayana
Director-(Tech)

Place: Bangalore
Date : 31st May, 2010



ANNEXURE A

PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY:

Energy conservation is an on-going activity in the company and the efforts to conserve energy through improved operational methods and other means will continue. Total energy consumption and energy consumption per unit of production are furnished in the prescribed Form "A" below.

FORM-A (See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. POWER AND FUEL CONSUMPTION:

1. ELECTRICITY	Current Year 2008-2009	Previous Year 2007-2008
A Purchased		
Units – KWH	5,69,145	4,86,045
Total amount (Rs)	27,17,164.00	24,47,338.00
Rate / Unit (Rs)	4.77	5.04
B Own Generation :		
i) Through Diesel Generator		
Units – KWH	34162	50750
	2.71	2.71
Unit per Ltr. Of diesel Oil		
Cost / Unit (Rs.)	13.89	14.15
ii) Through Steam Turbine/Generator		
Units – KWH	17,86,080	57,18,680
Unit per Ltr. Of Fuel Oil / Gas	NA	NA
Cost / Unit (Rs.)	--	--
2 COAL (Specify quality and where used)	--	--
Quantity (Tonnes)	--	--
Total Cost	--	--
Average Rate	--	--
3 FURNACE OIL :		
Quantity (Kilo Ltrs.)	--	--
Total Amount	--	--
Average Rate	--	--

4. OTHERS \ INTERNAL GENERATION :

	<u>BAGASSE</u>		<u>FIREWOOD</u>		<u>HUSK</u>	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Quantity(MT)	19,204.470	69,447.66	27.690	.....	230.399	79.72
Total Cost(Rs)	Own Generation		.....	.....	4,59,761.00	1,27,552.00
Rate/Unit/ (Rs/ M T)			.....	.....	1995.50	1,600.00

B. CONSUMPTION PER UNIT OF PRODUCTION:

	Standards (if any) Unit- Quintals	Current Year 2008-2009	Previous Year 2007-2008
PRODUCT – SUGAR			
Electricity(KWH)	--	24.34	24.69
Furnace Oil	--		--
Coal(specify quality)	--		--
Others(specify)			
Firewood (MT)	--	0.0003677	--
G N Husk (MT)	--	0.0030597	0.000334
Bagasses (MT)	--	0.2550391	0.291209

TECHNOLOGY ABSORPTION**FORM – B (See Rule 2)**

Form for disclosure of particulars in respect to absorption

I. RESEARCH AND DEVELOPMENT (R&D):**1. SPECIFIC AREAS:**

- a) The varieties procured from various sugarcane Research Stations such as CO 8371, CO 8014, CO 86032 & CO 92061 are picking up in our area of operation. CO 8371 is being discouraged as it is prone for pest attack & promoting CO 94012

The farmers are happy with performance of CO86032 and CO92061. The area under these varieties for commercial plantation is increasing substantially. It is intended to have some area for trial / research