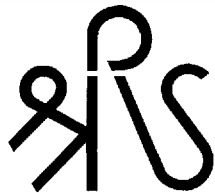




Shree Renuka Sugars Limited
Annual Report 2004-2005

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Shree Renuka Sugars Ltd.

Annual Report 2004-2005

Board of Directors

| | | |
|---------------------------|---|---|
| Mrs. Vidya M. Murkumbi | - | Executive Chairperson |
| Mr. Narendra M. Murkumbi | - | Managing Director |
| Dr. B.P. Baliga | - | Director |
| Mr. Jayant G. Herwadkar | - | Director |
| Mr. J.J. Bhagat | - | Director |
| Mr. Sanjay K. Asher | - | Director |
| Mr. B.S. Parashiva Murthy | - | Director (IDBI Nominee) |
| Mr. Nandan V. Yalgi | - | Director Commercial |
| Mr. Robert Taylor | - | Additional Director w.e.f. May 09, 2005 |
| Mr. S.M. Kaluti | - | Additional Director w.e.f. November 17, 2005 |
| Mr. L.M. Menezes | - | Director (IREDA Nominee) upto June 13, 2005 |

Auditors :

M/s. Ashok Kumar, Prabhashankar & Co.
Chartered Accountants, Bangalore.

Corporate Office :

DGP House, VIP Compound, 88C,
Off Veer Savarkar Marg, Prabhadevi, Mumbai-400 025
Tel.: 91-22-24377744 Fax : 91-22-24965632

Registered Office :

BC 105, Havelock Road, Camp, Belgaum - 590 001.
Tel.: 91-831-2404000 (Five Lines) Fax : 91-831-2404961.

Plant Locations : Unit-I

Sugar, Distillery, Co-generation and Sugar Refinery
at Munoli, Taluka Saundatti, Dist: Belgaum

Unit-II Sugar

Gavase, Taluka Ajara, Dist: Kolhapur

Unit-III - Sugar

At Mohannagar, Taluka Miraj, Dist: Sangli


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NOTICE

NOTICE is hereby given that the **Tenth Annual General Meeting** of Shree Renuka Sugars Limited will be held on **Friday the 30th December, 2005 at Maratha Mandir Hall, (Near Railway Over Bridge), Khanapur Road, Belgaum- at 9.30 a.m.** to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 30th September 2005 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended September 30, 2005.
3. To appoint a Director in place of Dr.B.P. Baliga who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr.Sanjay K. Asher who retires by rotation and being eligible offers himself for re-appointment.
5. To reappoint retiring Auditors and to fix on such remuneration as shall be fixed by the Board of Directors.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT dividend on redemption paid on 2% Cumulative Redeemable Preference Shares of Rs. 10/- each at the rate of 2% as declared by the Board at its meeting held on 16th June, 2005 be and is hereby approved and confirmed".

7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT due notice in writing having been received from a member under section 257 of the Companies Act, 1956 of his intention to propose Mr. Robert Taylor for appointment as a Director, Mr. Robert Taylor be and is hereby appointed as a Director of the Company liable to retire by rotation".

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT due notice in writing having been received from a member under section 257 of the Companies Act, 1956 of his intention to propose Mr.S.M. Kaluti for appointment as a Director, Mr.S.M. Kaluti be and is hereby appointed as a Director of the Company liable to retire by rotation".

9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT approval of the Company be and is hereby accorded in terms of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 to the appointment of Mr.S.M. Kaluti made by the Board of Directors as a Whole Time Director designated as President, on the terms and conditions including remuneration to him for a period of five years with effect from 17th November, 2005 as set out in the explanatory statement annexed to this notice convening this meeting, with liberty of the Board of Directors or committee thereof to exercise the powers conferred by this resolution to alter and vary the terms and conditions and /or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution".

10. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII of the said Act, approval of the Company be and is hereby accorded to the upward revision in the remuneration made by the Board of Directors in its meeting held on 17th November, 2005 payable to Mr. Nandan V. Yalgi, Director-Commercial from Rs 70,000/- to Rs.1,20,000/- with effect from 1st October, 2005 as set out in the explanatory statement annexed to this notice convening this meeting, with liberty of the Board of Directors or committee thereof to exercise the powers conferred by this resolution to alter and vary the terms and conditions and /or remuneration, subject to the same not exceeding the limits specified under Schedule XIII and other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution".

11. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 309 of the Companies Act, 1956 and subject to the limits stipulated thereon, the Company be and is hereby authorized to pay remuneration by way of commission, to Directors who are neither in the whole time employment of the Company nor Managing Director (s) of the Company".

RESOLVED FURTHER THAT the gross amounts to be disbursed as remuneration to all such directors shall, in no case exceed one per cent of the net profits of the Company, computed in the manner referred to in Section 198(1) of the Companies Act, 1956".

"RESOLVED FURTHER THAT the Board of Directors may, at its discretion, decide the exact amount to be disbursed by way of commission within the limits stipulated above and its allocation amongst the eligible Directors".

12. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Sections 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Article 117 of the Articles of Association of the Company, the approval of the members be and is hereby accorded to the payment of sitting fees to each Director other than the Managing Director or any other Director who is in the whole time employment of the Company for each meeting of the Board of Directors of the Company or specified Committees of the Board attended by such Director as may be approved by the Board from time to time so as not to exceed limits specified in the Companies Act 1956 and /or the Rules made thereunder or any amendments thereto.

13. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

"RESOLVED THAT in supersession of the resolution passed by the Company in Extraordinary General Meeting held on 4th May, 2004 in relation to exercise of borrowing power, the Board of Directors of the Company be and is hereby authorized to borrow money from time to time upto a limit of not exceeding Rs.600 Crores (Rupees Six hundred Crores only) notwithstanding that the money to be borrowed together with money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves that is to say reserves not set apart for any specific purpose".

Mumbai
Date : 17th November, 2005

By Order of the Board of Directors
for Shree Renuka Sugars Limited

Regd. Office
B.C. 105, Hayelock Road
Camp, Belgaum 590 001

Narendra M. Murkumbi
Managing Director

NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company. The proxy form duly completed must reach the registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the items of Special business to be transacted at the meeting is annexed hereto.
3. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
4. The dividend on Equity Shares if declared will be paid to those shareholders whose name will appear in the Register of Shareholders on Friday, December 30th 2005.
5. The Register of Members and the Share transfer books of the Company will remain closed from Friday, December 23rd, 2005 to Friday December 30th 2005 (both days inclusive).
6. Members are requested to furnish Bank details change of addresses etc., to Karvy Computershare Private Limited, Karvy House, 21, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034 who are the Company's Registrar and Transfer Agents.
7. Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting.
8. Member / proxies should bring their attendance slip duly completed for attending the meeting.
9. Members who have not yet encashed their dividend warrants for the year 2003-04 are advised to forward such warrants to the Registered Office for revalidation. Pursuant to the provisions of the Section 205-A of the Companies Act, 1956 dividend which remains unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government.
10. As required under clause 49 VI(A) of the listing agreement, the relevant information in respect of the Directors seeking appointment / reappointment at the Annual General Meeting is provided in the Report on Corporate Governance forming part of the Annual Report.

Explanatory Statement
(Pursuant to Section 173(2) of the Companies Act, 1956)

The following explanatory statement set out all material facts relating to the business under items 6 to 13 mentioned in the accompanying Notice of the Tenth Annual General Meeting to be held on Friday, December 30th, 2005.

Item No.6.

The Board of Directors in its meeting held on 9th May, 2005 decided to redeem 2% cumulative redeemable preference shares of Rs.10/- each at par out of profits. The Board of Directors in its meeting held on 16th June, 2005 declared dividend on redemption of 2% Cumulative Redeemable Preference Shares at the rate of 2% for the period from 1st October, 2004 to 16th June, 2005. The Capital and the dividend thereon have been paid to the respective shareholders.

No Director other than Mr. Narendra M. Murkumbi (who was holding 2% cumulative Redeemable Preference Shares) is concerned or interested in the resolution.

Item No.7

The Board of Directors appointed Mr. Robert Taylor as an Additional Director of the Company with effect from 9th May, 2005. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto the date of ensuing Annual General Meeting.

The Company has received a Notice in writing from a member along with deposit of Rs.500/- proposing candidature of Mr. Robert Taylor for the office of Director under section 257 of the Companies Act, 1956. Mr. Robert Taylor is a B.Sc. graduate from London School of Economics. He has done Masters degree in Agricultural Economics from Green College Oxford University. He has also completed courses in Development Economics, Microeconomics, Macroeconomics, Econometrics and Agricultural Policy. He is the Director and co-founder of Agrinergy Ltd. He was Market Analyst E.D. and F man Sugar and later the head of Market Research and Analysis for Tate and Lyle International. He is having rich knowledge and experience in sugar industry especially world markets. His appointment as Director on the Board will be in the interest of the Company. The Board therefore recommends his appointment as Director.

Mr. Robert Taylor is entitled to the sitting fee of Rs.7500/- for attending each meeting of the Board or committee thereof. Further he is entitled to be reimbursed to and from economy class airfare from London to the place of the Meeting and other out of pocket expenses incurred for attending the meeting. Apart from this no other fees / compensation is payable to him.

No Director other than Mr. Robert Taylor is concerned or interested in the Resolution.

Item No.8 and 9:

The Board of Directors appointed Mr. S. M. Kaluti as an Additional Director of the Company with effect from 17th November, 2005. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto the date of ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with deposit of Rs. 500/- proposing candidature of Mr. S. M. Kaluti for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr.S.M. Kaluti was a senior Government Officer. He has wide experience of management in sugar industry and in various other areas.

He was also on the Board of the Company. He resigned the office on 6th October, 2004 as he was appointed by Karnataka Sugar Institute, Belgaum as a Director.

Mr.S.M. Kaluti has been appointed as President with effect from 15th October, 2005. The contribution of Mr.S.M. Kaluti whether as Director or as President is commendable. Considering his enriched knowledge and experience, it will be in the interest of the Company that Mr. S.M. Kaluti be appointed as Director of the Company.

Being in the whole time employment of the Company, Mr.S.M. Kaluti is in the position of Whole Time Director of the Company. The Board of Directors accordingly appointed him as Whole Time Director designated as President for a period of five years with effect from 17th November, 2005 on the following terms and conditions, and the same be treated as an abstract of the material terms pursuant to Section 302 of the Companies Act, 1956.

Term of Office:

Five years with effect from 17th November, 2005.

Remuneration:

Rs. 2.00.000/- per month with such increments as may be decided from time to time by the Board of Directors of the Company at its absolute discretion. He shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

Perquisites:

- (i) Contribution to Provident Fund to the extent non-taxable under the Income Tax Act, 1961.
- (ii) Gratuity at the rate of half month's salary for each completed year of service.
- (iii) Leave with full pay or encashment thereof as per the Rules of the Company. Encashment of unavailed leave being allowed at the end of the tenure.
- (iv) Free use of Company's Car for Company's work as well as for personal purposes along with driver.
- (v) Telephone Telefax and other communication facilities at residence at Company's cost.
- (vi) Reimbursement of actual traveling expenses for proceeding on leave from Belgaum to any place in India and return therefrom once in a year in respect of himself and family.

a) Evaluation of perquisites:

Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at actual cost.

b) Overall Remuneration:

The aggregate salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being be in force.

c) Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under section (A) of the part II of Schedule XIII to the Companies Act, 1956.

d) Variation in the terms and conditions :

It is at the sole discretion of the Board of Directors or committee thereof to exercise the powers conferred by this resolution to alter and vary the terms and conditions and /or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof

No Director other than Mr. S.M. Kaluti is concerned or interested in the resolution.

Item No.10:

Mr. Nandan V. Yalgi has been working as Whole Time Director designated as Director-Commercial of the Company with effect from 24th September 2004. He is paid a salary of Rs.70, 000/- per month plus perquisites.

Considering his rich experience, knowledge and additional responsibilities shouldered, the Board of Directors on the recommendation of Remuneration Committee decided to revise and increase the salary to Rs. 1,20,000/- per month with no changes in the perquisites and allowances to which he is entitled to as per agreement dated 29th October, 2004. The terms contained in the Agreement dated 29th October 2004 were approved by the members in Annual General Meeting held on 15th December, 2004. The same is abstract of material terms pursuant to section 302 of the Companies Act, 1956.

Variation in the terms and conditions:

It is at the sole discretion of the Board of Directors or committee thereof to exercise the powers conferred by this resolution to alter and vary the terms and conditions and /or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

No Director other than Mr. Nandan V. Yalgi is concerned or interested in the resolution.

Item No.11:

Section 309 of the Companies Act, 1956 permits payment of remuneration to the Non-Executive Directors of a Company by way of Commission, if the shareholders of the Company authorises such payment by a Special Resolution.

Considering the rich experience, wide expertise and contribution brought to the Board by the Non-Executive Directors it is proposed that remuneration not exceeding one percent of the Net Profits of the Company calculated in accordance with the provisions of Section 198(1) and other applicable provisions, if any, of the Companies Act, 1956 and subject to further appropriate ceilings be paid and distributed amongst the Non-Executive Directors of the Company from and in accordance with the directions of the Board. Such payments will be in addition to the sitting fees for attending the Board Meeting or Committees thereof.

The Non-Executive Directors may be deemed to be concerned or interested in this Resolution as the same relates to their remuneration.

Item No. 12:

The Company has been paying over the years sitting fees to its Directors for attending the meeting of the Board and various Committee Meetings as provided in Article 117 of the Articles of Association of the Company.

Pursuant to the requirements of the revised Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges where the Securities of the Company are Listed, all fees or compensation if any paid to the Non-Executive Directors including independent Director shall be fixed by the Board of Directors and shall require approval of the shareholders in General Meeting.

In view of this the shareholders approval is being sought for payment of sitting fees to Non-Executive Directors.

The Non-Executive Directors may be deemed to be interested in this Resolution as the same relates to their fees.

Item No.13:

Under Section 293 (1)(d) of the Companies Act, 1956 the Board of Directors can borrow money on behalf of the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the amount of the paid up capital and free reserves only with the consent of the Company in General Meeting and the resolution according such consent should specify the limit upto which the Company can borrow beyond the paid up capital and free reserves.

The consent of the Shareholders was obtained at the Extraordinary General Meeting held on 4th May, 2004 to borrow money to the extent of Rs.400 Crores. Having regard to the expected increase in the volume of business in view of proposed expansion and acquisitions, it is felt that the present limit of Rs.400 Crores needs to be increased. Accordingly sanction of the shareholders under section 293(1)(d) of the Companies Act, 1956 is sought to borrow money to the extent of Rs.600 Crores in supersession of earlier resolution passed on 4th May, 2004.

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

Place: Mumbai
Date : 17th November, 2005

**By Order of the Board of Directors
for Shree Renuka Sugars Limited**

Regd. Office
B.C. 105, Havelock Road
Camp, Belgaum 590 001

**Narendra M. Murkumbi
Managing Director**