77th

ANNUAL REPORT 2010 – 2011

The India Sugars & Refineries Limited

THE INDIA SUGARS & REFINERIES LIMITED

BOARD OF DIRECTORS :

Sri Siddharth R Morarka, Managing Director
Sri Rahui R Morarka, Joint Managing Director
Sri. B S Gurumurthy
Sri H N Shashidhara
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.,
Voitas International House,
2nd Fioor, 28, Bank Street,
Fort Mumbai - 400 001

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

STOCK EXCHANGE WHERE COMPANY'S SECURITIES ARE LISTED

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

NOTICE

NOTICE is hereby given that the SEVENTY-SEVENTH 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 Wednesday the 28th March, 2012 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 2011 and the Balance Sheet as at that date and Reports of Directors and Auditors thereon.

2. To appoint Shri. Siddharth R Morarka, as Director who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint Shri.Rahul R Morarka, as Director who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint M/s Krishnaswami and Rajan, Chartered Accountants as Statutory Auditors and to 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 H N Shashidhara, who was appointed as Additional Director of the Company with effect from 28.09.2011 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."

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

S. S. Narayana
Director- (Tech)

Place: Bangalore
Date : 29th February, 2012

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, 2012 to 28th March, 2012 (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 H N Shashidhara was appointed by the Board of Directors as an Additional Director on 28-09-2011 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 H N Shashidhara 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-

H N Shashidhara is a graduate from Mysore University and holding LL B degree from Bangalore University. He is a leading advocate in the High Court of Karnataka and partner in Kesvy & Co. He has been in the advocate field for over two decades and has been associated with our company for more than a decade.

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

Except Sri H N Shashidhara as the Resolution relates to his appointment, no other Director of the Company is interested or concerned in the Resolution.

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

S. S. Narayana
Director – (Tech)

Place: Bangalore
Date: 29th February, 2012

DIRECTORS' REPORT
TO:THE MEMBERS
Your Directors present their SEVENTY-SEVENTH ANNUAL REPORT and the Accounts of the Company for the year ended 30th September, 2011.

FINANCIAL RESULTS: (Rs. in Lacs)	2010-11	2009-10
Profit/ (Loss) before Financial Charges and Depreciation	617.38	(-) 357.98
Less: Financial Charges	207.03	207.86
Profit/ (Loss) before Depreciation	410.35	(-) 565.84
Less: Depreciation	137.04	132.99
Profit/ (Loss) before tax	273.31	(-) 698.83
Provision for Tax / Deferred Tax	197.97	59.01
Profit / (Loss) after Tax	75.34	(-) 639.82
Add: Profit / (Loss) brought forward from the previous Year	(1687.57)	(1047.75)
Balance of Profit / (Loss) carried to Balance Sheet	(1612.23)	(1687.57)

Dividend.
Keeping in view of the performance of the Company in the recent past, your Directors do not recommend dividend for the year 2010-2011.

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 2010-2011 along with the figures of 2009-2010 Season are given below:

	2010-2011 Season	**2009-2010 Season**
Date of commencement of crushing operations	15.12.2010	08.03.2010
Date of Closure of crushing operations	17.03.2011	14.05.2010
Gross Season days	92	67
Sugarcane handled (Input) MT	1,74,553	19,683
Sugar produced (Output) Net of reprocessing	1,81,960 Qtls.	20,136 Qtls.
Recovery	10.42%	10.23%

Your Company has crushed 1,74,553 MT of sugarcane and produced 18,196 MT of sugar during the year 2010-2011 as against 19,683 MT of sugarcane crushed and produced 2,013 MT of sugar during the corresponding previous year i.e.2009-2010.The company has paid the sugar cane price of Rs 1,850/- PMT for the season 2010-11.

During the year 2010-11, more than 2 lakhs MTS of sugar cane was illegally procured by the other sugar factories. The company was able to crush 1,74,553 MT of sugarcane only.

Your Company's turnover was Rs. 4,988.12 lakhs for the year 2010-2011 (previous year Rs. 1,288.34 lakhs).

SUGAR POLICY AND SUGAR PRICE:
Government of India has fixed the levy Sugar Price for 2010-2011 Season and the price applicable to your company is Rs 1792.95 per quintal. The ratio of levy and free sale sugar at 10% : 90% is continued.

Domestic production in SS 2011-12 is expected to increase by 5-7% y-o-y to range between 25.5 & 26 million tonnes. Due to higher production and comfortable supply situation the government is expected to maintain higher level of exports around 2-2.5

a) million tonnes. This will help sugar industry to increase sugar realizations due to higher price differential between domestic and international prices. However, larger Indian exports hitting the international market might reduce the price differential

b) Domestic sugar prices are expected to remain around Rs. 26-26.50 per Kg due to higher anticipated production in the SS 2011-12. Low month's inventory and upcoming festival season may provide some support to the prices

Policy Initiatives expected

a) The Ministry of Sugar has recommended for deregulation of the sugar industry from SS 2011-12 which is under consideration of the government. Under the proposal sugar releases and levy prices are expected to be repealed. The ethanol prices are also expected to be made market determined. However deregulation of the cane prices will take some time.

b) Indian government has extended zero percent import tax for improvement of raw and white sugar. This might benefit standalone sugar companies near the ports which manufacture sugar from raw imported sugar only

PROSPECTS:

Factory:

Cane crushing for the season 2011-12 started on 18th December, 2011. The working of the Factory is smooth and all the efficiency parameters are within the norms.

- Central Lubrication System in mill section installed.
- Couch Roller in I mill introduced for better extraction of drainage.
- New flash tank for clarifier erected.
- New Matangi cooling tower 2100 dia installed.
- New 'B' speed pump and gear box allroyed installed.
- S' Bin sugar weighing scale, High Tech make installed.
- New 100 HP Motor and New feed water pump installed in Boiler House.

Maximum care is taken to attend 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

The company has filed fresh criminal petitions against the factories who have lifted Sugarcane from the Reserved Area of the factory contravening the provisions of the Essential Commodities Act, 1985. and in some cases Hon'ble JMFC (Jv Division) Hospet has taken cognizance of offence and issued summons to the directors of the company.
Further on the petition filed by the farmers of the Reserved Area challenging the withdrawal of notification by Government Karnataka vide notification dated 26.11.2010, the Division Bench of Hon'ble High Court of Karnataka has clearly held that, the disputes and the problems is the creation of State Government and its officials. The acts of the Government is contrary to the statutory provisions and as such illegal. Direction has been given to authorities concerned to ensure that no sugar factories enter reserved area of other factories. Further High Court has clearly stated that the farmers lose the right to export of sugarcane if they fail to register the cane with the factory and supply the sugarcane by accepting the price paid by the neighbouring sugar factories. The factory has to commence crushing operations by October / November every year.
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.

DIRECTORS:

Shri Siddharth R Morarka, Director 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.

Shri Rahul R Morarka, Director 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.

Shri H N Shashidhara, who was appointed as Additional Director of the Company W.E.F 28.09.2011and who holds the office up to the date of this Annual General Meeting, be and is hereby appointed as a Director at the ensuing Annual General Meeting of the company subject to retirement by rotation."

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, 2011 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.

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

i) September 2011, and of the Profit 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 Banker, Sugar Cane Growers, for their cooperation.

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

Siddharth R. Morarka
Managing Director

S. S. Narayana
Director – (Tech)

Place: Bangalore
Date: 29th February, 2012

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 2010-2011	Previous Year 2009-2010
A	Purchased		
	Units – KWH	4,59,540	5,11,060
	Total amount (Rs)	25,17,104	27,16,463
	Rate / Unit (Rs)	5.48	5.32
B	Own Generation :		
	i) Through Diesel Generator		40,160
	Units – KWH	26,870	40,160
		2.22	2.29
	Unit per Ltr. Of diesel Oil		
	Cost / Unit (Rs.)	19.74	17.40
	Ii)Through Steam Turbine/Generator		
	Units – KWH	37,49,160	5,19,480
	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 :

	BAGASSE		FIREWOOD		HUSK	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Quantity(MT)	42060.33	5928.18	26.659	-NIL-	400.891	718.169
Total Cost(Rs)	Own Generation		61315.70	.....	902000.76	1898858.20
Rate\Unit/ (Rs/ M T)	.....	.....	2300.00	.....	2249.98	2644.02

B. CONSUMPTION PER UNIT OF PRODUCTION:

	Standards (if any) Unit- Quintals	Current Year 2010-2011	Previous Year 2009-2010
PRODUCT – SUGAR			
Electricity(KW H)	--	20.99	29.31
Furnace Oil	--	--	--
Coal(specify quality)	--		--
Others(specify)			
Firewood (MT)	--	0.0001468	-NIL-
G N Husk (MT)	--	0.0022082	0.0356058
Bagasse (MT)	--	0.2316862	0.2939107

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