

# BORDERLESS **THINK!NG**

Shree Renuka Sugars Limited | Annual Report 2008-09



## Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to know our product portfolio, business logic and direction and comprehend our prospects. This report and other statements - written and oral - that we periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'plan', 'project' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialize, or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated or projected. Readers may bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## In our first decade in existence...

Shree Renuka Sugars emerged as India's largest sugar company growing its production to 1.01 mn Tons. Growing from 1 location to 11 locations including 2 in Brazil.

In the second decade, Shree Renuka Sugars expects to sustain its growth through a widening global presence.

# Our identity

Shree Renuka Sugars Ltd. (SRSL) defied convention to create a dynamic business model in a challenging cyclical sector.

## Diversified business

Convergence of three businesses in one organisation. Sugar. Biofuels. Renewable energy.

## Decade-old presence

- ◆ Possesses India’s largest sugar refining capacity (6,000 TPD)
- ◆ Accounts for over 20% of India’s international sugar trade
- ◆ India’s leading fuel ethanol producer

## Inspiring vision for tomorrow

To be the most efficient sugarcane processor and the largest marketer of sugar and ethanol in India.

## Dotting India’s landscape

- ◆ Headquartered in Karnataka (Belgaum) and corporate office in Maharashtra (Mumbai)
- ◆ Cane crushing operations in Karnataka (Munoli, Athani, Havalgah and Gokak) and Maharashtra (Pathri); operates two leased facilities at Maharashtra (Arag) and Karnataka (Raibag)
- ◆ Three integrated refineries in Karnataka (1,000 TPD each at Munoli and Havalgah and 2,000 TPD at Athani) and a port-based refinery in West Bengal (2,000 TPD at Haldia)
- ◆ Acquired a majority stake in KBK Chem Engineering Pvt. Ltd, facilitating turnkey distillery, ethanol and bio-fuel plant solutions

## Definitive numbers

### Our Company

Market capitalisation  
**Rs. 62,572 mn**  
September 30, 2009

Foreign holding  
**30.54%**  
September 30, 2009

Promoter holding  
**34.46%**  
September 30, 2009

### Our sugar business

Cane crushing capacity  
**35,000 TCD**  
September 30, 2009

Cane crushing  
**8 units**  
September 30, 2009

Recovery  
**10.73%**  
2008-09

### Our refining business

Refining capacity  
**6,000 TPD**  
September 30, 2009

Refining facilities  
1 standalone unit  
and 3 units at mills  
September 30, 2009

Volume refined  
**663,032 Tons**  
2008-09

### Our power business

Generating capacity  
**173 MW**  
September 30, 2009

Exportable capacity  
**95 MW**  
2008-09

Average realisation per Kwh  
**Rs. 6.48**  
2008-09

### Our ethanol business

Distillery capacity  
**900 KLPD**  
September 30, 2009

Sales volume  
**65 mn litres**  
2008-09

Average realisation per litre  
**Rs. 25.90**  
2008-09







# Young and strong

What boldness can one demonstrate in a largely mature industry like sugar? SRSL thought and acted differently.

## Initiatives

- ♦ Pioneered the concept of leased sugar manufacturing assets in India
- ♦ Popularised the concept of sugar refining as an independent business vertical; strengthened sugar refining technology
- ♦ Emerged as the first Indian sugar company to establish a manufacturing footprint outside India
- ♦ Exponentially increased the ethanol manufacturing capacity

# Attractive financials



“Our future will be dictated by two precious resources – land and water.”

Mr. Narendra Murkumbi, co-founder, Vice Chairman and Managing Director, elaborates on the Company’s long-term vision

*Dear friends*

These are interesting times in the sugar sector with prices spiralling to historic highs.

The sugar deficit is a worldwide phenomenon. Globally, sugar prices galloped 96% in 2008-09 following droughts and delayed monsoon in parts of India and excessive rain washing away crops in Brazil. Sugar prices reached a 28-year high of 26.25 cents a pound in the futures market at New York on September 1, 2009. In India, we had stock in

September 2009 for only one-and-a-half months of consumption, an all time low.

In such a scenario, we performed creditably, reflected in our strengthening numbers.

- ◆ Revenue growth: 33.18%
- ◆ EBITDA growth: 77.24%
- ◆ PAT growth: 66.9%
- ◆ Increase in operating margin: 416 bps
- ◆ Increase in ROCE: 53 bps
- ◆ EPS grew from Rs. 4.30 in 2007-08 to Rs. 7.80 in 2008-09

But these encouraging numbers have already been anticipated and discounted on the bourses leading to value accretion for shareholders. At this point, readers would have one question in mind – “what next?”

We have a vision for the next 10 years; our strategy and investments rest on two basic resources in the globe: land and water.

India and Asia

The growth of Asia is destined to position it as the growth engine of the world, with India and China emerging as important economic and industrial hubs. In Asia, food supply is not expected to keep pace with economic growth, increase in disposable income and hence improving

lifestyles. Just consider: barring Thailand, in Asia, all other countries import sugar, creating a huge opportunity for India-based sugar refiners. Asia imports around 10.7 mn Tons of sugar every year from outside the continent (Source: J Kingsman). Over the last decade, China has turned from a food exporter to a net food importer.

With India’s economic growth averaging more than 7% over the last eight years, a trend which is expected to continue over the Eleventh Plan and with money going right down to the bottom of the social pyramid, India is expected to witness a movement of two-thirds of its population from less than sub-Saharan level of nutrition (2,200 calories/day) to South Asia’s level (2,400 calories/day), creating an additional food demand as per the table below.

Grains	Fruits and vegetables	Sugar	Pulse	Vegetable oils
20	22	2	2.5	1.2

The situation gets worse, when we add to this the incremental growth in demand on ‘business as usual’ basis, which is annually about 2% for grains and 4-5% for other food items. This can be solved only by improving productivity and /or bringing more land under agriculture. Use of technology and more intensive cultivation can improve the yields but the average land holding being very small, inhibits rapid adoption of new practices.

Hence, we strategised to position ourselves in Asia and

outside Asia in the key supplying nation of Brazil depending upon the availability of land and water. Our marketing focus is India, but our two port-based refineries can competitively cover South Asia, the Middle East and East Africa. Our domestic cane-based production is supplemented by our refineries, which are, in turn, (partially) backward integrated with plantations and raw sugar mills in Brazil.

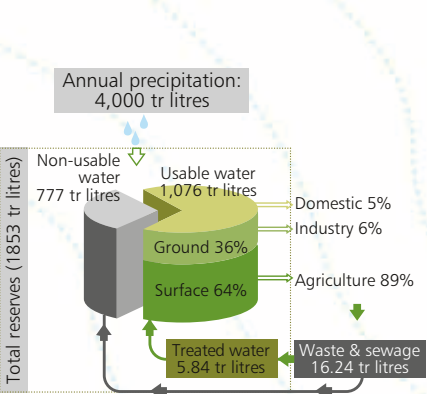
Land scarcity

Land scarcity is one of the key limiting factors for increasing food supply. The total land under cultivation grew 18% annually between 1950 and 1970, while it grew 2% annually from 1970 to 1990. This growth is expected to turn to negative with agricultural land being used to satiate the demand for rapid industrialisation and growing urbanisation. Consider this: India alone has earmarked USD 494 bn for infrastructure creation during the Eleventh Plan. Further, the country is expected to emerge as an important industrial sourcing alternative to China. Add to this the demand for suburban or leisure housing. This is expected to have a definitive impact on the land available for agriculture. In China too, the land resource for agriculture is being diverted for industrial needs and for housing mass urbanisation.

Impending water shortage

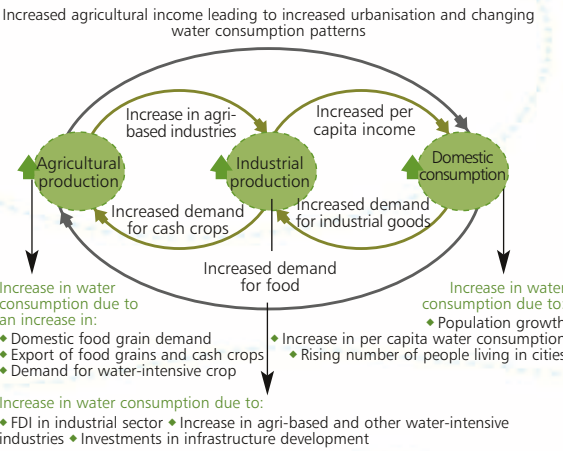
Water, is expected to emerge as a huge concern area for key developing nations globally, sooner than anticipated. It

Water in India – overview



- Drivers of water usage in future
- Population:** Expected to increase from 1.13 bn in 2005 to 1.66 bn by 2050
  - Urbanisation:** Urban population is expected to grow from 29.2% of the total population in 2007 to 55.2% by 2050
  - Per capita income:** Expected to increase from USD 468 in 2007 to USD 17,366 in 2050
  - Industrialisation:** Industrial contribution to GDP is expected to increase from ~ 78% in 2000 to ~ 92% by 2015
  - Agriculture:** Production of water-intensive crop is expected to grow by 80% between 2000 and 2050

Water consumption cycle in India





is only in the recent past that some nations and corporates are strategising derisking initiatives.

Global per capita water consumption is expected to grow from 89 litres a day in 2000 to 167 litres a day by 2050. Nearly 90% of all available freshwater will be depleted by 2025 (Business Standard, May 21, 2009).

In India too, water will emerge as a significantly scarce resource over the long term. For important reasons:

- ♦ Industrial water consumption is expected to rise significantly from 6% of total water consumption in 2000 to 18% of total water consumption in 2050.
- ♦ Domestic water consumption, as a proportion of total water consumption, is expected to increase from 5% in 2000 to 11% in 2050.
- ♦ India’s agriculture accounts for around 89% of the total water consumption in the country. Water consumption for irrigation is expected to increase 68.5 tr litres between 2000 and 2025.

Diversion for better returns

India produced 271.25 mn Tons of sugarcane in 2008-09 sugar season. Of this, industry estimates suggest, about 147 mn Tons was used for producing sugar, down from over 260 mn Tons in the preceding year (Source: Ministry of Agriculture). More than 116 mn Tons of sugarcane was diverted for jaggery production and other purposes in demand.

Domestic environment

Sustenance and growth of conventional sugar business revolves around adequate cane availability, expected to emerge as a serious issue over the coming years due to the paucity of land and water resources. Improved lifestyles, rapid industrialisation, growing urbanisation, rampant destruction of the green cover revealed itself in distinctive climatic changes across the globe, India being no exception. More importantly, the already over-exploited irrigation infrastructure (at about 42% of the area under agriculture) has raised serious doubts on the agricultural sector as a dependable source of sustained feedstock for continued and growing operations. Hence, areas of the globe with ample land and water will be the ideal places for further

growth of cane-milling.

Our initiatives for a stronger global footprint

To position ourselves as a significant global player in line with diminishing key resources, we have taken two strategic initiatives

- ♦ Commissioned our Haldia refinery and started work on our Gujarat refinery
- ♦ Established a foothold in the world’s most important sugar producing nation, Brazil

These initiatives should be seen as critical steps towards sugar refining, which is expected to emerge as the ‘preferred business vertical’ over the medium term. It will enable us to satiate growing global sugar demand in the face of depleting resources.

The Haldia refinery – strengthening our competitive advantage

This 2,000 TPD refinery is only 0.5 km from the Haldia port and sits in the heart of the most sugar deficit region of India namely West Bengal and the North East. We are building a 3,000 TPD port based refinery in the western part of India i.e. Gujarat. It is expected to be commissioned in 2010-11.

The Brazilian foothold – securing our foundation

Brazil’s edge over other nations: Brazil currently accounts for more than 50% of the world sugar exports. What is more pertinent is that its competitiveness is going to continue over the long term. Globally, it is the ideal locale suited for sugarcane cultivation – abundant land (170 mn hectares under agriculture with only 7 mn hectares for sugarcane) and plentiful rainfall, in excess of 1,000 mm per year obviating the need for irrigation. These advantages make it one of the lowest-cost sugar producing nations and also the only major producer growing in scale.

Although, in the recent past, the nation’s competitive edge has been dampened due to two factors:

- ♦ New agricultural lands for sugarcane are far away from the ports, adding to the logistics bill for exports
- ♦ Appreciating Brazilian currency against the dollar

But there is no globally viable alternative of scale. Hence, Brazil would remain the sugar source for Asia over the medium term.

**SRSL’s advantage:** After the commissioning of our second refinery, we will need about 1.7 mn Tons of raw sugar annually. But the problem is assured feedstock. This is where Brazil synergises with the Company’s plan, assuring feedstock for our refinery operations. We expect that we would be able to source about 20% of our raw sugar requirement (on present capacity) from our Brazilian facility. There are also other significant benefits like its share of essential logistic assets and storage facilities, including a port terminal, which will facilitate the supply chain between Brazil and India.

Outlook for the next season

The outlook for the current sugar season looks optimistic. Sugar realisation is expected to remain robust in the off-season, with constant increase in demand. More importantly, sugar imports are expected to grow significantly in the current year, strengthening the prospects of sugar refining.

	Shortage (mn Tons)	Draw down from stock (mn Tons)	Imports (mn Tons)
Sugar year 2008-09	8	6.9	1.1
Sugar year 2009-10	7	NIL	7

Moving ahead

The road ahead is challenging. We need to combine two diverse cultures and operations in two distant locations to create a robust and resilient global sugar company. This is

possibly the most daunting task in the Company’s history. Another important challenge is execution. We expect to increase throughput by about 70% by sweating our existing assets, the growth this year largely coming from our refining business due to India’s poor cane availability. Besides, other projects in the pipeline will accelerate growth significantly over the coming years.

♦ **Refining business:** We are implementing another 3,000 TPD refinery on the west coast of India in Gujarat with improved synergies with the existing model and expansive reach in the domestic and global market. This initiative will warrant an investment of over Rs. 4,000 mn over the next 12 months, to be funded through debt and equity.

♦ **Feedstock supply:** We need to modify Brazilian operations slightly to ensure that we can match our target feedstock supply from this unit. One out of two mills has the capacity of producing 60% sugar and 40% ethanol, while the other is a distillery only. In line with our focus on raw sugar production there, we aim to convert both into a capability of 75% sugar production. In addition, we would be looking at other deals to strengthen our feedstock supplies.

Despite our satisfying performance over the last year we are just 4.5% of the Indian sugar market, representing ample scope of growth. We believe we now have the size, financial strength and managerial bandwidth to operate in multiple and diverse geographies to achieve our strategic vision.

Regards  
  
Narendra Murkumbi

Sugarcane – a water guzzler

Interestingly, water consumed for the production of wheat, rice and sugarcane increased by 88 tr litres over 2000 to 2008. For wheat it increased by around 4 tr litres, for rice by around 18 tr litres and for sugarcane by around a significant 66 tr litres!



Even as most Indian sugar players were growing their sugar manufacturing capacities to cater to local demand, Shree Renuka Sugars was perhaps the only Indian company intent on concurrently building sugar refining capacities to cater to the global (including India) market.

In doing so, the Company pioneered the concept of sugar refining – as distinct from cane-derived sugar manufacture – as an integral part of its business model through the following initiatives:

- ◆ Invested in advanced sugar refining technology to meet exacting EU quality parameters
- ◆ Created India's largest cumulative refining capacity (6,000 TPD) that is primarily port-based

## Globally-focused **CAPACITY**

INDIAN PRESENCE. GLOBAL OUTLOOK.  
THIS CAPTURES THE INTRINSIC  
CHARACTER OF SHREE RENUKA SUGARS.

- ◆ Engaged in the commissioning of India's largest refinery (3,000 TPD) in Gujarat: expected to be commercialised in 2010-11

This sugar refining focus achieved two things: liberated the Company from a complete dependence on domestic sugar sale and sugarcane and created operational continuity (average 325 days) in a sector marked by low asset utilisation (average 150 days).



Low price for a priceless asset!

In 2009, Shree Renuka Sugars acquired Vale Do Ivaí S.A. Açúcar e Alcool (VDI), a Brazilian sugar and ethanol producer, for USD 82 mn against its enterprise value of USD 240 mn.



Global  
**POSITIONING**

INDIAN COMPANY. GLOBAL UNIT.  
THIS IS THE NEW FACE OF SHREE  
RENUKA SUGARS.

Shree Renuka Sugars’ reinvention could not have come at a more relevant time. In the medium-term, India is starved of cane. In the long-term, infrastructure growth and regulatory policies are expected to cap any significant increase in sugarcane availability.

So, even as Indian companies focused on increasing yield from finite resources (command area) as their only response to dwindling cane availability, Shree Renuka Sugars became India’s first company to acquire a foreign sugar company. The Company acquired a sugar company in Brazil, the largest global sugar producing and exporting nation in return for the following benefits:

- ◆ Securing majority of its annual raw sugar feedstock requirement of 2 mn Tons (2010-11 onwards)
- ◆ Value-addition and profitability of its Indian refinery operations
- ◆ A first-hand insight into global trends and opportunities in the sugar and ethanol segments.

Besides, this acquisition secured the Company’s position in the largest ethanol exporting nation in the shortest possible time and a seamless entry into select developed economies (US and EU) that are expected to become major ethanol importers.

Consequently, Shree Renuka Sugars is positioned to secure its growth, even as rest of the industry grapples with depleting resources like land and fuel.

## A profitable investment

An investment of Rs. 1,000 in the Company's equity shares at the IPO as on October 25, 2005 had grown to Rs. 6,928 as on September 30, 2009.



## Globalised MINDSET

ONE COMPANY. MULTIPLE DRIVERS.  
THIS IS THE ROBUST BUSINESS MODEL  
OF SHREE RENUKA SUGARS.

Even as a number of Indian sugar companies re-engineered their business structures to enhance revenues from cane sticks, Shree Renuka Sugars did so too, but with a difference in the following ways:

- ♦ Created a business model derisked through a presence in sugar (from cane), refining, ethanol and co-generated power with technology that generates revenue even in the absence of cane
- ♦ Stretched the value chain a step in both directions – cane cultivation on 18,000 hectares through its Brazilian acquisition at one end and quality, refined sulphurless sugar at the other
- ♦ Established a trading hub in Dubai to capitalise on trade opportunities in the Asian region

- ♦ Leveraged its rich knowledge to generate engineering and project management revenues through its stake in KBK Chem Engineering Pvt. Ltd (around 35% revenue from global assignments; Rs. 2,500 mn order book as on September 30, 2009)

As a result, Shree Renuka Sugars strengthened its market capitalisation from Rs. 28,159 mn as on September 30, 2008 to Rs. 62,572 mn as on September 30, 2009, with around 30% of the equity comprising foreign institutions holding as on September 30, 2009.





**Capacity growth:** The Company multi-folded its capacity, growing organically and inorganically: sugar producing capacity increased from 5,000 TCD to 35,000 TCD; sugar refining capacity grew to 6,000 TPD; ethanol producing capacity surged from 60 KLPD to 900 KLPD; captive power generation increased from 20 MW to 173 MW. The Company invested Rs.15,010 mn in asset creation over the five years leading to 2008-09.



**Financial strength:** SRSL's superior performance is vindicated by its financials: debt-equity ratio stood at 0.62 as on September 30, 2009, strengthening its ability to borrow and sustain growth; ROCE stood at 14.08% in 2008-09; cash profit was a healthy Rs. 2,911 mn in 2008-09, registering a compounded growth of 38.49% over the last five years. Operating margin stood at 16.73%, and is expected to grow following the commissioning of value-added projects. Interest cover was a strong, 4.38, reflecting the Company's comfortable debt-servicing ability.

SRSL's competitive advantage



**Inorganic success:** The Company acquired Ratnaprabha Sugars Limited and Gokak Sugars Limited, leased four units and operated each profitably thereafter. It acquired a standalone 100 KL (expanded to 300 KL) distillery; and a 80.28% stake in KBK Chem Engineering Pvt. Ltd, to provide turnkey solutions in distilleries, ethanol plants and biofuel facilities. In 2008-09, the Company acquired a 100% stake in VDI, a Brazilian sugar and ethanol player.



**Integrated player:** The Company is completely integrated across the sugar value chain from cane cultivation to sugar (from cane), sugar refining, ethanol and power. More than Rs. 3,223 mn revenues accrued from co-product businesses, accounting for 14% of the Company's revenues.



**Non-cyclical business model:** The Company's multi-feedstock capability for its sugar and power business facilitates asset utilisation beyond the sugar season and a continuous cash flow for the organisation. The Company refined 663,032 Tons of raw sugar and sold 232 mn units of power in 2008-09.





# Global sugar industry

Overview

Globally, 122 countries produce sugar. Brazil, India, Australia, Thailand and China represent the leading cane producers due to favourable climatic conditions. Sugar

export-import is strongly regulated by governments across the world. Result: around 75% of the sugar produced in a region is consumed locally.

World sugar balance

	2008-09 (mn Tons, raw value)	2007-08	Change mn Tons	in %
Production	161.52	168.61	-7.08	-4.20
Consumption	165.80	162.24	3.56	2.19
Surplus / Deficit	-4.27	6.37		
Import demand	49.62	45.94	3.67	7.99
Export availability	49.60	46.24	3.36	7.27
End stocks	66.27	70.53	-4.26	-6.04
Stocks/Consumption ratio in %	39.97	43.47		

(Source: ISO)

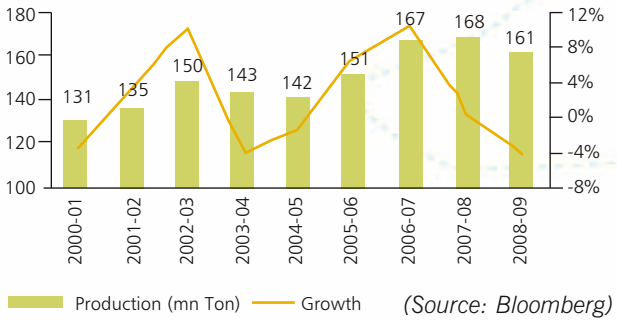
Production

Sugar production is dominated by the developing economies. This dominance is expected to grow due to two reasons: developed economies registered a slower production growth and regulatory reforms in the European Union curtailed production.

In 2008-09, global sugar production stood at about

161 mn Tons, around 7 mn Tons lower than the 2007-08 level; it registered a compounded growth of 1.7% over the last decade. In 2008-09, Brazil (world's leading sugar producer) registered a 1% growth in sugar output; this was more than negated by a substantial production drop in India and the European Union. India, Brazil and the EU control over 45% of the global sugar production.

World sugar production



Global sugar scenario

Global sugar production registered a 10-year CAGR of 1.7%, whereas global sugar consumption has grown at a 10-year CAGR of 2.25%

Consumption

Global sugar consumption has been growing at a 10-year CAGR of 2.25%, touching 165.7 mn Tons for 2008-09, an increase of 3 mn Tons compared with 162.241 mn Tons over the previous year. The per capita global sugar consumption is estimated at 23.4 kg. Sino-Indian sugar consumption is accelerating, thanks to higher population growth, growing disposable incomes and changing lifestyles with a higher penetration of packaged food products.

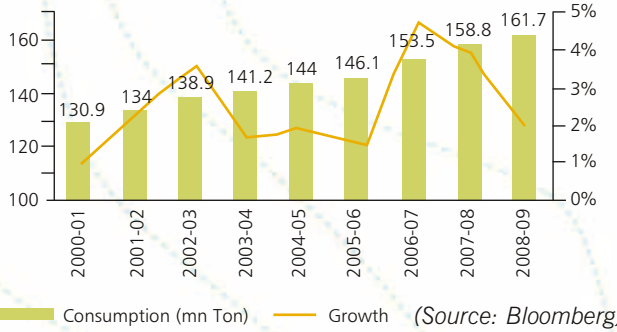
A decline in production on the one hand and an increased

consumption of 2.19% in 2008-09 on the other, resulted in a historically low stock/consumption ratio at 39.97% in 2008-09.

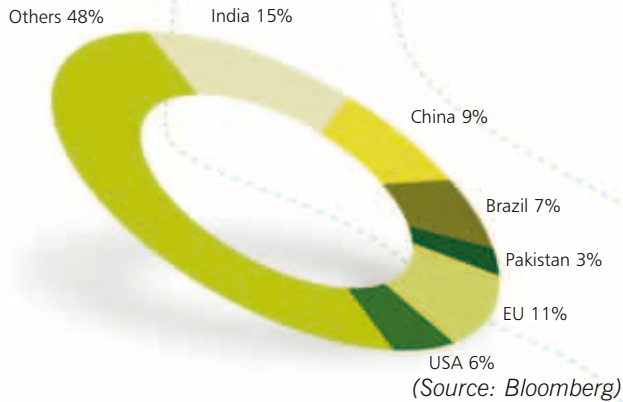
Global sugar price trend

World sugar prices spiralled northwards in the sugar season 2008-09 due to lower production in key sugar producing nations. Current raw sugar prices are around USD 22 per pound, whereas white sugar realisation is at a record high of USD 605.4 per Ton. The primary reasons for this meteoric rise comprise:

World sugar consumption



Consumption by countries



Prices of raw sugar



International price of white sugar



- ◆ Increasing demand for bio-ethanol in Brazil and the US, resulting in sugarcane diversion for the manufacture of ethanol
- ◆ Limited acreage for cultivation restricting sugar production.
- ◆ Growing consumption in low-sugar producing economies increasing their import dependence and disturbing global-

trade’s subtle demand-supply balance.

Outlook

The global sugar industry will generate enhanced profit with rising consumption, looming demand-supply deficit and spiralling price rise. More importantly, India’s sugar import requirements will determine prices as the country has moved from being a net exporter to a net importer.

Global sugar equation

Year	Global output - median mn Tons	Global consumption - median mn Tons	Global deficit mn Tons
2008-09	151.2	160.75	8.8
2009-10	157.7	163	4.2

(Source: Reuters mid-year sugar poll)

# Brazilian sugar industry

Overview

Brazil is the largest sugar producer globally, accounting for about 20% of the global sugar production. An estimated 2.4% of the country’s total arable land is under sugarcane production, while sugar production registered a 10-year CAGR of 5.7%. The key reasons for the sustained growth of the sugar sector comprise the following:

- ◆ Deregulated sugar prices shifted the price advantage in the producer’s favour, resulting in a continuous increase in sugarcane acreage and production
- ◆ The country’s ethanol programme enhanced the profitability of the sugar business
- ◆ Brazil’s low production cost – average 15 cents per pound – makes sugar trade an important and profitable business vertical.

The Agricultural Trade Office (ATO) in Sao Paulo reported that the sugar cane crushed for 2008-09 was 566 million metric Tons (mmt), of which the Centre-South (CS) region of Brazil (key sugarcane growing region) contributed 501 mmt, while the North-Northeastern (NNE) region of the country contributed 65 mmt. In 2008-09, 40.4% of sugarcane was used for producing sugar (49.5% in 2006-07) while the balance was diverted to ethanol manufacture.

Sugar – production, consumption and export

Brazilian sugar production in 2008-09 was 32.35 mn Tons, of which the CS region contributed 27.5 mn Tons and the NNE region contributed 4.85 mn Tons.

Brazil ranked fifth among sugar consuming nations. Sugar consumption was driven by population growth (1.19%), coupled with a continued expansion in the food processing sector. Brazil, fifth largest in terms of population (198 mn), enjoyed a tradition of high per capita sugar consumption (59.6 kg), the highest among developing nations. Food manufacturers – producers of carbonated drinks, chocolates, ice cream and pasta – accounted for around 35-45% of domestic consumption. The remaining 55-65% was directly consumed. Brazilian consumption is expected to touch 12.25 mn Tons of raw sugar in 2009-10, compared with 11.9 mn Tons in 2008-09 (Source: ATO).

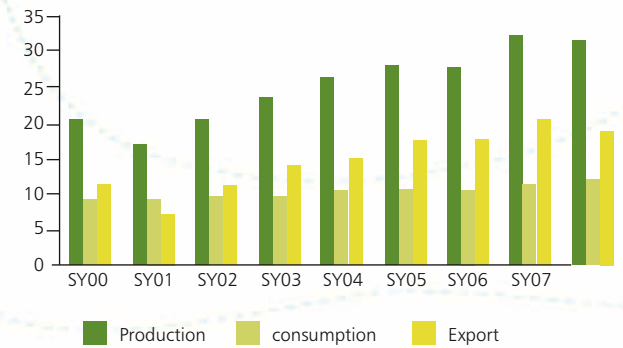
Brazil is the world’s largest sugar exporter and over 60% of its production is exported; its exports of 20.25 mn Tons in 2008-09 is expected to rise by 4.05 mn Tons in 2009-10.

In 2009-10, the area under cane cultivation is expected to increase from about 8.05 mn hectares (in 2008-09) to 8.7 mn hectares owing to an increase in cane acreage in the CS region. Result: an estimated 605 mn Tons of cane is expected to be crushed in 2009-10.

Snapshot

Sugarcane acreage:	8.05 mn hectares
Sugarcane production (2008-09):	566 mn Tons
Sugar production (2008-09):	32.35 mn Tons
Exports (2008-09):	20.25 mn Tons
Average per capita sugar consumption:	59.6 kg

Brazilian production, consumption and exports (mn Tons)



(Source: Bloomberg)



# India's sugar industry

Size	Rs. 60,000 crore approximately.
Position	Second largest global sugar producer and the largest global consumer of sugar (15% of global consumption)
Relevance	Provides livelihood to around 50 mn farmers; employs about 2 mn workers directly and indirectly
Coverage	Sugarcane is produced in and around 5 mn hectares, about 3% of India's total arable land
Presence	Uttar Pradesh, Maharashtra and Tamil Nadu represent major cane producing states, contributing to 70% of the total sugar cane cultivation.

### Price

In 2008-09, as the estimates of sugar cane availability declined, domestic sugar prices spiralled upwards; between October 1, 2008 and September 30, 2009, sugar prices increased 66.9% from Rs. 16.32 per kg to Rs. 27.24 per kg.

### Recent regulatory developments

#### The government's exim policy

To address the falling domestic supply, the Indian government allowed phased sugar import.

- ◆ Advance Licence Scheme: In February 2009, the government allowed the import of raw sugar duty-free to be refined and sold in the domestic market with an obligation to re-export an equal quantity in three years.
- ◆ Duty-free raw sugar import: It allowed the import of raw

sugar without any export obligation or quantity restriction up to December, 2010.

- ◆ Duty-free white sugar import: It also extended tax-free white sugar imports till March, 2010

**Levy sugar:** The Centre amended the Essential Commodities Act, 1955, through an Ordinance, fixing the levy price of sugar on the basis of a cane price termed as 'fair and remunerative price' to be announced by the Centre. The sugar industry, which supplies one-fifth of its sugar production to the public distribution system as levy sugar, gets a markedly lower price than the open market price. This year (sugar year 2009-10), the levy price is yet to be announced.

The Ordinance that came into effect from October 21, 2009 made the amendments effective from October 1, 1974. The objective was to put in place a uniform norm to

determine the levy price of sugar and ensure that when state governments hike the price of sugarcane, they bear the additional cost of levy sugar as a result of the higher sugarcane price (Source: Hindu Business Line, September 23, 2009). However, in the face of considerable opposition from political parties, the move was withdrawn.

### Optimism

The 2009-10 season is expected to witness a production jump by 19% to 17.5 mn Tons. This will be primarily due to a higher recovery rate, which is predicted to increase 50 bps and the area under sugar cane cultivation is expected to increase by 0.1 mn hectares. It is expected that the drawal rate could decline to 60% in the 2010 season.

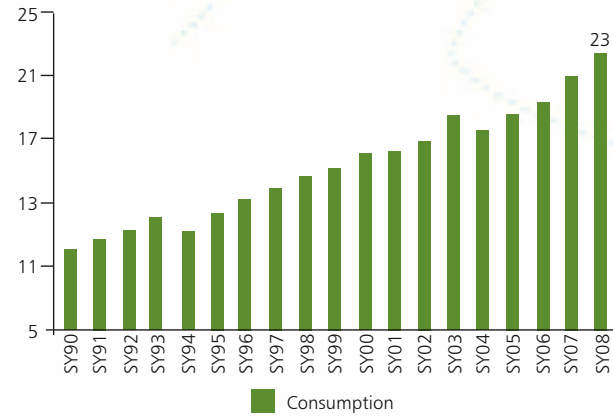
Although 2009-10 sugar production is estimated at 17.5 mn Tons, it is not expected to catch up with increased consumption estimated at 3.5% for the next few years.

Indian sugar production



(Source: Industry report)

Indian sugar consumption



(Source: Industry report)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Opening stock as on October 1,	8.5	4.6	4.0	10.1	9.0	2.5
Production during the season	12.7	19.2	28.3	26.50	14.6	16.0
Imports	2.0	0.1	0.0	0.0	2.0	7.0
Total availability	23.2	23.9	32.3	36.6	25.6	25.5
Offtake						
I) Internal consumption	18.5	18.8	20.5	22.5	23.0	23.0
II) Exports	0.1	1.1	1.7	5.0	0.1	0.2
Total offtake (I) + (II)	18.6	19.9	22.2	27.5	23.1	23.2
Closing stock as on September 30	4.6	4.0	10.1	9.0	2.5	2.3
Months inventory	2.9	2.5	5.9	4.8	1.3	1.2



## Brazilian subsidiary - Vale Do Ivai

SRSL entered into an agreement to acquire a 100% stake in Vale Do Ivai S.A Acucar E Alcool (VDI), a Brazilian sugar and ethanol producer, for USD 82 mn against an enterprise value of USD 240 mn. The rest will be assumed as debt, repayable over eight years. The acquisition provides the Company an important foothold in the world's largest sugar exporting market, coupled with a secure source of raw sugar for its India refineries.

### Facilities

The acquisition includes two sugar and ethanol production facilities, São Pedro do Ivai and Cambuí, with a combined annual cane crushing capacity of 3.1 mn Tons (around 16,000 TCD) and strategic stakes in several logistics assets including terminals for storage/loading of sugar and ethanol. About 72% of the cane requirements at VDI are met through captive cultivation on 18,000 hectares of long-term leased land compared with 50% average for Centre-South Brazil; rest being sourced from third party providers.

### Logistical advantage

VDI holds strategic stakes in several logistics assets including terminals for storage and transportation of sugar and ethanol at the port of Paranagua, Brazil's largest port for agricultural exports.

- ♦ The average distance between VDI processing plants and sugarcane farms is around 14 km, decidedly a logistical advantage.
- ♦ It owns equity in four logistics organisations, making it very competitive for export logistics.
- ♦ It holds a key strategic stake in PASA, the automated

sugar storage and ship-loading terminal at Paranagua port.

- ♦ It is proximate to ethanol distributors and the Port of Paranagua (551 km) and can ship goods by road or rail (with numerous transfer and storage options); Port of Paranagua ranks second in terms of the volume of sugar handled among Brazilian ports

### Locational niche

- ♦ The state of Parana remains the second largest sugar contributor to sugar exports after Sao Paulo State
- ♦ Better productivity per cut in Parana enables up to 10 cuts per planting (9 ratoons) compared with the six-year cycle in most of Centre-South Brazil
- ♦ There is a significant potential to expand farm output; a large amount of land is potentially available for sugarcane through a switch from soya, wheat and corn
- ♦ High average rainfall of 1,540 mm has reinforced crop yield; the region enjoys an average ATR (recovery) of 130 kg per ton of cane
- ♦ Average yield of 95 Tons per hectare over a 10-year cycle has been reported



### Other advantages

- ♦ VDI enjoys a 25-year track record with an attractive potential for backward integration i.e. raw sugar supply to Renuka's Indian refineries
- ♦ The acquisition cost works out to USD 77/Ton of cane, much lower than the replacement cost of around USD 120/Ton
- ♦ Although the Company has a cane crushing capacity of 3.1 mn Tons annually (around 16,000 TCD, 0.4 mn Ton sugar), it expects to utilise capacity equivalent to 0.25-3 mn Tons of sugar with the rest being devoted to ethanol.
- ♦ Substantially, all the debt has a three year moratorium period in addition to a five-year principal repayment.



# Corporate social responsibility

SRSL recognises its critical role in community uplift and the result is the creation of Shree Renuka Sugars Development Foundation (SRSDF). SRSDF enhances infrastructural facilities (schools, colleges and parks) and extends medical aid to the people in need.

## SRSDF's community initiatives

SRSDF holds 3.55% of SRSL shares, which is sold from time to time to raise funds for the Company's CSR initiatives.

### Education

**English medium primary schools:** SRSDF's schools at Munoli, Athani and Havalga possess advanced facilities to impart quality education to the children of employees and villagers. The low-fee structure facilitates rural children to obtain quality education at minimal costs.

**Sakhar Shalas:** SRSDF runs three *Sakhar Shalas* for the children of sugarcane harvesting labourers who migrate

along with their children during the sugarcane crushing season (October/November to April/May) annually from different places. This relocation disrupts continuous education. *Sakhar Shalas* aim to fill the gap. *Sakhar Shalas* distribute free books, note books and school uniforms, feed nutritious food (milk, egg, fruits, bread and biscuits) and encourage children to participate in sports, drawing, art and cultural activities. Competitions are routinely conducted, prizes are distributed and school picnics and art exhibitions are arranged to enhance creativity in children.

**Boy's hostel:** SRSDF runs a Boy's Hostel at Belgaum, which helps rural children by providing accommodation to

continue higher studies in engineering and medical education.

**Raibag Polytechnic:** SRSDF manages Raibag Polytechnic at Raibag from 2008-09 academic year. All infrastructure facilities (repair of polytechnic building, purchase of computers, books and instruments) have recently been upgraded. The total student (Polytechnic) strength is 292, covering mechanical, electrical and electronics engineering. The Karnataka Technical Education Board has sanctioned three more branches (sugar technology, civil and electronics instrumentations) for 2009-10 academic year. The college possesses qualified and experienced staff from the academia.

**CBSE school:** SRSDF has identified Havalaga and Munoli for starting CBSE schools from 2010-11 academic year. The land for this purpose has been identified and construction of the building has started.

**Rural library:** SRSDF set up rural libraries in Desaikolur and Ingalagi villages of Afzalpur and Taluka districts, respectively and provided reading books and newspapers to educate villagers.

### Medical care

**Dispensaries:** SRSDF runs three dispensaries at Munoli, Athani and Havalaga to render quality healthcare to the employees and farmers of nearby villages of SRSL plants. Resident Medical Officers ensure 24X7 medical care; patients are charged nominal fees for medical consultation, while medicine availability is strictly monitored.

SRSDF conducts general health check-up camps, blood donation camps and specialised camps (eye camp, dental camps) attended by expert doctors from government and private hospitals. Educative health awareness programmes are campaigned in villages to spread health-related awareness.

**Hi-tech diagnostic centre:** As advanced diagnostic centres were non-existent in Athani, SRSDF decided to start one. The centre was started on November 22, 2009 to provide facilities like CT scan, sonography, colour doplex, X-Ray, pathology, histopathology, microbiology and haematology to farmers. Qualified radiologists, pathologists, microbiologists and other technicians render quality medical care at the centre.

Health cards are issued to farmers supplying sugarcane to SRSL units so that they can obtain medical facilities at discounted rates.

SRSDF sponsors and conducts sports meet, Yoga Shibiras, Sarva Shikshan Abhiyan programmes, Vanamahotsava (programmes conducted for planting trees) and street dramas. Cash prizes and scholarships are awarded to meritorious students to promote art, drama and literature.

### Health, safety and environment

We aim to comply with applicable health, safety and environment regulations and other requirements in our operations and also to maintain adequate workmen's compensation, group medical insurance and personal accident insurance policies. National environmental standards in India are drafted by the Central Pollution Control Board and the Ministry of Environment and Forests, Government of India, and are enforced by various pollution boards and pollution control committees. India's environmental legislation includes the Environment Protection Act, 1986, as amended, the Water (Prevention and Control of Pollution) Act, 1974, as amended and the Air (Prevention and Control of Pollution) Act, 1981, as amended. Each of our manufacturing facilities requires various environmental clearances and fully complies with applicable health, safety and environment laws and regulations.



# COMMENTS OF FARMERS

(1st shareholders of SRSL)

“I purchased SRSL’s shares for assured cane lifting by the factory and over the years, my investments generated rich dividends.”

Name: Sannarajappa Irappa Hanashi R/o Manoli.  
Age: 70 years. Education: Nil. Shares purchased: 10,000.

“I sold two share certificates (representing 10,000 shares) for Rs. 21 lakhs and with the proceeds purchased 14.04 acres, on which I cultivate sugarcane. I purchased three more share certificates (representing 15,000 shares) in my sons’ names.

Name: Vadakanagouda Yallanagouda Bikkanagoudar R/o Manoli. Age: 59 years. Education: Up to 3rd Standard. Shares purchased: 15,000. Present holding: 5,000.

“I live in a joint family with my five brothers. Once the cumulative value reaches Rs. 25 lakhs, I plan to sell it and distribute the proceeds equally among family members. However, the value might touch Rs. 1 crore.

Name: Ramappa Dyamappa Jattennavar R/o Hirur.  
Age: 55 years. Education: Nil. Shares purchased: 5,000.

Note: 1 share of face value Rs. 10/- was split to 10 shares of face value Re.1/- each on April 21, 2008.

“I dream of building an RCC building once the share value reaches the project cost and name it Shree Renuka

Name: Ashok Muneppagouda Patil R/o Manoli.  
Age: 47 years. Education: Up to 5th Standard.  
Shares purchased: 5,000.

“I have got 5 acres of rocky land. I will develop it for cane cultivation by using sale proceeds of these shares, and will try to purchase adjacent land. I am planning to construct a commercial complex at Manoli.”

Name: Tippanna Nagappa Radaratti R/o Manoli.  
Age: 40 years. Education: Up to 3rd Standard.  
Shares purchased: 25,000.

“I sold two share certificates (representing 10,000 shares) for Rs. 2.6 lakhs and purchased six acres on which I cultivate sugarcane. My family members look upon Madam (Mrs. Vidya Murkumbi) as the goddess Renuka Devi.

Name: Rayappa Laxmappa Korakoppa R/o Basargi.  
Age: 52 years. Education: PUC. Shares purchased: 25,000.  
Present holding: 15,000.

“I sold two share certificates (representing 10,000 shares) recently for Rs. 22 lakhs and purchased 10 acres. As cane fetches higher income, I don’t need to sell any more shares till I get an opportunity to purchase additional land.

Name: Mahadev Dulappa Patat R/o Mabanur.  
Age: 36 years. Education: Up to 10th Standard.  
Shares purchased: 20,000. Present holding: 10,000.

“My father purchased eight share certificates (representing 40,000 shares) for sending cane to the factory. We sold 25,000 shares for Rs. 15-45 lakhs and purchased a tractor with trolleys for Rs. 10 lakhs, engaged in cane transportation, and even had a house built for Rs. 5.5 lakhs at Dharwad town.

Name: Suresh Dundappa Bijaguppi R/o Hirur.  
Age: 36 years. Education: Up to 10th Standard.  
Shares purchased: 40,000. Present holding: 15,000.

# Corporate information

## Board of Directors

Mrs. Vidya M. Murkumbi	Executive Chairperson
Mr. Narendra M. Murkumbi	Vice Chairman & Managing Director
Mr. S. K. Tuteja	Independent Director
Mr. Sanjay K. Asher	Independent Director
Mr. J.J. Bhagat	Independent Director
Mr. Robert Taylor	Independent Director
Mr. Jonathan Kingsman	Independent Director
Mr. Hrishikesh Parandekar	Independent Director
Mr. S.M. Kaluti	Non Executive Director
Mr. Nandan V. Yalgi	Executive Director
Mr. Nitin Puranik	Executive Director
Mr. G K Sood	Executive Director

## Auditors

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

## Registered Office

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

## Corporate Office

7th Floor, Devchand House, Shiv Sagar Estate,  
Dr. Annie Besant Road, Worli, Mumbai-400 018.  
Tel: 91-22-2497 7744 / 4001 1400, Fax: 91-22-2497 7747.

## Bankers

ABN AMRO Bank N.V.	IndusInd Bank Ltd.
Axis Bank Ltd.	ING Vysya Bank Ltd.
HSBC	State Bank of India
ICICI Bank Ltd.	Standard Chartered Bank
IDBI Bank Ltd.	Yes Bank Ltd.

## Plant Locations

**Unit I – Munoli**  
**Sugar, Distillery, Co-generation and Sugar Refinery**  
Gavase, Taluka Saundatti, District: Belgaum, Karnataka.

**Unit II – Ajara (Leased)**  
**Sugar**  
Taluka Ajara, District: Kolhapur, Maharashtra.

**Unit III – Arag (Leased)**  
**Sugar & Co-Generation**  
Taluka Miraj, District: Sangli, Maharashtra.

**Unit IV – Athani**  
**Sugar, Distillery, Co-Generation and Sugar Refinery**  
Taluka Athani, District: Belgaum, Karnataka.

**Unit V – Havalga**  
**Sugar, Distillery and Co-Generation**  
Taluka Afzalpur, District: Gulbarga, Karnataka.

**Unit R1 – Haldia**  
**Sugar Refinery**  
Kolkata, West Bengal.

**Unit E1 – Khopoli**  
**Ethanol**  
Taluka Khalapur, District: Raigad, Maharashtra.

**Unit VI – Raibag (Leased)**  
**Sugar**  
Taluka Raibag, District: Belgaum, Karnataka.





# Directors’ Report

*Dear Shareholders,*

The Directors are pleased to present the 14th Annual Report of the Company together with the audited financial statements for the year ended September 30, 2009. Your directors take great pleasure and feel immense pride to mark with the completion of highly successful journey of 10 years from our first cane crushing operations at our plant in Munoli (Unit#1), near Belgaum, on November 22, 1999. We commenced our journey with 2,500 TCD of sugar crushing capacity and are now a company with production of 1.01 mn Tons.

Financial highlights

(Rs. in mn)

Particulars	2008-09	2007-08
Revenues	22,398	18,151
Profit before financial expenses and depreciation	3,685	2,180
Financial expenses	884	678
Depreciation and amortization	625	365
Profit before provision for tax	2,176	1,137
Provision for taxation :		
- Current	341	132
- Deferred tax	400	259
Net Profit	1,435	746
Add: Excess provision for depreciation written back	-	182
Profit brought forward	685	327
Profit available for appropriation	2,120	1,255
Transfer to General Reserves	500	500
Transfer to Debenture Redemption Reserve	120	-
Dividend on equity shares	317	60
Dividend tax	54	10
Balance carried over	1,129	685

Operational highlights

The total turnover of the Company for the year ended September 30, 2009 stood at Rs. 22,398 mn as against Rs. 18,151 mn for the previous year ended September 30, 2008, thereby recording a growth of 23%. The Company has reported an EBITDA of Rs. 3,685 mn compared with Rs. 2,180 mn for the previous year ended September 30, 2008, recording a healthier growth of 69%. The bottom line growth clocked 92% at Rs. 1,435 mn during the year from Rs. 746 mn in the previous financial year ended September 30, 2008. Volume led growth, segment wise growth of revenue, revenue from exports and other detailed analysis of operations are discussed in the Management Discussion and Analysis forming part of this Annual Report.

Dividend

The Board of Directors in its meeting held on September 30, 2009 had declared 50% interim dividend i.e. Re. 0.50 per equity share of Re. 1/- each. The Board also declared in that meeting 50% one-time special dividend i.e. Re. 0.50 per equity share of Re. 1/- each to mark the completion of 10 years of commercial production. The total dividend pay-out for the financial year 2008-09 (including dividend distribution tax) is Rs. 371 mn. The above interim dividend aggregating to 100% i.e. Re. 1/- per equity share of Re. 1/-, declared and paid is to be confirmed by members in the ensuing Annual General Meeting. The Board of Directors has

decided to consider the interim dividend as dividend for the financial year 2008-09.

Transfer to Reserves

The Company has transferred Rs. 500 mn to the General Reserves and an amount of Rs. 120 mn to the Debenture Redemption Reserve out of the amount available for appropriation. An amount of Rs. 1,129 mn is proposed to be retained in the Profit & Loss Account.

Deposits

The Company has not accepted any public deposits and, as such, no amount of principal or interest on public deposits was outstanding as on the date of Balance Sheet.

Further Issue of Capital

To meet the fund requirements entailed by the strong growth potentials, the Company issued 36,936,840 equity shares of Re.1/- each to Qualified Institutional Buyers at a price of Rs. 137/- including a premium of Rs. 136/- each fully paid-up in accordance with the statutory provisions including SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the approval of members accorded in the Extraordinary General Meeting of the Company held on August 27, 2008.

Further the Company has allotted 4,000,000 equity shares of Re.1/- each at a price of Rs. 62.57 including a premium of Rs. 61.57 each fully paid-up, consequent to the exercise of

the option of conversion of 4,000,000 warrants, in accordance with SEBI Guidelines, on preferential basis.

The above issues of shares have resulted in an increase in the paid-up equity share capital of the Company from Rs. 275,963,160 to Rs. 316,900,000 consisting of 316,900,000 shares of Re. 1/- each.

#### Bonus issue of shares

With a view to share the prosperity of the Company with its shareholders, your Directors are pleased to recommend issue of bonus shares in the ratio of one fully paid equity share of Re.1/- each for every one fully paid equity share held in the Company. The issue of bonus shares shall be subject to the approval of shareholders at the ensuing Annual General Meeting of the Company. On approval by the shareholders, bonus shares will be issued to those members whose names appear as on Record Date, to be fixed by the Board.

#### Strategic acquisition in Brazil

The Company has entered into Definitive Agreements for acquisition of Vale do Ivaí S.A. Açúcar e Álcool ("VDI"), a Brazilian sugar and ethanol production company. The acquisition includes two sugar and ethanol production facilities located in the Southern State of Parana with a combined cane crushing capacity of 3.1 mn tons per annum. Brazil is the largest and among the lowest-cost producers of sugar in the world with strong growth potential in the medium and long-term. The global trade and imports into Asia are, in particular, significantly dependent on production surplus of sugar in Brazil. In addition, the area around India which is the Middle-East, South-Asia, East-Africa and Southeast-Asia are competitively covered distance wise from our two refineries in India. Hence, the Brazilian acquisition will make significant value additions to the Company in terms of long term viability.

#### Other significant developments

**Athani plant:** During the year, 180 KLPD distillery was made operational. The sugar manufacturing capacity of Athani plant was enhanced to 8,000 TCD from 6,000 TCD. Expansion of refinery is projected to complete by February 2010 which will enhance the capacity by 1,000 to 2,000 TPD.

**Havalga plant:** 25.5 MW co-generation facility and a 210 KLPD distillery became operational during the year. The installed and utilised capacity of sugar manufacturing unit is enhanced to 8,000 TCD from 4,000 TCD. A new refinery with a refining capacity of 1,000 TPD is under construction and projected to start its operation by February 2010.

During the year the Company commissioned 30MW bagasse based power project situated at Panchganga in the State of Maharashtra. With commissioning of Panchganga co-generation power project, the exportable power capacity of the Company increased to 95 MW.

During the year, the Company commenced the operation at Raibag SSK a leased plant with 2,500 TCD cane crushing facility.

During the year the Company has also acquired a strategic 5% stake in National Commodity & Derivatives Exchange Limited (NCDEX).

#### Subsidiary Companies and Consolidated Financial Statements

The Company had 9 subsidiaries in the beginning of the year viz., Renuka Commodities DMCC, Shree Renuka Biofuels Holdings (FZE), Shree Renuka Energy Limited, Shree Renuka Agri Ventures Limited, KBK Chem Engineering Private Limited, Godavari Biofuels Private Limited, Ratnaprabha Sugars Limited, Shree Renuka Southern Africa Holdings (FZC), Renuka Energy Resource Holdings (FZE).

During the year the Company has set up Shree Renuka Global Ventures Limited in the Republic of Mauritius to facilitate its efforts to explore the business at global level. The Company has

also set up SRSI Ethanol Limited as its subsidiary for setting-up an integrated sugar and ethanol plant at Nandur, Maharashtra. During the year, the Company acquired majority stake in Gokak Sugars Ltd, with its 2,500 TCD sugar manufacturing unit and 14MW co-generation power plant at Kolavi village of Belgaum district in Karnataka. The Company acquired a ready to commission 30MW co-generation power project at Panchganga in Maharashtra and other co-generation projects which were under development from Shree Renuka Energy Limited. Since the complete co-generation assets had been transferred to the Company, the equity stake held by the Company in Shree Renuka Energy Limited was divested and that company ceased to be the subsidiary of the Company. Consequently, Renuka Energy Resource Holdings (FZE) Sharjah, a subsidiary of Shree Renuka Energy Limited also ceased to be the subsidiary of the Company.

Ratnaprabha Sugars Ltd and Godavari Biofuels Pvt. Ltd., wholly owned subsidiaries of the Company are proposed to be amalgamated into the Company to achieve better synergies and avoid duplication of administrative expenditure.

In accordance with the Accounting Standard AS-21 on consolidated financial statements, your Directors have pleasure in attaching the consolidated financial statements, which form part of this Annual Report. These consolidated financial statements provide financial information about your Company and its subsidiaries as a single entity.

The Company has obtained approval from the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, (the Act) for exempting the Company from attaching to its Annual Report, the copies of the Balance Sheets, Profit & Loss Accounts, Directors' Reports and Auditors' Reports and other documents required to be attached under Section 212(1) of the Act, of all its subsidiary companies.

Accordingly, the said documents are not attached to the financial statements of the Company. A gist of the financial performance of the subsidiaries is given in this Annual Report. The annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in the registered office of the Company and that of subsidiary companies concerned.

#### Directors

Mr. Nitin Puranik, Mr. S. K. Tuteja, Mr. Robert Taylor and Mr. J. J. Bhagat retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. The Board of Directors at its meeting held on September 30, 2009, appointed Mr. G. K. Sood as Additional Director & Whole Time Director of the Company. Mr. G. K. Sood has been in the employment of the Company since April 2008. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. G. K. Sood would hold office up to the date of ensuing Annual General Meeting. The Company has received notice proposing the candidature of Mr. G. K. Sood for the office of Director of the Company in terms of the provisions of Section 257 of the Act and the Board recommends his appointment.

Mrs. Vidya Murkumbi was reappointed as Executive Chairperson of the Company for further period of five years in the Board Meeting held on January 30, 2009. Mr. Nandan Yalgi was also reappointed as Whole Time Director designated as 'Director - Commercial' for a term of five years in the Board Meeting held on July 21, 2009. Mr. Nitin Puranik was reappointed as Executive Director in the Board Meeting held on January 25, 2010 for further period of three years effective from April 20, 2010. The Board in its meeting held on April 27, 2009 approved the upward revision in the remuneration payable to Mr. Narendra Murkumbi, Vice



Chairman & Managing Director, considering his performance, leadership, vision and the financial position of the Company. All the reappointments and revision of remuneration is made on specific recommendations of the Remuneration Committee and are subject to approval of shareholders in the forthcoming Annual General Meeting. The details of reappointments and amendments to terms and conditions are given in the explanatory statement to the Notice of the Annual General Meeting.

Brief resume of the above Directors, nature of their expertise in specific functional areas, names of companies in which they hold Directorships /Chairmanships of Committees of the Board as stipulated under Clause 49 of the Listing Agreement with the stock exchanges are given in the Section on

Corporate Governance, elsewhere in the Annual Report.

Employees Stock Option Scheme

The grant of stock options to employees is a mechanism to align the interest of employees with those of the Company, to provide them with an opportunity to share the growth of the Company and also to foster long-term commitment. Employees Stock Option Scheme (ESOP) was approved and implemented by the Company and options were granted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. The Remuneration/ Compensation Committee, constituted by the Company administers and monitors the scheme.

The Company has received a certificate from the Auditors of the Company that the scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed at the Annual General Meeting held on 28th December, 2006. The Certificate will be placed at the Annual General Meeting for inspection of members.

Human Resources

We recruit skilled and unskilled workers from nearby locations to our manufacturing facilities. We do not have workers’ unions at our owned or leased facilities. We believe in maintaining good relationships with our workers. Our Company has taken an LIC Group gratuity scheme for our employees. We have a policy to provide the necessary training to new employees and workers. We view this process as a necessary tool to maximise the performance of our employees.

Shree Renuka Sugars Employee Welfare Trust was formed with the sole intention of assisting all workers and employees with receiving a better livelihood. The continuous efforts of the trust have resulted in our excellent industrial relations and there have been no reported strikes or closures during the year.

Recruitment

We believe that our employees are the major contributors to our business. A structured orientation programme is conducted for all new employees of the Company for the respective responsibilities. We recruit the technical personnel based on their experience and a good track record of performance. Similarly technicians and operatives with good work experience in the industry are considered. We normally recruit staff through advertising, consultants or by references from existing employees.

Training and Development

We place special emphasis on the training of our employees to enable them to develop their skills and to meet changing requirements. We focus on an initial learning programme for our trainees as well as continuous learning programmes for all our employees. The strategy observed for training of employees is to identify the training needs of the employees based on their competency profile.

Our key objective is to provide training to all employees at regular intervals and key focus areas of training are technology, quality, information technology and leadership development. Our Company sponsors and encourages our employees to attend seminars and conferences. To achieve the objectives in the most efficient manner, we conduct regular appraisals of employees with a view to (i) identifying training needs, (ii) performance appraisal, and (iii) career planning. We regularly sponsor our engineers, chemists, and other employees for various advanced courses in sugar engineering, sugar technology and alcohol technology at the Vasantdada Sugar Institute, Pune.

Auditors and Auditors' Report

M/s Ashok Kumar, Prabhashankar & Co., Chartered Accountants, Bangalore, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been obtained to the effect that their re-appointment, if made, would be within the limits specified under Section 224 (1B) of the Act, 1956.

The Auditors’ Report to the shareholders for the year ended September 30, 2009 does not contain any qualification and therefore does not call for any explanation/comments.

Directors Responsibility Statement

The Board of Directors in terms of Section 217 (2AA) of the Act states that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at September 30, 2009 and of the Profit and Loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

The applicable disclosures as stipulated under the SEBI Guidelines as at September 30, 2009 are as under :

Particulars	Scheme 1*	Scheme 2
a) Options granted	2,119,000	2,000,000
b) The pricing formula	Prevailing market price as on the date of grant	Prevailing market price as on the date of grant
c) Options Vested	Nil	Nil
d) Options exercised	Nil	Nil
e) Total number of shares arisen as a result of exercise of Options	Nil	Nil
f) Options lapsed	Nil	Nil
g) Variation in terms of options	Nil	Nil
h) Money realized by exercise of Options	Nil	Nil
i) Total number of Options in force	2,119,000	2,000,000
j) Employee wise details of Options granted to :		
(i) Senior Management Personnel :	Mr. Shripad Nerlikar – 100,000 Mr. K. K. Kumbhat – 100,000	Mr. Shripad Nerlikar – 60,000 Mr. K. K. Kumbhat – 100,000 Mr. S. K. Maheshwari – 150,000
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year	Mr. Robert Taylor – 200,000 Mr. G. K. Sood – 150,000	Nil
(iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% or more of the issued capital of the Company at the time of the grant.	Nil	Nil
k) Diluted Earnings per share (EPS) before exceptional items pursuant to issue of shares on exercise of options.	NA	NA

\* after adjusting for split

The exercise price of the above schemes is the market price prevailing as on the date of grant and the taxes as may be applicable will be borne by the respective employees of the Company. Hence, the issuance of options does not and the consequent exercise of options will not affect the profit and loss account of the company.



d) the Directors have prepared the annual accounts on a “going concern” basis.

Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo

Information as per the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are forming part of this Report and is annexed hereto.

Corporate Governance

During the year under review, your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance stipulated in Clause 49 of the Listing Agreement have been complied with. A separate Report on Governance along with the Auditors’ Certificate on its compliance, forms part of this Report and is annexed hereto.

Particulars of employees

In terms of the provisions of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors’ Report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

Acknowledgements

Your Directors wish to place on record their sincere appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors and cane growers and finally to all shareholders for their trust and confidence reposed in the Company. The Directors also express their deep sense of appreciation for the committed services of the executives, staff and workers of the Company.

On Behalf of the Board of Directors

Mumbai  
January 25, 2010

Vidya M. Murkumbi  
Executive Chairperson

FORM A  
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	2008-09	2007-08
A. POWER AND FUEL CONSUMPTION		
ELECTRICITY		
Purchased units (Kwh)	12,591,100	2,455,800
Total Amount (Rs.)	63,421,811	14,027,500
Own Generation		
i) Through Diesel Generator (units in Kwh)	363,756	250,290
Units per litre of diesel (Kwh/litre)	3.30	3.35
ii) Through steam turbine generation	386,111,042	291,332,539
kg of bagasse required for one Kwh power	3.00	3.50
iii) Total units generated	386,474,798	291,582,829
Total cost in Rs./unit	3.75	3.75
B. CONSUMPTION PER UNIT OF PRODUCTION		
Total generation of electricity Kwh	386,474,798	291,582,829
Less:consumption of cogen plant Kwh	45,147,523	27,095,979
Less:consumption of distillery plant Kwh	19,054,311	14,112,617
Less: Export to Grid Kwh	231,914,843	151,248,080
Consumption for Sugar plant Kwh	102,897,214	97,175,956
Electricity- Kwh/MT of sugar	225	278

FORM B  
DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R&D):

1. Specific areas in which R&D carried out by the Company.

a. Production of ethanol from beet;

b. Distillery Spent Wash Incineration;

c. Sugar recovery from refinery scum;

d. Condensated Polishing Unit (CPU).
2. Benefits derived as a result of the above R&D –  
The innovations made in the R&D activities have improved the energy efficiency in terms of reduced water requirement, enhanced steam quality and yield improvement.
3. Future plan of action

a. Scaling up activities in the abovementioned areas of R&D;

b. Implementing the proven innovations in all plants of the Company.
4. Expenditure on R&D :

a. Capital – Rs. 103.2 mn

- b. Recurring – Rs. 10 mn
- c. Total – Rs. 113.2 mn
- d. Total R&D expenditure is 0.51% of total turnover

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.  
Absorption – Distillery Spent Wash Incineration Technology was studied in detail and finally decided to carry out the trial by modifying one of the existing boilers.  
Adapted – Adapted beet crushing unit similar to European countries and developed Ethanol Processing Technology in house.  
Innovation – Effort is made to improve sugar yield by installing the Decanter at refineries.
2. Benefits derived as a result of the above efforts.

a. Product improvement,

b. With installation of CPU, reduction in cost of water management is observed.

Annexure to Directors’ Report

A. Conservation of Energy :

- a) Energy conservation measures taken :  
Installed KVAR Capacitor Bank to improve the power factor and thereby to reduce the power loss and improve the life of equipments;  
  
Variable Frequency Drives(VFD) are installed to optimize the energy consumption in Boiler ID, FD, SA Fans, Feed Water Pumps, Bagasse and Coal Feeders, Mill Drives, Feeder Table, Clear Juice Pumps, Crystallizer Drives, Cane Carriers.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:  
In addition to the equipments installed as mentioned under (a) above, more VFDs are proposed to be installed to improve the energy efficiency.

- c) Impact of the measures taken:  
Reduction in energy consumption is observed
- d) Total energy consumption and energy consumption per unit of production:  
As per Form A annexed hereto.
- B. Technology Absorption :  
As per Form B annexed hereto.
- C. Foreign Exchange Earnings and Outgo :

a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;  
As the Company deals with regulated commodities there is limited scope for export promotion.

b) Foreign exchange earnings and outgo:

Foreign Exchange earnings:Rs. 1,525 mn

Foreign Exchange outgo:Rs. 11,723 mn



# Corporate Governance Report

### 1. Our Philosophy

Our philosophy is aimed at creating long term economic value for our shareholders, investors, banks and other lenders, partners, customers, employees and community at large. Trusteeship, empowerment, accountability, consistency, ethics, transparency and integrity are the main ingredients of our Corporate Governance Philosophy. These ingredients are integrated with our business practices, customs, corporate culture, procedures and policies. Empowerment of management facilitates decision making with close eye to the competitive business situations. Consistency, ethics and transparency add value to our commitments and create environment of goodwill and trust between the Company and stakeholders.

### 2. Board of Directors

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The strength of the Board of Directors as on September 30, 2009 was twelve. Five were Executive Directors including Executive Chairperson and Vice Chairman & Managing Director and seven were Non-Executive Directors out of which six were Independent Directors.

During the year, the Board held seven meetings on October 18, 2008, November 14, 2008, January 30, 2009, February 20, 2009, April 27, 2009, July 21, 2009 and September 30, 2009. The minimum time gap was 20 days and the maximum time gap was 83 days between two Board meetings.

The composition of Board, Directors' attendance at the Board Meetings during 2008-09 and the last Annual General Meeting, other Directorships and Membership of the Committees of the Board as on September 30, 2009 are as follows:

Sr. No.	Name of Director	Nature of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships*	No. of Committee positions held in other Public Companies	
						Member	Chairman
1	Mrs. Vidya Murkumbi	Executive Chairperson	6	Yes	3	-	-
2	Mr. Narendra Murkumbi	Vice Chairman & Managing Director	7	Yes	5	1	-
3	Mr. Sanjay Asher	Independent Director	5	Yes	14	5	2
4	Mr. S. K. Tuteja	Independent Director	5	-	14	5	4
5	Mr. Hrishikesh Parandekar	Independent Director	6	-	-	-	-
6	Mr. Robert Taylor	Independent Director	6	-	-	-	-
7	Mr. Jonathan Kingsman	Independent Director	3	-	-	-	-
8	Mr. J.J. Bhagat	Independent Director	6	-	1	-	-
9	Mr. B P Baliga#	Independent Director	1	-	N.A	N.A	N.A
10	Mr. S. M. Kaluti@	Non-Executive Director	5	Yes	2	-	-
11	Mr. Nandan Yalgi	Whole Time Director	7	Yes	4	-	-
12	Mr. Nitin Puranik	Whole Time Director	5	-	1	-	-
13	Mr. G. K. Sood**	Whole Time Director	1	-	1	-	-

\*excludes Private/Foreign Companies.  
# Retired at the AGM held on January 2, 2009

\*\* part of the year  
@resigned as Whole Time Director

### 3. Board Committees.

The Board has Audit Committee and Investors' Grievance Committee duly constituted in accordance with the requirement of the provisions of Clause 49 of the Listing Agreement. The Board has constituted Remuneration/ Compensation Committee, Finance Committee, Strategy Management Committee and Risk Management Committee to deal with specialised matters. The Board is responsible for constituting, assigning, co-opting members to various Committees.

Majority of the Committees are headed by the Independent Directors. The Committees meet as and when they deem necessary.

The quorum for meetings is either two members or one-third of the members of the Committees, whichever is higher.

### 4. Audit Committee

The Audit Committee comprises of three Independent Directors. The Audit Committee met six times during the year on October 18, 2008, November 14, 2008, January 30, 2009, April 27, 2009, May 16, 2009 and July 20, 2009. Attendance of the members at the meeting was as under:

Sr. No.	Name	Status	No. of meetings attended
1	Mr. Sanjay Asher	Chairman	4
2	Mr. Robert Taylor	Member	4
3	Mr. Hrishikesh Parandekar	Member	5

The Chief Financial Officer, the External and Internal Auditors are the permanent invitees. The Company Secretary is the Secretary of the Committee.

#### Terms of Reference and Powers:

- Oversee Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- Recommend the appointment and removal of external auditor, fixing audit fees and also approval for payment for any other service;
- Review with management the quarterly, half yearly and annual financial statements before submission to the Board;
- Review with the management External and Internal Auditors, adequacy of internal control system;
- Review the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with the Internal Auditors, any significant findings and follow up thereon;
- Review the findings of any internal investigation by the Internal Auditors in to matters where there is suspected fraud;
- Discussion with External Auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- Review Company's financial risk management policies and also to look into the reasons for substantial defaults, if any, in payments to depositors, shareholders and creditors;
- Review any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose shall have full access to information contained in the records of the Company and obtain external professional advice, if necessary.

### 5. Remuneration/Compensation Committee

The Board has constituted a Remuneration/Compensation



Committee, comprising of three Independent Directors viz. Mr. J. J. Bhagat, Mr. Sanjay K. Asher and Mr. S.K. Tuteja. The Committee has been constituted to recommend / review remuneration of the managerial personnel, based on their performance and defined assessment criteria and to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the stakeholders. The Committee also monitors and administrates the implementation of Employees' Stock Option Schemes.

During the year, the Committee met six times on January 30, 2009, February 20, 2009, April 27, 2009, June 9, 2009, July 21, 2009 and September 30, 2009. Attendance of the members at the meeting was as under:

Sr. No.	Name	Status	No. of meetings attended
1	Mr. S.K. Tuteja	Chairman	5
2	Mr. Sanjay Asher	Member	4
3	Mr. J. J. Bhagat	Member	4

Details of remuneration paid / payable to Executive Directors for the year ended September 30, 2009.

(Rs. in mn)

Sr. No.	Name	Salary	Ex-gratia	Retirement benefits	Commission	Others
1.	Mrs. Vidya Murkumbi	2.10	-	0.25	22.11	-
2.	Mr. Narendra Murkumbi	2.10	-	0.25	22.11	-
3.	Mr. Nandan Yalgi	1.44	0.12	0.17	-	0.84
4.	Mr. S. M. Kaluti#	0.18	0.01	0.02	-	0.10
5.	Mr. Nitin Puranik	2.30	0.19	0.28	-	1.33
6	Mr. G.K. Sood#	0.02	-	-	-	-

#part of the year

The details of sitting fees paid to Non-Executive Directors of the Company during the year are as under:

(Rs. in mn)

Sr. No.	Name	Sitting Fees
1	Mr. J. J. Bhagat	0.230
2	Mr. Sanjay Asher	0.295
3	Mr. Robert Taylor	0.200
4	Mr. Jonathan Kingsman	0.044
5	Mr. S. K. Tuteja	0.260
6	Mr. Hrishikesh Parandekar	0.205
7	Dr. B. P. Baliga#	0.015

# part of the year

6. Investors' Grievance Committee

The Investors' Grievance Committee comprises of two Independent Directors and two Executive Directors. The Chairman of the Committee is an Independent Director. The Committee met four times during the year on October 15, 2008, January 30, 2009, April 27, 2009 and July 21, 2009. Attendance of the members at the meeting was as under:

Sr. No.	Name	Status	No. of meetings attended
1.	Mr. Sanjay Asher	Chairman	2
2	Mr. S. K. Tuteja	Member	4
3	Mrs. Vidya Murkumbi	Member	4
4	Mr. Narendra Murkumbi	Member	4

Chief Financial Officer and Company Secretary are the invitees of the Committee.

Terms of Reference: Look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of Annual Report, non-receipt of dividend, etc.

During the year, 212 investor complaints were received and resolved and there was no complaint pending unresolved at the end of the year September 30, 2009.

7. Risk Management Committee

The Risk Management Committee comprises of Mr. Narendra Murkumbi and Mr. Nandan Yalgi, Executive Directors and Mr. Robert Taylor, Independent Director, as members. The Committee meets at regular intervals to monitor price fluctuation of commodities and review financial and risk management policies of the Company.

8. General Body Meeting

Location and time of last three Annual General Meetings:

Year	Location	Date & Time	Special Resolutions Passed
2005-06	Maratha Mandir Hall (Near Railway Over-Bridge) Khanapur Road, Belgaum.	December 28, 2006 9.30 a.m.	1. Resolution for amending of sub clause (b) of Clause V of the Memorandum of Association of the Company. 2. Resolution for increasing the Authorised Share Capital of the Company. 3. Resolution for consequential alteration of Articles of Association of the Company. 4. Resolution for introduction of Stock Option Scheme.
2006-07	Maratha Mandir Hall (Near Railway Over-Bridge) Khanapur Road, Belgaum	January 5, 2008 9.30 a.m.	There were no items requiring the consent of members by special resolution
2007-08	Maratha Mandir Hall (Near Railway Over Bridge) Khanapur Road, Belgaum	January 2, 2009 9.30 a.m.	There were no items requiring the consent of members by special resolution

9. Postal Ballot:

No special resolution was passed through postal ballot during 2008-09 and no special resolution is proposed to be conducted through postal ballot.

10. Shares held by Non-Executive Directors.

Sr. No.	Name of the Director	No. of Shares held
1.	Mr. S. M. Kaluti	170,000
2.	Mr. J. J. Bhagat	1,135,000
3.	Mr. Sanjay Asher	450,000
4.	Mr. S. K. Tuteja	Nil
5.	Mr. Hrishikesh Parandekar	Nil
6.	Mr. Robert Taylor	Nil
7.	Mr. Jonathan Kingsman	Nil

11. Other Disclosures

I. There was no materially significant related party

transaction which has potential conflict with the interests of the Company at large.

II. There was no instance of non-compliance on any matter related to capital markets, during the last three years.

III. Secretarial Audit Report by a qualified Practicing Company Secretary, reconciling the total admitted capital with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total issued and listed capital was submitted to the Stock Exchanges. The Secretarial Audit Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total numbers of dematerialised shares held with NSDL and CDSL.

13. Compliance Officer

Mr. D V Iyer is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading)



Regulations, 1992 and the Listing Agreements with the Stock Exchanges in India.

14. Means of Communication

The Company publishes quarterly financial results, notices and other advertisements in Financial Express (English Daily) and Kanadamma (Kannada Daily in Belgaum) regularly. The Company also regularly releases press notes to enable the stakeholders to appreciate the important developments and updates about the Company. Additionally the results and other important information are displayed on the Company’s website [www.renukasugars.com](http://www.renukasugars.com).

15. General Shareholder’s Information

i. The Annual General Meeting of the Company has been convened to take place on Thursday, March 4, 2010 at Maratha Mandir Hall (Near Railway Over-Bridge) Khanapur Road, Belgaum – 590006 at 9.30 a.m.

ii. Financial Calendar 2009-10 - Tentative dates  
1st Quarterly results Before end of January, 2010\*  
2nd Quarterly results Before end of April, 2010

3rd Quarterly results Before end of July, 2010  
4th Quarterly results Before end of December, 2010

\* Results declared on January 15, 2010.

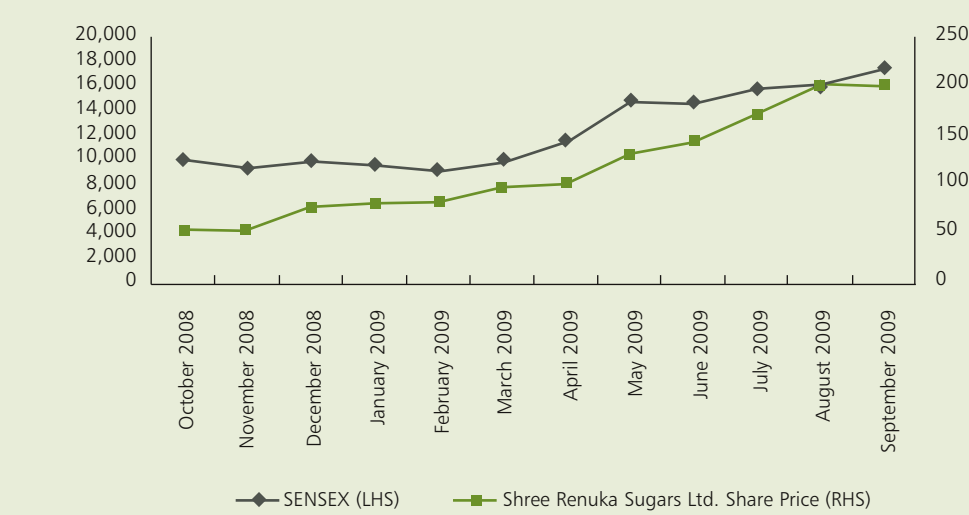
iii. Book closure  
From Friday, January 1, 2010 to Saturday, January 9, 2010 (Both days inclusive) on account of Annual General Meeting.

iv. Dividend Payment Date:  
October 8, 2009 (Interim Dividend declared on September 30, 2009)

v. Listing on Stock Exchanges  
The Company has paid listing fees for the year 2008-09 and the shares of the Company are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE).

vi. Stock Code BSE: 532670  
NSE: RENUKA  
ISIN – E087H01022

viii Performance comparison: SRSL v/s SENSEX



ix. Registrar & Transfer Agents  
Karvy Computershare Pvt. Ltd  
Unit: Shree Renuka Sugars Ltd,  
Plot No. 17-24, Vithalrao Nagar,  
Madhapur,  
Hyderabad - 500 081  
Tel. No. +91 40 23440627  
Fax No. +91 40 23311968  
e-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

x. Share Transfer System  
The Company’s shares are traded on the stock exchanges compulsorily in demat mode. Shares in physical mode, which are lodged for transfer, are processed and returned within the stipulated time.

vii. Market price data

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Closing (Rs.)	High (Rs.)	Low (Rs.)	Closing (Rs.)
Oct, 2008	104.85	41.00	50.35	104.90	41.30	50.40
Nov, 2008	72.00	45.40	50.40	70.25	45.45	50.40
Dec, 2008	74.90	46.80	73.50	74.85	46.70	73.50
Jan, 2009	80.40	63.00	79.50	80.40	63.00	79.50
Feb, 2009	92.10	72.10	79.50	92.10	72.20	79.40
Mar, 2009	93.25	72.65	91.20	93.60	72.70	91.30
Apr, 2009	111.00	90.00	98.10	111.10	90.10	97.90
May, 2009	141.70	101.05	126.35	142.00	100.00	125.95
Jun, 2009	153.50	125.70	140.85	153.40	125.55	140.80
Jul, 2009	171.40	113.65	167.05	171.90	113.65	166.75
Aug, 2009	199.95	167.50	198.70	199.90	167.50	198.70
Sep, 2009	206.95	184.55	197.45	213.80	184.10	197.65

xi. Distribution of Shareholding (as on September 30, 2009):

Category	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 – 5,000	34,007	97.58	13,675,842	13,675,842	4.32
5,001 – 10,000	302	0.87	2,443,367	2,443,367	0.77
10,001 – 20,000	148	0.43	2,185,547	2,185,547	0.69
20,001 – 30,000	95	0.27	2,378,689	2,378,689	0.75
30,001 – 40,000	27	0.08	966,551	966,551	0.31
40,001 – 50,000	29	0.08	1,320,668	1,320,668	0.42
50,001 – 100,000	57	0.16	4,386,477	4,386,477	1.38
100,001 – Above	184	0.53	289,542,859	289,542,859	91.36
Total	34,849	100.00	316,900,000	316,900,000	100.00

xii. Categories of shares as on September 30, 2009:

Category	Shareholding	Percentage
Promoters	109,203,430	34.46
Mutual Funds	44,568,470	14.06
Financial Institutions / Banks	5,840,561	1.84
Foreign Institutional Investors	95,768,400	30.22
Foreign Nationals	1,013,000	0.32
Private Corporate Bodies	11,976,250	3.78
NRIs	4,363,052	1.38
Trusts	13,324,660	4.20
Indian Public	30,842,177	9.74
Total	316,900,000	100.00

xiii. Dematerialization of shares and Liquidity

As on September 30, 2009 7,642,633 equity shares of the Company (2.41% of the total issued capital) were held in physical form and 309,257,367 equity shares (97.59 % of the total issued capital) were held in dematerialised form. Registrar and Transfer Agents are appointed for transfer of shares in dematerialization mode and in physical mode.

xiv. Outstanding GDRs / ADRs / Warrants or any convertible instrument.

18 mn warrants convertible into equity shares of Re. 1/- each at a price of Rs. 114.37 determined in accordance with SEBI Guidelines were issued on September 11, 2008, to the promoters on preferential basis.

All the above warrants are convertible into one equity share of face value of Re.1/- each. Warrant holders have option of conversion of warrants into Equity Shares at any time within a period of 18 months from the date of allotment.

xv. Address for Correspondence

Shareholders correspondence for transfer/ Dematerialization of shares, payment of dividend and any other query should be directed to

Karvy Computershare Pvt. Ltd  
Unit: Shree Renuka Sugars Ltd.  
Plot No. 17-24, Vithalrao Nagar, Madhapur,  
Hyderabad - 500 081  
Tel. No. +91 40 23440627  
Fax No. +91 40 23311968  
e-mail: einward.ris@karvy.com  
  
All other queries on Annual Report should be directed to :  
Shree Renuka Sugars Ltd.  
B C 105, Havelock Road, Cantonment, Belgaum 590001  
Tel No. +91 831 2404000  
Fax No. +91 831 2404961  
E-mail: iyer.dv@renukasugars.com

## Auditors’ Certificate on Corporate Governance

*To the Members of*  
SHREE RENUKA SUGARS LTD.

We have examined the compliance of conditions of Corporate Governance by Shree Renuka Sugars Ltd., for the year ended on September 30, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of

the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ashok Kumar, Prabhashankar & Co.  
*Chartered Accountants*

K. N. Prabhashankar  
*Partner*  
Membership No. 19575

Camp: Mumbai  
Date: January 25, 2010.

## CEO/CFO Certification

We, Narendra M. Murkumbi, Vice Chairman & Managing Director and K. K. Kumbhat, Chief Financial Officer of SHREE RENUKA SUGARS LTD., to the best of our knowledge and belief, hereby certify that: :

A) We have reviewed the Balance Sheet as at September 30, 2009, Profit & Loss Account for the year ended on that date along with all its schedules, notes to accounts and also the cash flow statement for the year and based on our knowledge and information, confirm that:-

- i) these statements do not contain any materially untrue statements or omit to state any material fact or contain statements that might be misleading;
- ii) these statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.

B) Based on our knowledge and information, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

C) We along with Company's other certifying officers accept responsibility for establishing and maintaining internal controls and that we have:-

- i) evaluated the effectiveness of the internal control systems of

the Company; and

- ii) disclosed to the auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We along with Company's other certifying officers, have indicated to the auditors and the Audit Committee of the Company, the following:-

- i) significant changes in internal control during the year;
- ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Narendra M. Murkumbi  
*Vice Chairman & Managing Director*

K. K. Kumbhat  
*Chief Financial Officer*

Place: Mumbai  
Date: November 20, 2009.



Details of the Directors seeking appointment / re-appointment in the forthcoming Annual General meeting (In pursuance of clause 49 of the Listing Agreement)

Name of the Director	Mrs. Vidya M. Murkumbi	Mr. Nandan V. Yagi	Mr. Nitin Puranik	Mr. S K Tuteja	Mr. Robert Taylor	Mr. J J Bhagat	Mr. G.K. Sood
Date of Birth	05-01-1944	15-08-1969	01-02-1959	15-06-1945	09-01-1971	05-08-1947	13-03-1940
Date of Appointment	25-10-1995	24-09-2004	20-04-2007	25-01-2007	09-05-2005	05-08-1999	30-09-2009
Expertise in specific functional Area	She is graduate in chemistry and spent 23 years in trading business. She was initially involved in trading and distribution of various TATA and Parle products, and subsequently she moved in to manufacturing, marketing, agroprocessing, and chemical formulation business. She is the Promoter Director of the Company.	Wide Experience in Marketing, Exports, Customs, Excise, Human Resources, Manufacturing and Trade.	28 years of valuable experience in Production, Quality Control, Commercial, technical, operations, projects, planning, maintenance and managerial fields. He was Ex-Director of Haldia Integrated Development Authority Ltd., as a representative of South Asian Petrochem Ltd.	He belonged to the Indian Administrative Service and retired as Secretary, Food and Public Distribution, Government of India. During his service career spanning over 38 years, he has held several key positions with the State and Central Government. He has over the years, acquired vast experience in finance, commerce, industry, management and company affairs.	He is a director and co-founder of Agrinergy Ltd., UK. He was the head of market research and analysis for Tate and Lyle International for 3 years. He was a market analyst for E D & F Man Sugar for 5 years.	Head of the Sugar Technology Mission Project (STM) set up by the Government of India for the purpose of upgrading technology in the Indian sugar industry. He is a member of the International Society of Sugar Cane Technologists, and also is the Referee on the International Sugar Journal.	He is in the employment of the Company since April, 2008. He was the Chief Executive Officer of Louis Dreyfus Commodities India Private Ltd., the Indian arm of Louis Dreyfus Commodities, a prominent global trading group for 10 years. Prior to that he has held various positions in Ministry of Steel and Mines, Steel Authority of India, Oil & Natural Gas Corporation of India in the areas of marketing, policy formulation and research.
Qualification	B.Sc.	B.E (Electronics)	B.E. - I.I.T., Kharagpur & MMS (Marketing) - Pune University	M COM, CS, Retired IAS officer	MSC in Agricultural Science from Oxford University, UK.	Post Graduation in Sugar Technology from National Sugar Institute, Kanpur.	Masters in Arts degree in Economic Statistics from Delhi School of Economics, and B Com (Hons) from Shri Ram College of Commerce, Delhi
Directorship held in other public companies	1. Shree Renuka Energy Ltd. 2. Ratnaprabha Sugars Ltd. 3. Shree Renuka Infraprojects Ltd. 4. KBK Chem-Engineering Pvt. Ltd. (Subsidiary of Public Ltd. Company) 5. Godavari Biofuel Pvt. Ltd. (Subsidiary of Public Ltd. Company)	1.Shree Renuka Infraprojects Ltd. 2. Shree Renuka Energy Ltd. 3. Ratnaprabha Sugars Ltd. 4. Shree Renuka Agri Ventures Ltd. 5. Godavari Biofuel Pvt. Ltd. (Subsidiary of Public Ltd. Company)	Shree Renuka Agri Ventures Ltd.	1. Swaraj Mazda Ltd. 2. Abhishek Industries Ltd. 3. Shree Renuka Infraprojects Ltd. 4. Adani Logistics Ltd. 5. Sohrab Spinning Ltd. 6. National Bulk Handling Corporation Ltd. 7. Mundra Port & SEZ Ltd. 8. HMT Ltd. 9. Precision Pipes and Profiles Co. Ltd. 10. Indian Energy Exchange Ltd.	NIL	SEDL Ltd.	Shree Renuka Agri Ventures Ltd

Details of the Directors seeking appointment / re-appointment in the forthcoming Annual General meeting (In pursuance of clause 49 of the Listing Agreement)

Name of the Director	Mrs. Vidya M. Murkumbi	Mr. Nandan V. Yalgi	Mr. Nitin Puranik	Mr. S K Tuteja	Mr. Robert Taylor	Mr. J J Bhagat	Mr. G.K. Sood	
				11. Adani Power Ltd. 12. SVIL Mines Ltd. 13. SIDBI Ltd 14. Axis Private Equity Ltd.				
Membership / Chairman of the Committees of the Board of public Companies in which he / she is a Director on September 30, 2009	NIL	NIL	NIL	1. <b>Abhishek Industries Ltd.</b> – Chairman – Audit Committee and Member – Investor’s Grievance. Committee 2. <b>Swaraj Mazda Ltd.</b> Chairman – Audit Committee and Member – Investor’s Grievance. Committee. 3. <b>HMT Limited</b> Chairman – Audit Committee 4. <b>Mundra Port and SEZ Ltd.</b> Member – Audit Committee and Member – Investor’s Grievance. Committee 5. <b>Adani Power Ltd.</b> Chairman – Audit Committee 6. <b>Precision Pipes and Profiles Co. Ltd.</b> Member – Investor’s Grievance. Committee	NIL	NIL	NIL	NIL
Number of shares held in the Company as on September 30, 2009	614,400	440,200	NIL	NIL	NIL	1,135,000	NIL	



# Management Discussion and Analysis

## Operational Details

### Company Performance

Key Operational Parameters Cumulative	2008-09	2007-08
A) Sugar Plant		
Sugarcane Crushed (Tons)	3,519,953	4,623,550
Raw Sugar Processed (Tons)	663,032	72,296
Recovery (weighted average)	10.73%	11.43%
Sugar Produced		
From Cane (Tons)	377,750	523,797
From Raw Sugar (Tons)	637,089	67,845
Total Sugar produced (Tons)	1,014,780	591,641
B) Cogeneration Plant – Munoli & Athani		
Generation of Power (mn Kwh)	373	268
Power Exported (mn Kwh)	232	154
Captive Consumption (mn Kwh)	141	115
C) Ethanol Plant – Munoli & Athani		
Total Spirit Produced (Kilolitres)	77,508	47,020

### Financial figures of the company on Consolidated Basis

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Total Income	7,978	11,111	9,682	21,192	28,225
EBIDTA	873	1,664	1,496	2,663	4,721
PBT	644	1,388	1,066	1,608	2,968
PAT	561	1,205	830	1,339	2,235
EPS	32.76	51.34	33.01	4.31*	7.8*
Net worth	791	2,944	4,417	8,320	15,274
Net block	1,055	1,194	5,623	7,516	14,149

*\*The equity shares of the Company were sub-divided (split) from a face value of Rs. 10 to Re.1 each with effect from April 21, 2008; accordingly the high/low/closing share prices from April to September 2008 are on face value of Re.1 each*

## Key Ratios

Ratios	2004-05	2005-06	2006-07	2007-08	2008-09
Long term debt / equity	0.47	0.87	0.98	0.87	0.62
EBIDTA / Total income	10.94%	14.98%	15.45%	12.57%	16.73%
PBT / Total income	8.07%	12.49%	11.01%	7.59%	10.52%
PAT / Total income	7.03%	10.85%	8.57%	6.32%	7.92%

## Consolidated Annual Results at a glance

- The total income increased by 33% from Rs. 21,192 mn in the year 2007-08 to Rs. 28,225 mn in 2008-09
- Profit before tax (PBT) increased by 85% from Rs. 1,608 mn in the year 2007-08 to Rs. 2,968 mn in 2008-09
- The profit after tax (PAT) increased by 67% from Rs. 1,339 mn in the year 2007-08 to Rs. 2,235 mn in 2008-09

## Standalone Basis

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Total Income	6,415	8,066	7,486	18,151	22,398
EBIDTA	704	1,021	1,209	2,180	3,685
PBT	491	746	780	1,137	2,176
PAT	407	563	544	927	1,435
EPS	23.79	23.98	21.04	2.78*	4.99*
Net worth	637	2,149	3,336	6,383	12,625
Net block	1,055	1,194	5,623	6,912	12,569

*\*The equity shares of the Company were sub-divided (split) from a face value of Rs. 10 to Re.1 each with effect from April 21, 2008; accordingly the high/low/closing share prices from April to September 2008 are on face value of Re.1 each*

## Key Ratios

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Long term debt / equity	0.58	1.16	1.30	1.13	0.72
EBIDTA / Total income	10.98%	12.66%	16.15%	12.01%	16.45%
PBT / Total income	7.65%	9.24%	10.42%	6.26%	9.72%
PAT / Total income	6.35%	6.98%	7.27%	5.11%	6.41%



Segment Performance

The Company's operations are classified into the following segments:

Segment	2007-08	2008-09
Sugar	7,645	18,616
% of total income	38.76%	74.48%
Trading	9,102	1,703
% of total income	46.14%	6.81%
Co-generation	1,838	2,955
% of total income	9.32%	11.82%
Ethanol	1,113	1,686
% of total income	5.64%	6.75%
Others	28	33
% of total income	0.14%	0.13%
Total	19,726	24,993

Financial Review (Standalone)

Revenues:

Our total turnover including total revenues net of excise duty and including other income, for the year ending September 30, 2009 was Rs. 22,398 mn as compared to Rs. 18,151 mn in the year ending September 30th, 2008, which is an increase of 23%.

Our total turnover increased mainly due to increase in the segment sales of Sugar to Rs. 18,616 mn in year ending September 30, 2009 from Rs. 7,645 mn in year ending September 30, 2008, increase in segment sale of power generation to Rs. 2,955 mn from Rs. 1,838 mn, an increase in segment sales of Ethanol to Rs. 1,686 mn in the year ending September 30, 2009 from Rs. 1,113 mn in year ending September 30, 2008.

The segment sales of manufactured sugar increased by 50% from 535,643 MT to 802,485 MT of sugar sold in year ending September 30, 2009 with an average net realisation of Rs. 21,398/- per MT for the year as compared to Rs. 12,916/- per MT last year. The manufactured sugar sales in Q4 2009 increased by 48% from 192,976 in Q4 2008 MT to 285,270 MT of sugar with an average net realisation of Rs. 24,836/- per MT for the quarter as compared to

Rs. 13,511/- per MT for corresponding quarter

Revenue from cogeneration plant was Rs. 1,504 mn, due to increase in export of power to grid by 40% from 166 mn units to 232 mn units. There has been an increase in net realization from Rs. 5.88 to Rs. 6.48 per unit export of power. There was an increase in export of power to grid by 120% from 15 mn units in Q4 2009 to 33 mn units in Q4 2008.

Sales from Ethanol division in the year ending September 30, 2009 have increased by 27% as compared to the year ending September 30, 2008 due to higher sales during the year from 51,115 KL to 65,025 KL with average realisation of Rs. 25,924 in 2009 as compared to Rs. 22,719 in 2008. Sales from Ethanol plant in Q4 2009 have increased by 51% from 11,198 KL to 16,950 KL as compared to the sales for Q4 2008 with average realisation from Rs. 24,111/- to Rs. 30,457/- which is an increase of 26%.

The revenues from renewable segment (Ethanol & Power) as a percentage of manufacturing revenues have decreased from 28% to 20% even though there is an increase in absolute terms from Rs. 2,951 mn in 2008 to Rs. 4,641 mn in 2009 due to increased contribution from sugar segment.

The profit (PBIT) from renewables (Ethanol & Power) has increased from Rs. 1,417 mn in 2008 to Rs. 1,522 mn in 2009 an increase of 7%. Profit from Renewables contributed 46% of the total manufacturing profit.

Production

The cane crushing at all the plants totaled 3,519,953 MT in the year ending September 30, 2009, as compared to 4,623,550 MT in the year ending September 30, 2008. Sugar bagged decreased to 377,750 MT from 523,797 MT, a decrease of 28%. Sugar yield (recovery) per ton of cane from has decreased to 10.73% for 2009 from 11.43% for 2008.

Total sugar produced in the refineries from raw sugar has increased from 67,845 MT to 637,089 MT. Total sugar produced for the year has increased to 1,014,839 MT as compared to 591,642 MT in 2008 which is an increase of 72%.

As on September 30, 2009, we had closing stock of sugar of 390,344 MT including 74,200 MT of imported white sugar and 98,171 MT of raw sugar. Inventory of Ethanol and molasses was 24,591 KL and 88,805 KL respectively.

Expenditure

Our total expenditure excluding provisions for tax, interest & depreciation was Rs. 18,713 mn in year ending September 30, 2009 which is an increase by 17%, as compared to Rs. 15,971 mn in year ending September 30, 2008.

Raw materials

The total consumption of raw materials in year ending September 30, 2009 was Rs. 18,713 mn as compared to Rs. 15,971 mn in year ending September 30, 2008. The increase is on account of increase in cane prices even though there was lower cane crushing.

Interest

As a percentage of total revenues the interest cost has marginally increased to 3.95 % in year ending September 30, 2009 from 3.74 % in year ending September 30, 2008. The interest cost in year ending September 30, 2009 increased to Rs. 884 mn from Rs. 678 mn in year ending September 30,

2008, which is an increase by 30%. This was primarily due to increase in term borrowings for CAPEX programs and increased working capital borrowings for the increased manufacturing activities.

The long term debt outstanding as on September 30, 2009 is Rs. 9,077 mn.

Profit before Tax

Our Profit before Tax in year ending September 30, 2009 was Rs. 2,176 mn as compared to Rs. 1,137 mn in year ending September 30, 2008. This represents an increase of 91%. This increase is due to the changes in various revenue and cost items as discussed above.

Provision for Income Tax

Provision for Income Tax increased to Rs. 741 mn in year ending September 30, 2009 from Rs. 392 mn in year ending September 30, 2008 – an increase of 89%. This is primarily due to increase in taxable income.

Profit after Tax

Our profit after tax in year ending September 30, 2009 was Rs. 1,435 mn as compared to Rs. 927 mn in year ending September 30, 2008. This represents an increase of 55%. This increase is due to the changes in various revenue and cost items as discussed above.

Dividend Payment

The Company has successfully completed its 10th season of sugar manufacturing and to commemorate the same, the Company declared an interim dividend @ 50% i.e. Re. 0.50 per equity share of face value of Re.1/- each for the financial year ending September 30, 2009. Further, the Company has also declared one-time special dividend @ 50% i.e. Re. 0.50 per equity share of face value of Re.1/- each on the equity shares of the Company. Hence the dividend payout ratio has gone up from 7.19% in 2007-08 to 20.03% in 2008-09.

AUDITORS' REPORT

To  
The Members of  
Shree Renuka Sugars Limited

We have audited the Balance Sheet of SHREE RENUKA SUGARS LIMITED as at September 30, 2009, the Profit and Loss Account and Cash Flow Statement for the year ended as on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by The Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on September 30, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at September 30, 2009.
  - ii) in so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date; and
  - iii) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Ashok Kumar, Prabhashankar & Co.  
*Chartered Accountants*

Camp: Mumbai  
Date: November 20, 2009

K. N. Prabhashankar  
*Partner*  
Membership No. 19575



Financial section



## ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 2 of our report of even date

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, all fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. a. As explained to us, inventories have been physically verified by the management at regular intervals.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and is adequate in relation to the size of the Company and nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of the loans, secured or unsecured granted or taken by the company to / from companies, firms or other parties covered in the Register maintained under section 301 of the companies Act, 1956 :
  - a. The company had taken loan from an erstwhile subsidiary company. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs.1,469.20 million and the year end balance is NIL.
  - b. The Company has given loans to eight subsidiary companies. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs.3,264.56 million and the year end balance is Rs.3,263.62 million.
  - c. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions, are not prima facie prejudicial to the interest of the company.
  - d. The principal amount is repayable on demand and there is no repayment schedule. The company is regular in payment and receipt of interest.
  - e. In respect of the said loan, the same is repayable on demand and therefore the question of overdue amount does not arise. In respect of interest there is no over due amount.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us where such transaction is in excess of Rs.5 lakhs, the transaction has been made at prices which is prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder. Hence clause (vi) of the order is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for some products of the company. We have broadly reviewed these records of the company and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of such records.
9. a. According to the records of the Company and as per the information and explanations given to us, the Company does not have any undisputed statutory dues including Provident Fund, Income-tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues which are outstanding for a period in excess of six months as on September 30, 2009. The Company is not having Investor Education and Protection Fund.
- b. According to the information and explanations given to us and as per the records examined by us, there were no disputed amounts due in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess as on September 30, 2009.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
14. The Company is trading in shares, securities and other investments. In our opinion proper records have been maintained of the transactions and contracts entered by the Company and timely entries have been made therein. These investments are held by the Company in its own name.
15. The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the company.
16. The term loans borrowed during the year have been utilised for the purposes for which they were raised.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. a. Consequent to conversion of warrants, the Company has made allotment of shares to companies covered in the register maintained under section 301 of the Companies Act, 1956.
- b. As per the information and explanations given to us the price at which such preferential allotment of shares made is not prejudicial to the interest of the Company.
19. According to the information & explanations given to us during the period covered by our audit report the Company has issued 600 Non convertible redeemable debentures of Rs.10,00,000/- each and has created security in respect of the debentures issued.
20. The company has not raised any money by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For Ashok Kumar, Prabhashankar & Co.  
Chartered Accountants

K. N. Prabhashankar  
Partner

Camp: Mumbai  
Date: November 20, 2009

Membership No. 19575



## BALANCE SHEET as at September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	Schedule No.	30-Sep-09	30-Sep-08
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share capital	1	522.77	506.86
Reserves and surplus	2	12,119.16	5,892.56
		12,641.93	6,399.42
Loan Funds			
Secured loans	3	12,579.88	8,275.84
Unsecured loans	4	415.28	1,597.64
		12,995.16	9,873.48
Deferred Tax Liability	5	861.09	461.16
<b>Total</b>		<b>26,498.18</b>	<b>16,734.06</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	6		
Gross block		14,066.20	7,788.73
Less : Depreciation		1,497.64	877.17
Net block		12,568.56	6,911.56
Capital work-in-progress including capital advances		2,423.13	5,139.51
Investments	7	1,059.88	1,505.67
Current Assets, Loans and Advances			
Inventory	8	10,023.21	1,869.08
Sundry debtors	9	1,042.65	486.40
Cash and bank balances	10	2,102.83	133.86
Other current assets	11	3,930.98	1,123.17
Loans and advances	12	2,769.61	1,723.96
Less: Current Liabilities and Provisions			
Current liabilities	13	8,435.26	1,644.35
Provisions	14	1,004.10	530.93
Net Current Assets		10,429.92	3,161.19
Miscellaneous Expenditure (to the extent not written off or adjusted)	15		
Deferred revenue expenses		16.69	16.13
<b>Total</b>		<b>26,498.18</b>	<b>16,734.06</b>
Significant Accounting Policies	26		
Notes on Accounts	27		

As per our Report of even date  
For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants

K. N. Prabhashankar  
Partner  
Membership No.19575

Place: Mumbai  
Dated: November 20, 2009

For and on behalf of the Board

Vidya M. Murkumbi  
Executive Chairperson

K. K. Kumbhat  
Chief Financial Officer

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

D. V. Iyer  
Company Secretary

## PROFIT & LOSS ACCOUNT for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	Schedule No.	30-Sep-09	30-Sep-08
<b>INCOME</b>			
Revenue (net)	16	22,342.17	18,151.69
Other income	17	55.95	(0.79)
<b>Total</b>		<b>22,398.12</b>	<b>18,150.90</b>
<b>EXPENDITURE</b>			
Raw materials consumed	18	18,369.20	5,360.81
Cost of traded goods	19	1,547.43	8,048.67
(Increase)/Decrease in inventory	20	(3,881.83)	23.59
Personnel expenses	21	459.44	341.27
Operating and administrative expenses	22	1,903.81	1,474.20
Selling and distribution expenses	23	315.03	722.75
Depreciation and amortisation	6	624.64	364.84
Financial expenses	24	883.93	677.76
<b>Profit before tax</b>		<b>2,176.47</b>	<b>1,137.01</b>
Provision for tax			
Current tax		340.43	128.82
Deferred tax		399.93	259.23
Fringe benefit tax		1.00	3.49
<b>Profit after tax and before prior period items</b>		<b>1,435.11</b>	<b>745.47</b>
Prior period items			
Add : Excess provision of depreciation written back		–	182.39
<b>Net Profit</b>		<b>1,435.11</b>	<b>927.86</b>
Balance brought forward from previous year		685.06	326.88
<b>Profit available for appropriation</b>		<b>2,120.17</b>	<b>1,254.74</b>
Dividend on equity shares		–	59.56
Interim dividend on equity shares		316.90	–
Corporate dividend tax		53.86	10.12
Transfer to debenture redemption reserve		120.00	–
Transfer to general reserve		500.00	500.00
<b>Surplus carried to Balance Sheet</b>		<b>1,129.41</b>	<b>685.06</b>
Basic and diluted earnings per share (in rupees) [Nominal value of shares Re.1/- each]	25	4.99	2.78
Significant Accounting Policies	26		
Notes on Accounts	27		

As per our Report of even date  
For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants

K. N. Prabhashankar  
Partner  
Membership No.19575

Place: Mumbai  
Dated: November 20, 2009

For and on behalf of the Board

Vidya M. Murkumbi  
Executive Chairperson

K. K. Kumbhat  
Chief Financial Officer

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

D. V. Iyer  
Company Secretary



## CASH FLOW STATEMENT for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,176.47	1,137.01
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation	624.64	364.84
Financial expenses	883.93	677.76
Purchase tax deferment	155.08	4.57
Loss/(Profit) on sale of fixed assets	(0.61)	0.16
Income from investments	(8.99)	(15.00)
Miscellaneous and prior period expenses (net)	(0.70)	5.01
Operating profit before working capital changes	3,829.82	2,174.35
Changes in operating assets and liabilities:		
Trade receivables	(556.25)	(99.55)
Other receivables	(3,557.42)	(1,043.41)
Inventory	(8,154.13)	(867.39)
Trade and other payables	6,617.82	825.31
Cash generated from operations	(1,820.16)	989.31
Income-tax paid	(305.42)	(156.69)
Net Cash Flow From Operating Activities	(2,125.58)	832.62
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(3,585.26)	(4,533.70)
Proceeds from sale of fixed assets	19.39	0.31
Purchase of investments	445.79	(1,338.06)
Income from investments	8.99	15.00
Net Cash Flow From Investing Activities	(3,111.09)	(5,856.45)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in capital	15.91	196.19
Share premium	5,162.25	1,987.61
Dividend paid	(55.19)	(53.99)
Proceeds from long-term borrowings	3,053.46	3,204.01
Proceeds from short-term borrowings	1,113.67	588.95
Repayment of long-term borrowings	(1,200.53)	(394.03)
Interest paid	(883.93)	(677.76)
Net Cash Flow From Financing Activities	7,205.64	4,850.98
Net increase in cash and cash equivalents	1,968.97	(172.85)
Opening cash and cash equivalents	133.86	306.71
Closing cash and cash equivalents	2,102.83	133.86

As per our Report of even date

For and on behalf of the Board

For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants

K. N. Prabhashankar  
Partner  
Membership No.19575

Vidya M. Murkumbi  
Executive Chairperson

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

Place: Mumbai  
Dated: November 20, 2009

K. K. Kumbhat  
Chief Financial Officer

D. V. Iyer  
Company Secretary

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>1 SHARE CAPITAL</b>		
Authorised		
350,000,000 equity shares of Re.1/- each	350.00	350.00
70,000,000 preference shares of Rs.10/- each	700.00	700.00
	1,050.00	1,050.00
Issued, Subscribed and Paid up		
316,900,000 equity shares of Re.1/- each fully paid	316.90	275.96
(Previous Year 275,963,160 equity shares of Re.1/- each fully paid)		
Equity Warrants :		
i) (Previous year 4,000,000 Warrants convertible into equity share of Re.1 each at a premium of Rs.61.571 per share. The allottees have deposited 10% of the entire value including amount of premium as per the terms of allotment.)	—	25.03
ii) 18,000,000 Warrants convertible into equity share of Re.1 each at a premium of Rs.113.37 per share, having an option to exercise over a period of 18 months, were allotted on 11th September, 2008 on preferential basis to the promoters. The allottee has deposited 10% of the entire value including the amount of premium as per the terms of allotment.	205.87	205.87
	522.77	506.86
i) 4,000,000 Equity Shares of Re.1/- each at a premium of Rs.61.571 per share have been allotted on March 6, 2009 to the promoters on exercise of options available through equity warrants.		
ii) 36,936,840 Equity Shares of Re.1/- each at a premium of Rs.136 per share have been allotted on July 2, 2009 through Qualified Institutions Placement (QIP).		
<b>2 RESERVES AND SURPLUS</b>		
Capital Reserve		
i) Subsidy received towards Co-generation		
As per last balance sheet	18.75	18.75
ii) Others		
As per last balance sheet	0.26	0.26
	19.01	19.01
Capital Redemption Reserve		
As per last balance sheet	8.50	8.50
Share Premium		
As per last balance sheet	3,650.97	1,663.36
Addition during the year	5,162.25	1,987.61
	8,813.22	3,650.97
General Reserve		
As per last balance sheet	1,529.02	1,029.02
Add : Transfer from profit and loss account	500.00	500.00
	2,029.02	1,529.02
Debenture Redemption Reserve		
As per last balance sheet	—	—
Add : Transfer from profit and loss account	120.00	—
	120.00	—
	10,989.75	5,207.50
Surplus in profit and loss account	1,129.41	685.06
	12,119.16	5,892.56



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

*All amounts in million Indian Rupees, unless otherwise stated*

	30-Sep-09	30-Sep-08
<b>3 SECURED LOANS</b>		
600 Redeemable Non-Convertible Debentures (11.95%) of Rs.1,000,000 each (Secured by the first pari passu charge on movable and immovable assets of the company. Redeemable at par on August 3, 2014)	600.00	–
Term loans from banks and financial institutions (Secured by the first pari passu charge on movable and immovable assets of the company)	7,918.95	6,620.72
Term loans from sugar development fund (Secured by the second charge on movable and immovable assets of the company)	536.60	580.10
Cash/ Export credit facilities from banks (Secured by hypothecation of stocks & book debts and the third charge on movable and immovable assets of the company)	3,463.54	1,012.43
Interest accrued but not due	60.79	62.59
	<b>12,579.88</b>	<b>8,275.84</b>

Interest accrued but not due represents interest on certain long-term borrowings, where the payment of interest has also been deferred for a period of time, and is therefore considered to be in the nature of a borrowing and included as a part of secured loans.

Repayment due within one year in respect of term loans aggregate to Rs.561.72 million (Rs.1,209.45 million).

<b>4 UNSECURED LOANS</b>		
Inter corporate deposits from a subsidiary	–	1,334.00
Sugar development fund	21.53	24.97
Deferred purchase tax	393.75	238.67
	<b>415.28</b>	<b>1,597.64</b>

<b>5 DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability		
Depreciation	1,697.91	843.93
Others	1.20	1.20
Gross Deferred Tax Liability	1,699.11	845.13
Deferred Tax Asset		
Deferred interest on SDF loan	17.74	17.74
Others	820.28	366.23
Gross Deferred Tax Asset	838.02	383.97
Net Deferred Tax Liability	861.09	461.16

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

*All amounts in million Indian Rupees, unless otherwise stated*

	01-Oct-08	Additions	Deductions/ Adjustments	30-Sep-09
<b>6 FIXED ASSETS</b>				
Gross Block				
Land-freehold	211.54	35.43	–	246.97
Land-leasehold	125.92	–	–	125.92
Buildings	954.89	1,430.52	–	2,385.41
Plant and machinery	6,302.12	4,783.76	19.34	11,066.54
Furniture and fittings	121.38	37.26	0.26	158.38
Vehicles	72.88	14.67	4.57	82.98
<b>Total</b>	<b>7,788.73</b>	<b>6,301.64</b>	<b>24.17</b>	<b>14,066.20</b>
<i>Previous Year</i>	<b>6,313.65</b>	<b>1,475.73</b>	<b>0.65</b>	<b>7,788.73</b>
Accumulated Depreciation				
Land-freehold	–	–	–	–
Land-leasehold	–	–	–	–
Buildings	92.39	74.41	–	166.80
Plant and machinery	742.34	529.60	3.02	1,268.92
Furniture and fittings	27.76	14.65	0.09	42.32
Vehicles	14.68	7.20	2.28	19.60
<b>Total</b>	<b>877.17</b>	<b>625.86</b>	<b>5.39</b>	<b>1,497.64</b>
Less : Pre-operative Depreciation		1.22		
Depreciation charged to profit and loss		624.64		
<i>Previous Year</i>	<b>690.62</b>	<b>369.05</b>	<b>182.50</b>	<b>877.17</b>
Net Block				
Land-freehold	211.54			246.97
Land-leasehold	125.92			125.92
Buildings	862.50			2,218.61
Plant and machinery	5,559.78			9,797.62
Furniture and fittings	93.62			116.06
Vehicles	58.20			63.38
<b>Total</b>	<b>6,911.56</b>			<b>12,568.56</b>
Capital Work-in-progress	5,139.51			2,423.13
<i>Previous Year</i>	<b>5,623.03</b>			<b>6,911.56</b>

The Capital Work-in-progress includes pre-operative expenses of the projects to the extent of Rs.187.98 million (previous year Rs.720.41 million.)

	30-Sep-09	30-Sep-08
<b>7 INVESTMENTS</b>		
Long Term Investments (At Cost)		
Non -Trade		
<u>Government Securities</u>		
National Saving Certificate	0.02	0.02
<u>Equity shares fully paid-up (Unquoted)</u>		
Esugar India Clearing Corporation Ltd. 5,000 Equity Shares of Rs.10 each	0.05	0.05
Pachhapur Urban Co-op Bank Ltd., Pachhapur 10 Equity Shares of Rs.100 each (Nominal value of Rs.1,000)	0.00	0.00



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>7 INVESTMENTS (Contd...)</b>		
Shree Renuka Infra Projects Ltd. 520,000 Equity Shares of Rs.10 each (Previous year 260,000 Equity Shares of Rs.10 each)	5.20	2.60
Belgaum DCC Bank Ltd., Belgaum 5,000 Equity Shares of Rs.100 each	0.50	0.50
National Commodity & Derivatives Exchange Ltd. 1,500,000 Equity Shares of Rs.10 each	365.00	–
<u>Equity shares fully paid-up (Quoted)</u>		
Sakthi Sugars Ltd. 900,000 Equity Shares of Rs.10 each (Previous year 531,470 Equity Shares of Rs.10 each)	48.31	45.03
Rajshree Sugars & Chemicals Ltd. 761,313 Equity Shares of Rs.10 each (Previous year 1,026,185 Equity Shares of Rs.10 each)	53.80	72.59
Dwarikesh Sugar Industries Ltd. (Previous year 300,000 Equity Shares of Rs.10 each)	–	28.77
Simbhaoli Sugar Mills Ltd. 100,000 Equity Shares of Rs.10 each	3.90	–
<u>Units in mutual fund fully paid-up (Quoted)</u>		
ABN AMRO Mutual Fund (Previous year 16,000,000 Units of Rs.10 each)	–	160.00
<u>In Subsidiary Companies fully paid-up (Unquoted)</u>		
Renuka Commodities DMCC, Dubai. 40 Equity Shares of AED 10,000 each	4.97	4.97
Shree Renuka Biofuels Holdings (FZE), Sharjah. 1 Equity Share of AED 150,000	1.67	1.67
Shree Renuka Energy Ltd. (Previous year 80,494,000 Equity Shares of Rs.10 each)	–	804.94
Shree Renuka Agri Ventures Ltd. 250,000 Equity Shares of Rs.10 each (Previous year 50,000 Equity Shares of Rs.10 each)	2.50	0.50
KBK Chem-Engineering Pvt Ltd. 135,792 Equity Shares of Rs.100 each (Previous year 52,184 Equity Shares of Rs.100 each)	543.42	365.38
Godavari Biofuels Pvt Ltd. 46,000 Equity Shares of Rs.10 each	17.14	17.14
Ratnaprabha Sugars Ltd. 150,000 Equity Shares of Rs.10 each	1.51	1.51
SRSL Ethanol Ltd. 50,000 Equity Shares of Rs.10 each	0.50	–
Gokak Sugars Ltd. 15,349,870 Equity Shares of Rs.10 each	11.39	–
Shree Renuka Global Ventures Ltd., Mauritius. 1 Equity Share of USD 1 (Nominal Value of Rs.48.18)	0.00	–
	1,059.88	1,505.67
Aggregate value of the quoted investments	106.01	306.39
Aggregate value of the un-quoted investments	953.87	1,199.28
Market value of the quoted investments	157.08	276.89

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>8 INVENTORY</b>		
Stores and spares	451.52	455.87
Raw materials and components	2,719.23	362.90
Intermediate product	159.42	105.05
Work-in-progress	87.61	74.04
Finished goods		
Manufactured	4,638.46	837.47
Others	1,966.97	33.75
	10,023.21	1,869.08
<b>9 SUNDRY DEBTORS</b>		
Unsecured		
Debts over six months		
Considered good	41.28	138.23
Considered doubtful	–	–
Others		
Considered good	1,001.37	348.17
	1,042.65	486.40
<b>10 CASH AND BANK BALANCES</b>		
Cash on hand	3.60	4.02
Balances with scheduled banks		
On current accounts	65.59	66.71
On deposit accounts	2,032.19	59.19
Balance with other banks		
On current accounts	1.45	3.94
	2,102.83	133.86
Balances with banks in deposit accounts include amounts that have been provided as margin money or those that have been pledged with government authorities towards guarantees, etc.		
<b>11 OTHER CURRENT ASSETS</b>		
Export incentives accrued	312.98	637.56
Advances to subsidiary companies	3,263.62	270.11
Interest accrued	16.08	4.55
Others	338.30	210.95
	3,930.98	1,123.17
<b>12 LOANS AND ADVANCES</b>		
Unsecured and considered good		
Advances recoverable in cash or kind or for value to be received	521.41	258.87
Balances with customs, excise, etc.	1,016.94	915.31
Deposits	682.33	123.33
Advance income tax	548.93	426.45
	2,769.61	1,723.96



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>13   CURRENT LIABILITIES</b>		
Sundry creditors		
Micro, small and medium enterprises (to the extent identified with available information)	1.37	2.80
Others	7,604.21	638.60
Advance from customers	136.49	325.14
Sundry deposits	–	281.14
Interest accrued but not due on loans	156.99	116.53
Other liabilities	536.20	280.14
	<b>8,435.26</b>	<b>1,644.35</b>
<b>14   PROVISIONS</b>		
Provision for taxation	615.53	447.06
Provision for gratuity	–	6.11
Provision for leave encashment	10.16	4.79
Provision for fringe benefit tax	7.65	8.40
Provision for dividend on equity shares	–	55.19
Provision for interim dividend on equity shares	316.90	–
Provision for corporate dividend tax	53.86	9.38
	<b>1,004.10</b>	<b>530.93</b>
<b>15   MISCELLANEOUS EXPENDITURE</b>		
Expenditure towards voluntary retirement scheme	–	0.01
Deferred revenue expenditure to the extent not written off	12.29	16.12
Debenture issue expenditure to the extent not written off	4.40	–
	<b>16.69</b>	<b>16.13</b>
<b>16   REVENUE</b>		
Sale of manufactured sugar	17,696.40	6,447.00
Sale of traded sugar and ethanol	1,702.99	9,102.43
Sale of power	2,955.01	1,837.76
Sale of ethanol and allied products	1,773.08	1,238.50
Stock transfer for trial run	–	664.23
Sale of by-products and others	1,730.15	911.72
	<b>25,857.63</b>	<b>20,201.64</b>
Less : Excise duty	864.26	475.95
intersegmental sales	2,651.20	1,574.00
	<b>22,342.17</b>	<b>18,151.69</b>
<b>17   OTHER INCOME</b>		
Dividend	44.53	17.80
Profit on sale of investments	8.99	–
Profit on sale of assets	0.62	–
Others	1.81	(18.59)
	<b>55.95</b>	<b>(0.79)</b>

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>18   RAW MATERIALS CONSUMED</b>		
Opening stock as on October 01, 2008	362.90	192.61
Add : Stock transfer for trial run	70.73	–
Add : Purchases and related expenses	21,854.88	6,261.92
Less : intersegmental purchases	1,200.10	730.82
	<b>21,088.41</b>	<b>5,723.71</b>
Less: Closing stock as on September 30, 2009	2,719.21	362.90
	<b>18,369.20</b>	<b>5,360.81</b>
<b>19   COST OF TRADED GOODS</b>		
Opening stock as on October 01, 2008	33.75	63.60
Add : Purchases	3,480.65	8,018.82
	<b>3,514.40</b>	<b>8,082.42</b>
Less: Closing stock as on September 30, 2009	1,966.97	33.75
	<b>1,547.43</b>	<b>8,048.67</b>
<b>20   (INCREASE)/DECREASE IN INVENTORY</b>		
Opening stock as on October 01, 2008		
Work-in-progress	49.14	–
Finished goods and intermediate products	467.50	540.23
Trial run stock of finished goods and intermediate products	429.19	–
	<b>A 945.83</b>	<b>540.23</b>
Less: Closing stock as on September 30, 2009		
Work-in-progress	74.91	49.14
Finished goods and intermediate products	4,752.75	467.50
	<b>B 4,827.66</b>	<b>516.64</b>
	<b>(A - B) (3,881.83)</b>	<b>23.59</b>
<b>21   PERSONNEL EXPENSES</b>		
Salaries, wages and bonus	409.76	301.41
Contribution to provident fund and others	30.86	25.22
Contribution to gratuity	9.33	9.80
Contribution to leave encashment	9.49	4.84
	<b>459.44</b>	<b>341.27</b>



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>22 OPERATING AND ADMINISTRATIVE EXPENSES</b>		
A. Manufacturing expenses		
Consumption of stores and spares	260.34	270.90
Processing charges	405.28	229.00
Packing material	301.33	192.80
Power and fuel	1,764.16	1,016.18
Lease rentals	130.45	155.71
Repairs and maintenance		
Plant and machinery	73.09	125.64
Buildings	18.38	4.74
Others	36.11	20.96
Less : intersegmental expenses	(1,451.10)	(843.18)
A	1,538.04	1,172.75
B. Administrative expenses		
Rent, rates and taxes	55.46	28.32
Insurance	21.53	22.15
Travelling and conveyance	49.00	41.10
Printing and stationery	7.73	7.07
Communication expenses	20.04	15.11
Legal and professional fees	31.71	43.86
Remuneration to directors		
Remuneration	10.74	9.00
Commission	44.22	23.26
Director's sitting fees	1.25	0.71
Auditor's remuneration	2.20	1.30
Donations and contributions	4.52	5.54
Loss on sale of fixed assets	–	0.16
Loss on sale of investments	–	2.80
Research and development	9.69	14.73
Others	107.68	86.34
B	365.77	301.45
(A + B)	1,903.81	1,474.20

**23 SELLING AND DISTRIBUTION EXPENSES**

Freight and forwarding charges	217.35	599.86
Advertising and sales promotion	6.58	6.51
Warehousing expenses	43.05	38.19
Brokerage and discounts	21.98	67.58
Commission and market development expenses	26.07	10.61
	315.03	722.75

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>24 FINANCIAL EXPENSES</b>		
Interest		
on term loans	393.04	265.32
on working capital	373.54	339.99
others	67.82	31.10
Bank charges	49.53	41.35
	883.93	677.76

**25 EARNINGS PER SHARE**

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

Reconciliation of earnings		
Profit for the year ended September	1,435.11	745.47
Net profit attributable to equity shareholders	1,435.11	745.47
Reconciliation of number of shares	Shares	Shares
Shares outstanding at the beginning of the period	275,963,160	248,096,490
Shares outstanding at the end of the period	316,900,000	275,963,160
Weighted average number of equity shares	287,462,482	268,498,679
Basic and Diluted Earnings Per Share (in rupees)	4.99	2.78
[Nominal value of shares Re.1/- each]		

**26 SIGNIFICANT ACCOUNTING POLICIES**

All amounts in million Indian Rupees, unless otherwise stated

**a. Basis of presentation**

The accompanying financial statements have been presented for the year ended September 30, 2009 along with comparative information for the year ended September 30, 2008. The accompanying financial statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with accounting principles generally accepted in India ("Indian GAAP"). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except as stated hereunder.

**b. Use of estimates**

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period, the actual results could differ from those estimates.

**c. Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Expenditure incurred during construction period has been added to the cost of the assets. These expenses have been allocated to the sugar, power generation and ethanol units on a reasonable basis.



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended September 30, 2009**
**26 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

- d. **Borrowing costs**  
Financing cost incurred up to the date of completion of construction or installation of qualifying assets, on funds borrowed are capitalised as a part of the cost of the asset.
- e. **Depreciation**  
Depreciation is provided at the rates and in the manner prescribed in Schedule XIV of the Indian Companies Act, 1956. The sugar manufacturing units, the distillery, the cogeneration and the bio-fertiliser units are depreciated using the straight line method. As per estimates of the management, these rates are representative of the economic useful life of these assets. No depreciation is provided on assets held for sale.
- f. **Leases**  
Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. In case of long term leases, the expenditure to the profit and loss account is recognised on the basis of equated lease rentals arrived at by allocating the total outflow of lease rentals on the entire contractual period over the period of the lease.
- g. **Investments**  
Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value/market value, determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Profit/loss on sale of investments is computed with reference to their average cost.
- h. **Inventories**  
Inventories are valued as follows:  
**Raw materials, stores and spares and packing materials**  
Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out ('FIFO') basis.  
**Finished goods**  
Lower of cost or net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods excludes excise duty.  
**Work-in-process**  
Lower of cost upto estimated stage of process or net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.  
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.  
**By products**  
By products are valued at cost. Inter-unit transfers of by products also include the cost of transportation, duties, etc.  
**Inter-segment**  
The inter-segment transfers of inventories are valued at cost.
- i. **Revenue recognition**  
Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales returns.  
Revenue from sale of power is recognised when the units generated are transmitted to the pooling station, in accordance with

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended September 30, 2009**
**26 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

- the terms and conditions of the power purchase agreement entered into by the Company with the purchasing parties.
- j. **Foreign currency transactions**  
**Initial Recognition**  
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.  
**Conversion**  
Foreign currency monetary items are reported using the closing rate at the date of the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and investments in foreign companies are recorded at the exchange rates prevailing on the date of making the investments.  
**Exchange Differences**  
Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise, except for loans denominated in foreign currencies utilised for acquisition of fixed assets until the date of capitalisation where the exchange gains/losses are adjusted to the cost of such assets.  
**Forward Exchange Contracts not intended for trading or speculation purposes**  
The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.
- k. **Retirement benefits**  
Contributions in respect of provident fund and gratuity are made to the appropriate authorities/trust set up by the Company for the purpose and charged to profit and loss account. Provisions for liabilities in respect of leave encashment benefits are made based on actuarial valuation made by an independent actuary as at the balance sheet date.
- l. **Income tax**  
Tax expenses comprise both current and deferred taxes.  
Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- m. **Miscellaneous expenditure**  
Preliminary expenses are written-off over a period of five years from the year of commencement of commercial production.  
Deferred revenue expenditure comprising of Voluntary Retirement Scheme expenses are written-off over a period of five years and expenses incurred on the leased units before the starting of operation are treated as deferred revenue expenses and written off over the lease period.
- n. **Government grants**  
Government grants in the nature of promoter's contribution are credited to capital reserve and treated as a part of Shareholders' funds.
- o. **Financial derivatives and commodity futures**  
Transactions in financial derivatives and commodity futures are accounted based on the mode of final settlement.



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

**26 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

Transactions, which are ultimately settled net, without taking delivery, are recorded net with the gains/losses being recognised as income/expenses in the financial statements. Transactions, which stipulate physical delivery of the goods and where the company intends to take delivery, are recorded at gross, as purchases and sales as a part of the company's sugar manufacturing activities.

**p. Provisions, contingent liabilities and contingent assets**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event
- A probable outflow of resources is expected to settle the obligation and
- The amount of the obligation can be easily estimated.

Contingent Liability is disclosed in the case of

- A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- A possible obligation, unless the probability of outflow of resources is remote.

Depending on facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are disclosed as contingent liabilities. In respect of statutory matters, contingent liabilities are disclosed only for those demand(s) that are contested by the Company.

Contingent Assets are neither recognised nor disclosed.

**q. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**r. Segment reporting**

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company, with the following additional policies for segment reporting:

- i) Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market led.
- ii) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- iii) Gains/losses from transactions in commodity futures, which are ultimately settled net, with/without taking delivery, are recorded as 'Other revenues' under the Sugar segment.
- iv) Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

**s. Impairment of assets**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine,

- a. The provision for impairment loss, if any, required or
- b. The reversal, if any, required of impairment loss recognised in previous periods.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

**27 NOTES TO THE FINANCIAL STATEMENTS**

*All amounts in million Indian Rupees, unless otherwise stated*

**i. Excise Duty on Finished Goods**

Excise duty is generally provided on manufacture of goods, which are not exempt from the payment of duty. However, since the Company's finished goods are not segregated at the time of production into those for sale in domestic markets and those for sale in export markets, the Company is unable to determine the exact liability towards excise duty on finished goods. Accordingly, excise duty is provided/paid only at the time of clearance of the goods from the factory.

**ii. Leases**

The Company has entered into various operating leases for office, residential and factory premises. These are generally short-term leases and cancelable by serving adequate notice. The minimum amount of lease rentals payable on non-cancelable leases is as follows:

- Within a period of one year – Rs.55.5 million (Previous year Rs.150 million)
- Period from one year to five years – Rs.97.53 million (Previous year Rs.385 million)

**iii. Outstanding Commitments**

As at September 30, 2009, the Company had the following outstanding commitments:

- Bank Guarantees outstanding – Rs.246 million (Previous year Rs.693 million)
- Corporate Guarantees outstanding Rs.1,981 million (Previous year Rs.898 million)
- Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for – Rs.1,909 million (Previous year Rs.445 million)

**iv. Balances appearing under the head sundry creditors, sundry debtors, loans and advances and secured loans are subject to confirmation, adjustments, if any, on the receipt/reconciliation of such accounts.**

**v. In terms of accounting standard AS 28 on impairment of assets there was no impairment indicators exist as of reporting date as per the internal management estimates done and hence no impairment charge is recognised during the year under review.**

**vi. List of Small Scale Industrial undertakings to whom the company is due to the extent such parties that have been identified from available information as at September 30, 2009**

1. Jain Engineers, Belgaum
2. Inteltech Engineers, Belgaum
3. Spechem Industries Pvt. Ltd., Chennai
4. Ceramic Products Ltd., Khanapur
5. Patil Thermoplastics, Palus
6. R K enterprises, Kolhapur
7. Satish Steel Works, Jalandhar
8. Yashaswi Engineers, Belgaum
9. Techno Trade Links, Belgaum
10. Vidyut Pumps & Allied Products, Shinolli
11. M G Industries, Kolhapur
12. M P Fabricators, Belgaum
13. Shri Yash Enterprises, Belgaum
14. Group Engineers, Sangli
15. Shantaram Machineries Pvt. Ltd., Kolhapur



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

**27 | NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

vii. Additional information pursuant to Paragraphs 3 and 4 of Part-II of Schedule VI to the Companies Act, 1956

**A. Installed Capacities**
**I. Manufacturing :**

Plants	Owned/ Leased	Crushing Capacity	
		Installed (TCD)	Sugar Production * (MT)
Munoli	Owned	7,500	107,830
Ajara	Leased	2,500	28,719
Arag	Leased	4,000	40,330
Athani	Owned	8,000	116,000
Havalga	Owned	8,000	53,506
Balaghat	Leased	2,500	2,015
Raibag	Leased	2,500	1,916
Bambwade	Contract	–	26,814

\* includes Raw Sugar Production

**II. Refining :**

Plants	Owned/ Leased	Processing capacity	
		Installed (TPD)	Refined Sugar Production (MT)
Munoli	Owned	1,000	90,668
Athani	Owned	1,000	125,625
Haldia	Owned	2,000	407,669

**B. Turnover**

Particulars	30.09.2009			30.09.2008		
	Qty	Unit	Amount in Million	Qty	Unit	Amount in Million
1. Manufacturing						
Sugar	802,485	MT	17,696	479,645	MT	6,447
Ethanol	65,025	K Ltr	1,773	51,115	K Ltr	1,238
Power	232	Mn Kwh	1,504	153	Mn Kwh	995
Stock transfer for trial run		MT		55,999	MT	664
Others			531			182
2. Trading						
White / Raw Sugar	87,385	MT	1,611	738,450	MT	9,102
Alcohol Trading	3,800	MT	92			
Gross Turnover			23,207			18,628
Less : Excise duty			865			476
Net Turnover			22,342			18,152

**PROFIT & LOSS ACCOUNT** for the year ended September 30, 2009

**27 | NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**
**C. Captive consumption of power and steam**

Particulars	30.09.2009			30.09.2008		
	Qty	Unit	Amount in Million	Qty	Unit	Amount in Million
1. Power						
Captive consumption						
Sugar plant	86	Mn Kwh	483	75	Mn Kwh	319
Distillery plant	19		108	13		54
2. Steam						
Captive consumption						
Sugar plant	2,102,092	MT	722	1,397,545	MT	376
Distillery plant	237,138	MT	138	174,883	MT	94

**D. Raw materials consumed**

Particulars	30.09.2009			30.09.2008		
	Qty	Unit	Amount in Million	Qty	Unit	Amount in Million
Sugarcane	3,365,805	MT	6,232	4,623,550	MT	5,073
Raw Sugar	640,781	MT	10,827	8,893	MT	93
Bagasse	769,699	MT	850	958,932	MT	641
Coal	275,659	MT	696	–	MT	–
Molasses	217,007	MT	693	166,817	MT	285
Denatured Spirit	12,437	MT	240			
Others			31			
			19,569			6,092
Less: intersegmental			1,200			731
			18,369			5,361

**viii. Consumption of Raw Material, Stores and Spares**

	2008-09		2007-08	
	(Rs. in million)	% of total Consumption	(Rs. in million)	% of total Consumption
Raw material				
Imported	11,164	61	6	–
Domestic	7,205	39	5,355	100
Total	18,369	100	5,361	100
Stores & Spares				
Imported	13	5	4	1
Domestic	247	95	267	99
Total	260	100	271	100



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

**27 | NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

ix. Expenditure in Foreign Currency		(Rs. in million)	
	2008-09	2007-08	
a) Raw materials	11,164	–	
b) Interest	534	–	
c) Travelling expenses	3	3	
d) Others	22	57	
<b>Total</b>	<b>11,723</b>	<b>60</b>	
x. Dividends remitted in Foreign Currency			
Dividends remitted in Foreign Currency	0.79	0.59	
Year to which dividend relates	2007-08	2006-07	
Number of non-resident shareholders	3	2	
Number of shares held by them	3,955,000	295,500	
Face value of the share	Re.1	Rs.10	
xi. Earnings in Foreign Currency			
Exports	1,525	10,971	
xii. Auditors Remuneration			
Audit Fee	2.00	1.00	
Tax audit services	0.20	0.30	
Reimbursement of expenses	0.39	0.24	
xiii. Managerial Remuneration			
1. Executive director's remuneration			
Salary	8.15	9.06	
Ex-gratia	0.33	0.41	
Commission	44.22	23.26	
Contribution to provident fund	0.97	0.86	
Others including perquisites	2.26	3.50	
2. Director's sitting fees	1.25	0.71	
Computation of managerial commission			
Profit before tax & managerial commission	2,221	1,160	
Less : Profit on sale of assets	1	Nil	
Add: Loss on sale of assets	Nil	–	
Less : Profit on sale of investments	9	Nil	
Add : Loss on sale of investments	–	3	
Net Profit as per Section 198 of the Companies Act, 1956	2,211	1,163	
Maximum Permissible remuneration to whole time directors	10%	10%	
Restricted to 2% as per service contracts	44.22	23.26	

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

**27 | NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

xiv. Details of balances with Non Scheduled Banks			(Rs. in million)	
Name of the Bank	Balance 30-Sep-09	Maximum Balance	Balance 30-Sep-08	Maximum Balance
The Belgaum District Central Co-op Bank Ltd.	0.76	46.95	1.33	59.30
The Bagalkot District Central Co-op Bank Ltd.	–	0.02	0.02	0.22
Bijapur Grameena Bank	–	–	0.01	0.23
Kanakadas Urban Co-op Society Ltd.	0.00	0.07	0.07	0.07
Kolhapur District Central Co-op Bank Ltd.	0.27	189.22	0.25	73.03
Krishna Grameena Bank	–	–	0.59	56.45
Karnataka Vikas Grameena Bank	–	–	1.35	125.14
Latur District Co-op Bank	0.01	12.86	0.25	19.59
Raddi Sahakar Bank Niyamit	0.02	0.02	0.02	0.02
Sangli District Co-op Credit Bank	0.39	7.75	0.05	8.90
The Mudalgi Co-op Bank Ltd.	–	0.00	–	0.06
The Yargatti Urban Co-op Credit Bank Ltd.	0.00	0.00	–	–
Total	1.45	256.89	3.94	343.01

These bank accounts are used to make Cane payments to the farmers.

**xv. Related Party Disclosures**
**Related parties**
**a) Subsidiary Companies**

- Renuka Commodities DMCC, Dubai.
- Shree Renuka Southern Africa Holdings (FZC), Sharjah.
- Shree Renuka Biofuels Holdings (FZE), Sharjah.
- Shree Renuka Agri Ventures Limited.
- KBK Chem Engineering Private Limited.
- Godavari Biofuels Private Limited.
- Ratnaprabha Sugars Limited.
- Gokak Sugars Limited.
- SRLS Ethanol Limited.
- Shree Renuka Global Ventures Limited, Mauritius

**b) Associate Companies**

- Shree Renuka Infra Projects Limited.
- Khandepar Investments Private Limited.
- Murkumbi Investments Private Limited.

**c) Key Managerial Persons**

- Mrs. Vidya Murkumbi
- Mr. Narendra Murkumbi
- Mr. S.M. Kaluti
- Mr. Nandan Yalgi
- Mr. Nitin Puranik
- Mr. G.K. Sood



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended September 30, 2009**
**27 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

a) Transactions with related parties		(Rs. in million)	
		2008-09	2007-08
i) Renuka Commodities DMCC, Dubai.			
1 Nature of transaction	Advances Paid		Advances Paid
Volume of transactions during the year		1,947.86	3.02
Outstanding as at the end of the year		1,947.86	2.87
2 Nature of transaction	Interest Received		Interest Received
Volume of transactions during the year		94.62	—
Outstanding as at the end of the year		Nil	—
ii) Renuka Bio-fuels Holdings FZE, Sharjah.			
1 Nature of transaction	Advances Paid		Advances Paid
Volume of transactions during the year		0.01	3.28
Outstanding as at the end of the year		1.13	1.12
iii) Shree Renuka Agri Ventures Ltd.			
1 Nature of transaction	Investments		Investments
Volume of transactions during the year		2.00	0.50
Investment in subsidiary		2.50	0.50
2 Nature of transaction	Advance Paid		Advance Paid
Volume of transactions during the year		49.04	1.00
Outstanding as at the end of the year		50.04	1.00
iv) KBK Chem Engineering Pvt. Ltd.			
1 Nature of transaction	Investments		Investments
Volume of transactions during the year		160.03	204.98
Investment in subsidiary		543.42	365.38
2 Nature of transaction	Purchase		Purchase
Volume of transactions during the year		328.75	599.31
Outstanding as at the end of the year		26.10	118.23
Purchase of Plant & Machinery		328.75	369.68
v) Godavari Biofuels Pvt. Ltd.			
1 Nature of transaction	Investments		Investments
Volume of transactions during the year		Nil	Nil
Investment in subsidiary		17.14	17.14
2 Nature of transaction	Advance Paid		Advance Paid
Volume of transactions during the year		0.02	—
Outstanding as at the end of the year		0.02	—
vi) Ratnaprabha Sugars Ltd.			
1 Nature of transaction	Investments		Investments
Volume of transactions during the year		Nil	Nil
Investment in subsidiary		1.50	1.50
2 Nature of transaction	Purchase, sale & Advance Paid		Purchase, sale & Advance Paid
Volume of transactions during the year		131.81	239.43
Outstanding as at the end of the year		417.98	267.99
Purchase		1.89	—
Sales		20.07	—

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended September 30, 2009**
**27 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

		(Rs. in million)	
		2008-09	2007-08
vii) Gokak Sugars Ltd.			
1 Nature of transaction	Investments		Investments
Volume of transactions during the year		11.39	—
Investment in subsidiary		11.39	—
2 Nature of transaction	Purchase, sale & Advance Paid		Purchase, sale & Advance Paid
Volume of transactions during the year		817.26	—
Outstanding as at the end of the year		808.78	—
Purchase of Molasses & others		20.45	—
Sales & Others		30.80	—
3 Nature of transaction	Interest Received		Interest Received
Volume of transactions during the year		44.65	—
Outstanding as at the end of the year		32.68	—
viii) SRSL Ethanol Ltd.			
1 Nature of transaction	Investments		Investments
Volume of transactions during the year		0.50	—
Investment in Subsidiary		0.50	—
2 Nature of transaction	Advance Paid		Advance Paid
Volume of transactions during the year		0.31	—
Outstanding as at the end of the year		0.31	—
ix) Shree Renuka Global Ventures Ltd., Mauritius.			
1 Nature of transaction	Investments		Investments
Volume of transactions during the year		0.00*	—
Outstanding as at the end of the year		0.00*	—
*(Nominal value of Rs.48.18)			
2 Nature of transaction	Advance Paid		Advance Paid
Volume of transactions during the year		4.80	—
Outstanding as at the end of the year		4.80	—
x) Shree Renuka Energy Ltd.			
1 Nature of transaction	Investments		Investments
Volume of transactions during the year		Nil	804.94
Investment in subsidiary		Nil**	804.94
** Disposed off during the year.			
2 Nature of transaction	Interest Paid		Interest Paid
Volume of transactions during the year		56.42	31.10
Outstanding as at the end of the year		Nil	15.40
3 Nature of transaction	Inter-Corporate Deposit		Inter-Corporate Deposit
Volume of transactions during the year		2,141.69	1,560.00
Outstanding as at the end of the year		Nil	1,334.00
Inter-Corporate Deposit		Nil	1,334.00
4 Nature of transaction	Purchase		Purchase
Volume of transactions during the year		879.75	—
Outstanding as at the end of the year		Nil	—
Purchase of Project & others		879.75	—



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

**27 | NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

## b) Transactions with associate companies:

*(Rs. in million)*

	2008-09	2007-08
i. Shree Renuka Infraprojects Ltd.		
1 Nature of transaction	Investments	Investments
Volume of transactions during the year	2.60	2.60
Investment in associate company	5.20	2.60
2 Nature of transaction	Advance Paid	Advance Paid
Volume of transactions during the year	0.03	—
Outstanding as at the end of the year	0.03	—
ii Khandepar Investments Pvt. Ltd.		
1. Nature of transaction	Sale of Shares	Sale of Shares
Volume of transactions during the year	564.94	—
Outstanding as at the end of the year	Nil	—
iii Murkumbi Investments Pvt. Ltd.		
1. Nature of transaction	Sale of Shares	Sale of Shares
Volume of transactions during the year	240.00	—
Outstanding as at the end of the year	Nil	—

## c) Transactions with key management personnel

	2008-09	2007-08
Remuneration including contributions to PF	55.94	37.09
Outstanding remuneration payable	0.97	1.08
Outstanding Commission payable	44.22	23.26
Outstanding Ex-gratia Payable	0.33	0.41
Nature of transaction	Rent Paid	Rent Paid
Volume of transactions during the year	1.98	1.72
Outstanding as at the end of the year	Nil	Nil

## xvi. During the year, units of the following mutual funds were purchased and switched/re-deemed

Particulars of Investments	Purchased during the year		Switched/re-deemed during the year	
	No. of Units	Amount (Rs. million)	No. of Units	Amount (Rs. million)
ICICI Prudential Institutional Liquid Plan	309,934,914	3,100.00	309,934,914	3,100.34
ICICI Prudential Flexible Income Plan Collection	293,218,417	3,100.34	293,218,417	3,121.38
Birla Sun Life Savings Fund Instl. Daily Dividend	61,879,335	620.00	61,879,335	624.97
Sundaram Flexible Fund ST Instl. Daily Dividend	9,948,368	100.00	9,948,368	100.62
Sundaram Ultra ST Fund Super Instl. Daily Dividend Reinv.	29,892,765	300.00	29,892,765	301.72
Reliance Medium Term Fund Daily Dividend Plan	36,266,854	620.00	36,266,854	624.78
	741,140,653	7,840.34	741,140,653	7,873.81

## xvii. Subsequent events after the Balance Sheet date

The company has floated subsidiary in Brazil by name & style Shree Renuka Partipacoes Ltd. through Shree Renuka Global Ventures Ltd., Mauritius as Holding Company on September 18, 2009. Through the Brazilian subsidiary an agreement has been entered into to acquire 100% stake in VALE DO IVAI S.A. ACUCAR E ALCOOL ("VDI"). The acquired company has got a

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended September 30, 2009

**27 | NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

crushing capacity of 3.1 million tones with 18,000 hectares of land on long lease for cultivation. It also has logistics assets including a share in terminals for storage, loading of sugar and ethanol at port. The value of the enterprise is USD 240 million with an acquisition cost of 100 % equity around 82 million USD and the balance to be repaid as debt in eight years.

## xviii. Previous year's figures

Previous year's figures have been regrouped/rearranged wherever considered necessary.

## xix. Segment Reporting for the year ended 30.09.2009

*(Rs. in million)*

Particulars	SUGAR		TRADING		CO-GENERATION		ETHANOL		OTHERS		ELIMINATIONS		TOTAL	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
REVENUE														
External sales	17,415.79	6,914.23	1,702.99	9,102.43	1,504.25	994.64	1,685.73	1,112.50	33.41	27.89	—	—	22,342.17	18,151.69
Inter-segment sales	1,200.10	730.82	—	—	1,451.10	843.18	—	—	—	—	(2,651.20)	(1,574.00)	—	—
Total Revenue	18,615.89	7,645.05	1,702.99	9,102.43	2,955.35	1,837.82	1,685.73	1,112.50	33.41	27.89	(2,651.20)	(1,574.00)	22,342.17	18,151.69
Results	1,793.64	412.06	150.16	357.50	1,062.17	932.88	459.79	484.60	6.30	11.55	—	—	3,472.06	2,198.59
Unallocated corporate expenses													467.61	383.03
Operating profit													3,004.45	1,815.56
Interest expenses													883.93	677.76
Other income													55.95	(0.79)
Profit from ordinary activities													2,176.47	1,137.01
Extra-ordinary items													—	—
Net Profit													2,176.47	1,137.01
OTHER INFORMATION														
Segment assets	20,723.58	9,255.54	2,046.78	33.75	4,614.30	2,550.60	3,235.29	1,716.70	22.89	21.87	—	—	30,642.84	13,578.46
Unallocated corporate assets													5,294.70	5,330.88
Total Assets	20,723.58	9,255.54	2,046.78	33.75	4,614.30	2,550.60	3,235.29	1,716.70	22.89	21.87	—	—	35,937.54	18,909.34
Segment liabilities	6,325.71	2,982.42	1,705.83	—	266.80	53.51	46.86	—	—	—	—	—	8,345.20	3,035.93
Unallocated corporate liabilities													27,592.34	15,873.41
Total Liabilities	6,325.71	2,982.42	1,705.83	—	266.80	53.51	46.86	—	—	—	—	—	35,937.54	18,909.34
Capital expenditure	8,717.95	7,452.69	—	—	4,630.38	1,974.81	2,112.76	1,365.79	9.28	7.78	—	—	15,470.37	10,801.07
Unallocated corporate capital expenditure													1,018.96	2,127.17
Total Capital Expenditure	8,717.95	7,452.69	—	—	4,630.38	1,974.81	2,112.76	1,365.79	9.28	7.78	—	—	16,489.33	12,928.24
Depreciation	883.33	521.70	—	—	395.86	224.92	154.64	86.69	1.92	1.44	—	—	1,435.75	834.75
Unallocated corporate depreciation													61.89	42.42
Total Depreciation	883.33	521.70	—	—	395.86	224.92	154.64	86.69	1.92	1.44	—	—	1,497.64	877.17



**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS for the year ended September 30, 2009**
**27 NOTES TO THE FINANCIAL STATEMENTS**
**XX. Balance Sheet Abstract and Company's General Business Profile**

The Companies Act, (1 of 1956) SCHEDULE VI PART IV

**I. Registration Details**

Registration No. 

1	9	0	4	6
---	---	---	---	---

 State Code 

0	8
---	---

  
Balance Sheet Date 

3	0	0	9	2	0	0	9
---	---	---	---	---	---	---	---

 (Refer Code List)

**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Rights Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

  
Bonus Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Private Placements 

					4	0	9	3	7
--	--	--	--	--	---	---	---	---	---

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities 

		2	6	4	9	8	1	8	0
--	--	---	---	---	---	---	---	---	---

 Total Assets 

		2	6	4	9	8	1	8	0
--	--	---	---	---	---	---	---	---	---

  
Sources of Funds Reserves and Surplus  
Paid-up Capital 

				5	2	2	7	7	0
--	--	--	--	---	---	---	---	---	---

		1	2	1	1	9	1	6	0
--	--	---	---	---	---	---	---	---	---

  
Secured Loans 

		1	2	5	7	9	8	8	0
--	--	---	---	---	---	---	---	---	---

 Unsecured Loans 

				4	1	5	2	8	0
--	--	--	--	---	---	---	---	---	---

  
Deferred Tax Liability 

				8	6	1	0	9	0
--	--	--	--	---	---	---	---	---	---

 Investments 

				1	0	5	9	8	0
--	--	--	--	---	---	---	---	---	---

  
Application of funds Misc. Expenditure  
Net Fixed Assets 

		1	4	9	9	1	6	9	0
--	--	---	---	---	---	---	---	---	---

					1	6	6	9	0
--	--	--	--	--	---	---	---	---	---

  
Net Current Assets 

		1	0	4	2	9	9	2	0
--	--	---	---	---	---	---	---	---	---

  
Accumulated Losses 

						N	I	L
--	--	--	--	--	--	---	---	---

**IV. Performance of Company (Amount in Rs. Thousands)**

Total Income 

		2	2	3	9	8	1	2	0
--	--	---	---	---	---	---	---	---	---

 Total Expenditure 

		2	0	2	2	1	6	5	0
--	--	---	---	---	---	---	---	---	---

  
+ - Profit / Loss Before Tax + - Profit / Loss After Tax  

+	2	1	7	6	4	7	0
---	---	---	---	---	---	---	---

+	1	4	3	5	1	1	0
---	---	---	---	---	---	---	---

  
Earning Per Share in Rs. Dividend @ %  

				4	.	9	9
--	--	--	--	---	---	---	---

						1	0	0	%
--	--	--	--	--	--	---	---	---	---

**V. Generic names of three principal products/services of Company (as per monetary terms)**

Product Description Item Code No. (ITC Code)  
SUGAR 

1	7	0	1	9	9	.	0	2
---	---	---	---	---	---	---	---	---

  
POWER GENERATION 

9	9	9	3	0	0	.	0	9
---	---	---	---	---	---	---	---	---

  
ETHANOL 

2	2	0	7	2	0	.	0	0
---	---	---	---	---	---	---	---	---

As per our Report of even date

For and on behalf of the Board

For Ashok Kumar, Prabhaskar & Co.,  
Chartered Accountants

K. N. Prabhaskar  
Partner  
Membership No.19575

Place: Mumbai  
Dated: November 20, 2009

Vidya M. Murkumbi  
Executive Chairperson

K. K. Kumbhat  
Chief Financial Officer

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

D. V. Iyer  
Company Secretary

**STATEMENT REGARDING SUBSIDIARY COMPANIES**

Pursuant to Section 212 of the Companies Act, 1956

All amounts in million Indian Rupees, unless otherwise stated

Sr. No.	Name of the Subsidiary Company	Number of shares held by the Company and / or its subsidiaries	Extent of holdings	Profit/(losses) so far it concerns the members of the holding company and not dealt with within the books of account of the holding company for financial of the subsidiary	For the previous financial year(s) since it became a subsidiary	Profit/(losses) so far it concerns the members of the holding company and dealt with within the books of account of then holding company for financial of the subsidiaries	For the previous financial year(s) since it became a subsidiary
1	Renuka Commodities DMCC, Dubai	40	100%	-	-	848.13	1462.91
2	Shree Renuka Biofuels Holdings (FZE), Sharjah	1	100%	-	-	-	-
3	Shree Renuka Southern Africa Holdings (FZC), Sharjah	1500	100%	-	-	-	-
4	Shree Renuka Global Ventures Ltd., Mauritius.	1	100%	-	-	-	-
5	Gokak Sugars Ltd.	1,53,49,870	87.28%	(7.77)	-	(52.89)	-
6	Shree Renuka Agri Ventures Ltd.	2,50,000	100%	-	-	-	-
7	Ratnaprabha Sugars Ltd.	1,50,000	100%	-	-	(38.96)	-
8	KBK Chem-Engineering Pvt. Ltd.	1,35,792	80.28%	12.70	25.35	44.15	28.98
9	Godavari Biofuels Pvt.Ltd.	46,000	100%	-	-	-	-
10	SRSL Ethanol Ltd.	50,000	100%	-	-	-	-

Note:

- All subsidiary companies have the accounting year ending as on September 30, 2009.
- The date on which the companies have become subsidiary either by virtue of incorporation or acquisition as mentioned below.
  - Gokak Sugars Ltd. became subsidiary as on October 18, 2008.
  - SRSL Ethanol Ltd. incorporated as on December 22, 2008.
  - Shree Renuka Global Ventures Ltd., Mauritius, became subsidiary as on September 18, 2009.

For and on behalf of the Board

Vidya M. Murkumbi  
Executive Chairperson

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

Place: Mumbai  
Dated: November 20, 2009

K. K. Kumbhat  
Chief Financial Officer

D. V. Iyer  
Company Secretary



## INFORMATION OF SUBSIDIARY COMPANIES

For the year ended September 30, 2009 disclosed as per the terms of exemption Under Section 212(8) of the Companies Act, 1956 granted by the Central Government.

Sl. No.	Particulars	Renuka Commodities DMCC, Dubai #	Shree Renuka Biofuels Holdings (FZE), Sharjah #	Shree Renuka Southern Africa Holdings (FZO), Sharjah #	Shree Renuka Agri Ventures Ltd.	KBK Chem Engineering Pvt. Ltd.	Ratnaprabha Sugars Ltd.	Gokak Sugars Ltd.	Godavari Biofuels Pvt. Ltd.	SRS Limited.	Shree Renuka Global Ventures Ltd., Mauritius ##
a	Capital	4.97	1.67	1.77	2.50	16.91	1.50	175.87	0.46	0.50	0
b	Reserves	2,311.04	-	-	-	485.21	-	128.70	3.24	-	-
c	Total Assets*	4,263.89	4.75	1.77	52.54	537.34	419.48	1,551.06	3.72	0.81	4.80
d	Total Liabilities**	4,263.89	4.75	1.77	52.54	537.34	419.48	1,551.06	3.72	0.81	4.80
e	Investment other than investment in subsidiary										
f	Turnover (including other income)	3,397.72	-	-	-	2428.31	0.06	11.57	-	-	-
g	Profit Before Taxation	848.13	-	-	-	91.13	(55.70)	(92.09)	-	-	-
h	Provision for Taxation	-	-	-	-	26.74	(16.74)	(31.29)	-	-	-
i	Profit After Taxation	848.13	-	-	-	64.39	(38.96)	(60.86)	-	-	-
j	Proposed Dividend	-	-	-	-	-	-	-	-	-	-

# Assets and liabilities have been converted from reporting currency UAE Dirham (AED) into Rupees @ 12.99 as on September 30, 2009.

## Assets and liabilities have been converted from reporting currency US Dollar (USD) into Rupees @ 48.04 as on September 30, 2009.

\* Total assets are net of current liabilities.

\*\* Total liabilities does not include current liabilities.

For and on behalf of the Board

Vidya M. Murkumbi  
Executive Chairperson

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

Place: Mumbai  
Dated: November 20, 2009

K. K. Kumbhat  
Chief Financial Officer

D. V. Iyer  
Company Secretary

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To  
The Board of Directors of  
Shree Renuka Sugars Limited

- We have examined the attached Consolidated Balance Sheet of SHREE RENUKA SUGARS LIMITED ("the Company") and its ten Subsidiaries as at September 30, 2009, Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended as on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- The accounts include total assets of Rs.5,848.73 million and total revenue of Rs.3,409.38 million and cash flow amounting to Rs.3,310.72 million relating to five Subsidiary Companies which have been audited by us and consolidated on the basis of audited accounts.
- We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs.1,727.69 million as at September 30, 2009, total revenue of Rs.2,428.37 million and cash flow amounting to Rs.313.57 million for the year ended as on that date.
- We report that the Consolidated Financial Statements have

been prepared by the Company in accordance with the requirements of Accounting Standard 21 (consolidated financial statements), issued by Institute of Chartered Accountants of India and on the basis of the audited financial statements of the Company and separate audited accounts of ten subsidiaries which has been included in the consolidated financial statements.

- Based on our audit as aforesaid, and on consideration of reports of other auditors on separate financial statements, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - in the case of the consolidated Balance Sheet of the consolidated state of affairs of the Company and its subsidiaries as at September 30, 2009
  - in the case of the consolidated Profit and Loss Account of the consolidated results of the operations of the Company and its subsidiaries for the year ended on that date; and
  - in the case of consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For Ashok Kumar, Prabhashankar & Co.  
Chartered Accountants

Camp: Mumbai  
Date: November 20, 2009

K. N. Prabhashankar  
Partner  
Membership No. 19575



## CONSOLIDATED BALANCE SHEET as at September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	Schedule No.	30-Sep-09	30-Sep-08
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share capital	1	522.77	506.86
Reserves and surplus	2	14,779.13	7,829.38
		15,301.90	8,336.24
Minority Interest		147.17	533.32
Loan Funds			
Secured loans	3	13,006.10	8,330.91
Unsecured loans	4	421.36	263.64
		13,427.46	8,594.55
Deferred Tax Liability	5	820.97	466.99
<b>Total</b>		<b>29,697.50</b>	<b>17,931.10</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	6		
Gross block		15,704.22	8,400.79
Less : Depreciation		1,555.14	884.31
<b>Net block</b>		<b>14,149.08</b>	<b>7,516.48</b>
Capital work-in-progress including capital advances		2,584.90	5,211.63
Investments	7	476.84	309.61
Current Assets, Loans and Advances			
Inventory	8	10,721.10	2,252.11
Sundry debtors	9	1,762.27	1,603.29
Cash and bank balances	10	4,911.58	226.94
Other current assets	11	717.51	853.46
Loans and advances	12	4,518.16	2,727.13
Less: Current Liabilities and Provisions			
Current liabilities	13	9,157.08	2,213.28
Provisions	14	1,014.46	572.42
<b>Net Current Assets</b>		<b>12,459.08</b>	<b>4,877.23</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	27.60	16.15
<b>Total</b>		<b>29,697.50</b>	<b>17,931.10</b>
Significant Accounting Policies	26		
Notes on Accounts	27		

As per our Report of even date  
For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants

For and on behalf of the Board

K. N. Prabhashankar  
Partner  
Membership No.19575

Vidya M. Murkumbi  
Executive Chairperson

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

Place: Mumbai  
Dated: November 20, 2009

K. K. Kumbhat  
Chief Financial Officer

D. V. Iyer  
Company Secretary

## CONSOLIDATED PROFIT & LOSS ACCOUNT for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	Schedule No.	30-Sep-09	30-Sep-08
<b>INCOME</b>			
Revenue (net)	16	28,159.89	21,052.68
Other income	17	64.40	138.95
<b>Total</b>		<b>28,224.29</b>	<b>21,191.63</b>
<b>EXPENDITURE</b>			
Raw materials consumed	18	20,439.37	6,526.91
Cost of traded goods	19	3,928.08	9,219.18
(Increase)/Decrease in inventory	20	(4,163.28)	20.95
Personnel expenses	21	571.35	418.85
Operating and administrative expenses	22	2,372.48	1,566.54
Selling and distribution expenses	23	356.25	776.51
Depreciation and amortisation	6	675.27	369.18
Financial expenses	24	1,076.84	685.43
<b>Profit before tax</b>		<b>2,967.93</b>	<b>1,608.08</b>
Provision for tax			
Current tax		363.98	158.57
Deferred tax		353.98	262.96
Fringe benefit tax		2.17	5.22
<b>Profit after tax and before minority interest &amp; prior period items</b>		<b>2,247.80</b>	<b>1,181.33</b>
Less : Minority Interest		4.93	25.35
Prior period items			
Add : Excess provision of depreciation written back		0.22	182.39
Income tax of earlier period		–	1.90
Less : Prior period expenses		7.54	1.13
<b>Net Profit</b>		<b>2,235.55</b>	<b>1,339.14</b>
Balance brought forward from previous year		2,177.72	1,408.26
<b>Profit available for appropriation</b>		<b>4,413.27</b>	<b>2,747.40</b>
Dividend on preference shares		–	–
Dividend on equity shares		–	59.56
Interim dividend on equity shares		316.90	–
Corporate dividend tax		53.86	10.12
Transfer to debenture redemption reserve		120.00	–
Transfer to general reserve		500.00	500.00
<b>Surplus carried to Balance Sheet</b>		<b>3,422.51</b>	<b>2,177.72</b>
Basic and diluted earnings per share (in rupees)	25	7.80	4.31
[Nominal value of shares Re.1/- each]			
Significant Accounting Policies	26		
Notes on Accounts	27		

As per our Report of even date  
For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants

For and on behalf of the Board

K. N. Prabhashankar  
Partner  
Membership No.19575

Vidya M. Murkumbi  
Executive Chairperson

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

Place: Mumbai  
Dated: November 20, 2009

K. K. Kumbhat  
Chief Financial Officer

D. V. Iyer  
Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,967.93	1,608.08
<i>Adjustments to reconcile profit before tax to net cash provided by operating activities</i>		
Depreciation	675.27	369.18
Minority interest	(4.93)	(25.35)
Financial expenses	1,076.84	685.43
Purchase tax deferment	155.08	4.57
Loss/(Profit) on sale of fixed assets	(0.34)	0.16
Income from investments	(8.99)	(15.00)
Miscellaneous and prior period expenses (net)	(18.77)	8.77
Operating profit before working capital changes	4,842.09	2,635.84
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	(158.98)	(742.18)
Other receivables	(1,349.66)	(1,782.32)
Inventory	(8,468.99)	(1,250.42)
Trade and other payables	6,704.12	1,398.15
Cash generated from operations	1,568.58	259.07
Income-tax paid	(305.42)	(151.87)
Net Cash Flow From Operating Activities	1,263.16	107.20
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets(including goodwill)	(4,705.03)	(5,205.40)
Proceeds from sale of fixed assets	24.23	0.31
Purchase of investments	(167.23)	(148.64)
Income from investments	8.99	15.00
Net Cash Flow From Investing Activities	(4,839.04)	(5,338.73)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in capital	15.91	196.19
Share premium	5,162.25	1,987.61
Minority interest	(386.15)	533.32
Reserves arising on consolidation	(77.29)	444.16
Dividend paid	(55.19)	(53.99)
Proceeds from long-term borrowings	4,792.49	3,259.07
Proceeds from short-term borrowings	1,087.98	(745.05)
Repayment of long-term borrowings	(1,202.64)	(394.03)
Interest paid	(1,076.84)	(685.43)
Net Cash Flow From Financing Activities	8,260.52	4,541.85
Net increase in cash and cash equivalents	4,684.64	(689.68)
Opening cash and cash equivalents	226.94	916.62
Closing cash and cash equivalents	4,911.58	226.94

As per our Report of even date  
For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants

K. N. Prabhashankar  
Partner  
Membership No.19575

Place: Mumbai  
Dated: November 20, 2009

For and on behalf of the Board

Vidya M. Murkumbi  
Executive Chairperson

K. K. Kumbhat  
Chief Financial Officer

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

D. V. Iyer  
Company Secretary

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009

All amounts in million Indian Rupees, unless otherwise stated

	30-Sep-09	30-Sep-08
<b>1 SHARE CAPITAL</b>		
Authorised		
350,000,000 equity shares of Re.1/- each	350.00	350.00
70,000,000 preference shares of Rs.10/- each	700.00	700.00
	1,050.00	1,050.00
Issued, Subscribed and Paid up		
316,900,000 equity shares of Re.1/- each fully paid	316.90	275.96
(Previous Year 275,963,160 equity shares of Re.1/- each fully paid)		
Equity Warrants :		
i) (Previous year 4,000,000 Warrants convertible into equity share of Re.1 each at a premium of Rs.61.571 per share. The allottees have deposited 10% of the entire value including amount of premium as per the terms of allotment.)	—	25.03
ii) 18,000,000 Warrants convertible into equity share of Re.1 each at a premium of Rs. 113.37 per share, having an option to exercise over a period of 18 months, were allotted on 11th September, 2008 on preferential basis to the promoters. The allottee has deposited 10% of the entire value including the amount of premium as per the terms of allotment.	205.87	205.87
	522.77	506.86
i) 4,000,000 Equity Shares of Re.1/- each at a premium of Rs.61.571 per share have been allotted on 6th March, 2009 to the promoters on exercise of options available through equity warrants.		
ii) 36,936,840 Equity Shares of Re.1/- each at a premium of Rs.136 per share have been allotted on 2nd July, 2009 through Qualified Institutions Placement (QIP).		
<b>2 RESERVES AND SURPLUS</b>		
Capital Reserve		
i) Subsidy received towards Co-generation		
As per last balance sheet	18.75	18.75
ii) Others		
As per last balance sheet	0.26	0.26
	19.01	19.01
Capital Redemption Reserve		
As per last balance sheet	8.50	8.50
Share Premium		
As per last balance sheet	3,650.97	1,663.36
Addition during the year	5,162.25	1,987.61
	8,813.22	3,650.97
Reserves on Consolidation		
As per last balance sheet	444.16	—
Addition during the year	(77.29)	444.16
	366.87	444.16
General Reserve		
As per last balance sheet	1,529.02	1,029.02
Add : Transfer from profit and loss account	500.00	500.00
	2,029.02	1,529.02
Debenture Redemption Reserve		
As per last balance sheet	—	—
Add : Transfer from profit and loss account	120.00	—
	120.00	—
	11,356.62	5,651.66
Surplus in profit and loss account	3,422.51	2,177.72
	14,779.13	7,829.38



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
*All amounts in million Indian Rupees, unless otherwise stated*

	30-Sep-09	30-Sep-08
<b>3 SECURED LOANS</b>		
600 Redeemable Non-Convertible Debentures (11.95%) of Rs.1,000,000 each (Secured by the first pari passu charge on movable and immovable assets of the company. Redeemable at par on August 3, 2014)	600.00	–
Term loans from banks and financial institutions (Secured by the first pari passu charge on movable and immovable assets of the company)	8,287.92	6,622.83
Term loans from sugar development fund (Secured by the second charge on movable and immovable assets of the company)	536.60	580.10
Cash/ Export credit facilities from banks (Secured by hypothecation of stocks & book debts and a third charge on movable and immovable assets of the company)	3,520.79	1,065.39
Interest accrued but not due	60.79	62.59
	<b>13,006.10</b>	<b>8,330.91</b>

Interest accrued but not due represents interest on certain long-term borrowings, where the payment of interest has also been deferred for a period of time, and is therefore considered to be in the nature of a borrowing and included as a part of secured loans.

Repayment due within one year in respect of term loans aggregate to Rs.627.27 million.(Previous year Rs.1,210.29 million)

<b>4 UNSECURED LOANS</b>		
Sugar development fund	21.53	24.97
Deferred purchase tax	399.83	238.67
	<b>421.36</b>	<b>263.64</b>

<b>5 DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability		
Depreciation	1,705.86	843.93
Others	1.20	7.03
Gross Deferred Tax Liabilit	<b>1,707.06</b>	<b>850.96</b>
Deferred Tax Asset		
Deferred interest on SDF loan	17.74	17.74
Others	868.35	366.23
Gross Deferred Tax Asse	<b>886.09</b>	<b>383.97</b>
Net Deferred Tax Liabilit	<b>820.97</b>	<b>466.99</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
*All amounts in million Indian Rupees, unless otherwise stated*

	01-Oct-08	Additions	Deductions/ Adjustments	30-Sep-09
<b>6 FIXED ASSETS</b>				
Gross Block				
Goodwill on consolidation	254.55	103.13	–	357.68
Land-freehold	239.19	54.09	–	293.28
Land-leasehold	125.92	–	–	125.92
Buildings	1,114.23	1,651.35	–	2,765.58
Plant and machinery	6,436.05	5,465.76	24.51	11,877.30
Furniture and fittings	152.51	42.73	0.38	194.86
Vehicles	78.34	16.27	5.01	89.60
<b>Total</b>	<b>8,400.79</b>	<b>7,333.33</b>	<b>29.90</b>	<b>15,704.22</b>
<i>Previous Year</i>	<i>6,313.82</i>	<i>2,087.62</i>	<i>0.65</i>	<i>8,400.79</i>
Accumulated Depreciation				
Goodwill on consolidation	–	–	–	–
Land-freehold	–	–	–	–
Land-leasehold	–	–	–	–
Buildings	94.36	86.35	–	180.71
Plant and machinery	743.40	564.06	3.17	1,304.29
Furniture and fittings	31.29	18.12	0.15	49.26
Vehicles	15.26	8.14	2.52	20.88
<b>Total</b>	<b>884.31</b>	<b>676.67</b>	<b>5.84</b>	<b>1,555.14</b>
Less : Pre-operative & opening depreciation of subsidiaries		1.40		
Depreciation charged to profit and loss		675.27		
<i>Previous Year</i>	<i>690.66</i>	<i>376.15</i>	<i>182.50</i>	<i>884.31</i>
Net Block				
Goodwill on consolidation	254.55			357.68
Land-freehold	239.19			293.28
Land-leasehold	125.92			125.92
Buildings	1,019.87			2,584.87
Plant and machinery	5,692.65			10,573.01
Furniture and fittings	121.22			145.60
Vehicles	63.08			68.72
<b>Total</b>	<b>7,516.48</b>			<b>14,149.08</b>
Capital Work-in-progress	5,211.63			2,584.90
<i>Previous Year</i>	<i>5,623.16</i>			<i>7,516.48</i>

The Capital Work-in-progress includes pre-operative expenses of the projects to the extent of Rs.187.98 million (previous year Rs.720.41 million.)



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
*All amounts in million Indian Rupees, unless otherwise stated*

	30-Sep-09	30-Sep-08
<b>7 INVESTMENTS</b>		
Long Term Investments (At Cost)		
Non -Trade		
<u>Government Securities</u>		
National Saving Certificate	0.05	0.04
<u>Equity shares fully paid-up (Unquoted)</u>		
Esugar India Clearing Corporation Ltd.	0.05	0.05
5,000 Equity Shares of Rs.10 each		
Pachhapur Urban Co-op Bank Ltd., Pachhapur	0.00	0.00
10 Equity Shares of Rs.100 each (Nominal value of Rs.1,000)		
Shree Renuka Infra Projects Ltd.	5.20	2.60
520,000 Equity Shares of Rs.10 each (Previous year 260,000 Equity Shares of Rs.10 each)		
Belgaum DCC Bank Ltd., Belgaum	0.50	0.50
5,000 Equity Shares of Rs.100 each		
Saraswat Co-op Bank Ltd.	0.03	0.03
250 Equity Shares of Rs.100 each		
National Commodity & Derivatives Exchange Ltd.	365.00	–
1,500,000 Equity Shares of Rs.10 each		
<u>Equity shares fully paid-up (Quoted)</u>		
Sakthi Sugars Ltd.	48.31	45.03
900,000 Equity Shares of Rs.10 each (Previous year 531,470 Equity Shares of Rs.10 each)		
Rajshree Sugars & Chemicals Ltd.	53.80	72.59
761,313 Equity Shares of Rs.10 each (Previous year 1,026,185 Equity Shares of Rs.10 each)		
Dwarikesh Sugar Industries Ltd.	–	28.77
(Previous year 300,000 Equity Shares of Rs.10 each)		
Simbhaoli Sugar Mills Ltd.	3.90	–
100,000 Equity Shares of Rs.10 each		
<u>Units in mutual fund fully paid-up (Quoted)</u>		
ABN AMRO Mutual Fund	–	160.00
(Previous year 16,000,000 Units of Rs.10 each)		
	476.84	309.61
Aggregate value of the quoted investments	106.01	306.39
Aggregate value of the un-quoted investments	370.83	3.22
Market value of the quoted investments	157.08	276.89

<b>8 INVENTORY</b>		
Stores and spares	480.29	455.87
Raw materials and components	3,047.11	682.28
Intermediate product	159.42	105.05
Work-in-progress	98.41	137.69
Finished goods		
Manufactured	4,966.96	837.47
Others	1,968.91	33.75
	10,721.10	2,252.11

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
*All amounts in million Indian Rupees, unless otherwise stated*

	30-Sep-09	30-Sep-08
<b>9 SUNDRY DEBTORS</b>		
Unsecured		
Debts over six months		
Considered good	187.54	199.31
Considered doubtful	–	–
Others		
Considered good	1,574.73	1,403.98
	1,762.27	1,603.29

<b>10 CASH AND BANK BALANCES</b>		
Cash on hand	6.49	9.42
Balances with scheduled banks		
On current accounts	2,839.55	114.45
On deposit accounts	2,062.61	90.33
Balance with other banks		
On current accounts	2.93	12.74
	4,911.58	226.94

Balances with banks in deposit accounts include amounts that have been provided as margin money or those that have been pledged with government authorities towards guarantees, etc.

<b>11 OTHER CURRENT ASSETS</b>		
Export incentives accrued	312.98	637.56
Interest accrued	16.08	4.95
Others	388.45	210.95
	717.51	853.46

<b>12 LOANS AND ADVANCES</b>		
Unsecured and considered good		
Advances recoverable in cash or kind or for value to be received	2,195.93	1,027.18
Balances with customs, excise, etc.	1,072.71	944.99
Deposits	686.92	311.92
Advance income tax	562.60	443.04
	4,518.16	2,727.13

<b>13 CURRENT LIABILITIES</b>		
Sundry creditors		
Micro, small and medium enterprises (to the extent identified with available information)	1.64	2.80
Others	8,302.80	924.88
Advance from customers	136.49	565.17
Sundry deposits	–	281.14
Interest accrued but not due on loans	156.99	116.53
Other liabilities	559.16	322.76
	9,157.08	2,213.28



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
*All amounts in million Indian Rupees, unless otherwise stated*

	30-Sep-09	30-Sep-08
<b>14 PROVISIONS</b>		
Provision for taxation	624.13	488.25
Provision for gratuity	1.04	6.11
Provision for leave encashment	10.77	4.79
Provision for fringe benefit tax	7.76	8.70
Provision for dividend on equity shares	–	55.19
Provision for interim dividend on equity shares	316.90	–
Provision for corporate dividend tax	53.86	9.38
	<b>1,014.46</b>	<b>572.42</b>

**15 MISCELLANEOUS EXPENDITURE**

Expenditure towards voluntary retirement scheme	–	0.01
Deferred revenue expenditure to the extent not written off	23.20	16.14
Debenture issue expenditure to the extent not written off	4.40	–
	<b>27.60</b>	<b>16.15</b>

**16 REVENUE**

Sale of manufactured sugar	17,696.40	6,447.00
Sale of traded sugar and ethanol	5,094.90	10,552.99
Sale of power	2,955.01	1,837.76
Sale of ethanol and allied products	1,773.08	1,238.50
Sale from engineering division	2,488.28	1,527.06
Stock transfer for trial run	–	664.23
Sale of by-products and others	1,730.15	911.72
	<b>31,737.82</b>	<b>23,179.26</b>
Less : Excise duty	926.73	552.58
intersegmental sales	2,651.20	1,574.00
	<b>28,159.89</b>	<b>21,052.68</b>

**17 OTHER INCOME**

Dividend	44.53	17.80
Profit on sale of investments	8.99	–
Profit on sale of assets	0.62	–
Others	10.26	121.15
	<b>64.40</b>	<b>138.95</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
*All amounts in million Indian Rupees, unless otherwise stated*

	30-Sep-09	30-Sep-08
<b>18 RAW MATERIALS CONSUMED</b>		
Opening stock as on October 01, 2008	362.90	192.61
Opening stock of Subsidiaries	319.38	226.62
Add : Stock transfer for trial run	70.73	–
Add : Purchases and related expenses	23,933.57	7,520.78
Less : intersegmental purchases	1,200.10	730.82
	<b>23,486.48</b>	<b>7,209.19</b>
Less: Closing stock as on September 30, 2009	3,047.11	682.28
	<b>20,439.37</b>	<b>6,526.91</b>

**19 COST OF TRADED GOODS**

Opening stock as on October 01, 2008	33.75	63.60
Add : Purchases	5,861.30	9,189.33
	<b>5,895.05</b>	<b>9,252.93</b>
Less: Closing stock as on September 30, 2009	1,966.97	33.75
	<b>3,928.08</b>	<b>9,219.18</b>

**20 (INCREASE)/DECREASE IN INVENTORY**

Opening stock as on October 01, 2008		
Work-in-progress	49.14	–
Work-in-progress of subsidiaries	63.65	61.01
Finished goods and intermediate products	467.83	540.23
Trial run stock of finished goods and intermediate products	429.19	–
<b>A</b>	<b>1,009.81</b>	<b>601.24</b>
Less: Closing stock as on September 30, 2009		
Work-in-progress	85.71	112.79
Finished goods and intermediate products	5,087.38	467.50
<b>B</b>	<b>5,173.09</b>	<b>580.29</b>
<b>(A-B)</b>	<b>(4,163.28)</b>	<b>20.95</b>

**21 PERSONNEL EXPENSES**

Salaries, wages and bonus	510.81	376.61
Contribution to provident fund and others	38.98	25.22
Contribution to gratuity	11.28	12.18
Contribution to leave encashment	10.28	4.84
	<b>571.35</b>	<b>418.85</b>



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
*All amounts in million Indian Rupees, unless otherwise stated*

	30-Sep-09	30-Sep-08
<b>22 OPERATING AND ADMINISTRATIVE EXPENSES</b>		
A. Manufacturing expenses		
Consumption of stores and spares	310.10	270.90
Processing charges	605.06	229.00
Packing material	301.33	192.80
Direct expenses (engineering)	39.38	37.40
Power and fuel	1,772.11	1,019.29
Lease rentals	130.45	156.55
Repairs and maintenance		
Plant and machinery	81.47	125.83
Buildings	19.42	4.74
Others	37.75	20.96
Less : intersegmental expenses	(1,451.10)	(843.18)
<b>A</b>	<b>1,845.97</b>	<b>1,214.29</b>
B. Administrative expenses		
Rent, rates and taxes	71.45	39.89
Insurance	24.14	23.79
Travelling and conveyance	68.77	53.41
Printing and stationery	10.11	9.43
Communication expenses	23.31	19.06
Legal and professional fees	117.41	45.47
Remuneration to directors		
Remuneration	25.35	9.00
Commission	44.22	23.26
Director's sitting fees	1.25	0.71
Auditor's remuneration	3.64	1.80
Donations and contributions	4.52	5.54
Loss on sale of fixed assets	0.45	0.16
Loss on sale of investments	–	2.80
Research and development	9.69	14.73
Others	122.20	103.20
<b>B</b>	<b>526.51</b>	<b>352.25</b>
<b>(A + B)</b>	<b>2,372.48</b>	<b>1,566.54</b>

**23 SELLING AND DISTRIBUTION EXPENSES**

Freight and forwarding charges	217.35	633.96
Advertising and sales promotion	8.11	18.14
Warehousing expenses	43.05	38.19
Brokerage and discounts	21.98	74.21
Commission and market development expenses	65.76	12.01
	<b>356.25</b>	<b>776.51</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
*All amounts in million Indian Rupees, unless otherwise stated*

	30-Sep-09	30-Sep-08
<b>24 FINANCIAL EXPENSES</b>		
Interest		
on term loans	468.09	257.66
on working capital	378.66	343.30
others	164.03	31.10
Bank charges	66.06	53.37
	<b>1,076.84</b>	<b>685.43</b>
<b>25 EARNINGS PER SHARE</b>		
The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.		
Reconciliation of earnings		
Profit for the year ended September (net of minority interest)	2,242.87	1,155.98
Net profit attributable to equity shareholders	2,242.87	1,155.98
Reconciliation of number of shares	Shares	Shares
Shares outstanding at the beginning of the period	275,963,160	248,096,490
Shares outstanding at the end of the period	316,900,000	275,963,160
Weighted average number of equity shares	287,462,482	268,498,679
Basic and Diluted Earnings Per Share (in rupees)	7.80	4.31
[Nominal value of shares Re.1/- each]		

**26 SIGNIFICANT ACCOUNTING POLICIES**
*All amounts in million Indian Rupees, unless otherwise stated*
**a. Basis of presentation**

The accompanying financial statements have been presented for the year ended September 30, 2009 along with comparative information for the year ended September 30, 2008. The accompanying financial statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with accounting principles generally accepted in India ("Indian GAAP"). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except as stated hereunder.

**b. Consolidation**

The accompanying Consolidated Financial Statements comprise the accounts of Shree Renuka Sugars Limited and its subsidiaries Renuka Commodities DMCC, Dubai, incorporated in October 2004, Shree Renuka Biofuels Holdings (FZE), Sharjah, incorporated in August 2007, KBK Chem-Engineering Pvt. Ltd. acquired in October 2007, Ratnaprabha Sugars Ltd. and Godavari Biofuels Pvt. Ltd. acquired in July 2008, Shree Renuka Agri Ventures Ltd., Shree Renuka Southern Africa Holdings (FZC), Sharjah, incorporated in July 2008, Gokak Sugars Ltd acquired in October 2008, SRSL Ethanol Ltd. incorporated in December 2008 and Shree Renuka Global Ventures Ltd., Mauritius incorporated in September 2009 after eliminating all material inter-company accounts, transactions, profits and losses. A subsidiary is an entity in which the Group has either direct or indirect majority ownership interest and has the power to control the financial and operating policies of that entity.



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
**26 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**
**c. Use of estimates**

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, actual results could differ from those estimates.

**d. Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Expenditure incurred during construction period has been added to the cost of the assets. These expenses have been allocated to the sugar, power generation and ethanol units on a reasonable basis.

**e. Borrowing costs**

Financing cost incurred up to the date of completion of construction or installation of qualifying assets, on funds borrowed are capitalised as a part of the cost of the asset.

**f. Depreciation**

Depreciation is provided at the rates and in the manner prescribed in Schedule XIV of the Indian Companies Act, 1956. The sugar manufacturing units, the distillery, the co-generation and the bio-fertiliser units are depreciated using the straight line method. As per estimates of the management, these rates are representative of the economic useful life of these assets. No depreciation is provided on assets held for sale.

**g. Leases**

Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term. In case of long term leases, the expenditure to the profit and loss account is recognised on the basis of equated lease rentals arrived at by allocating the total outflow of lease rentals on the entire contractual period over the period of the lease.

**h. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value / market value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Profit/loss on sale of investments is computed with reference to their average cost.

**i. Inventories**

Inventory is valued as follows:

**Raw materials, stores and spares and packing materials**

Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out ('FIFO') basis.

**Finished goods**

Lower of cost or net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods excludes excise duty.

**Work-in-process**

Lower of cost upto estimated stage of process or net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
**26 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**By products**

By products are valued at cost. Inter-unit transfers of by products also include the cost of transportation, duties, etc.

**Inter-segment**

The inter-segment transfers of inventories are valued at cost.

**j. Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales returns.

Revenue from sale of power is recognised when the units generated are transmitted to the pooling station, in accordance with the terms and conditions of the power purchase agreement entered into by the Company with the purchasing party.

**k. Foreign currency transactions**
**Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate at the date of the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and investments in foreign companies are recorded at the exchange rates prevailing on the date of making the investments.

**Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise, except for loans denominated in foreign currencies utilised for acquisition of fixed assets until the date of capitalisation where the exchange gains/losses are adjusted to the cost of such assets.

**Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

**Translation of financial statements of foreign subsidiaries**

The consolidated financial statements are presented in Indian Rupees, which is the functional currency of the parent company, being the currency of the primary economic environment in which it operates.

In the consolidated financial statements, the separate financial statements of the subsidiary, originally presented in a currency different from the Group's presentation currency, have been converted into Indian Rupees. Assets and liabilities have been translated into Indian Rupees at the closing rate at the balance sheet date. Income and expenses have been converted into the Group's presentation currency at the average rates over the reporting period. The resulting translation adjustments are recorded under the currency translation reserve in equity.



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
**26 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

The functional currency of subsidiaries Renuka Commodities DMCC, Dubai, Shree Renuka Bio-Fuels Holdings (FZE), Sharjah, and Shree Renuka Southern Africa Holdings (FZC), Sharjah, is UAE Dirham ('AED') and Shree Renuka Global Ventures Ltd., Mauritius in USD.

**l. Retirement benefits**

Contributions in respect of provident fund and gratuity are made to the appropriate authorities/trust set up by the Company for the purpose and charged to Profit and Loss Account. Provisions for liabilities in respect of leave encashment benefits are made based on actuarial valuation made by an independent actuary as at the Balance Sheet date.

**m. Income tax**

Tax expenses comprise both current and deferred taxes.

Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**n. Miscellaneous expenditure.**

Preliminary expenses are written-off over a period of five years from the year of commencement of commercial production.

Deferred revenue expenditure comprising of Voluntary Retirement Scheme expenses are being written-off over a period of five years and expenses incurred over the leased units before the starting of operation is treated as deferred revenue expenses and written off over the lease period.

**o. Government grants**

Government grants in the nature of promoter's contribution are credited to capital reserve and treated as a part of Shareholders' funds.

**p. Financial derivatives and commodity futures**

Transactions in financial derivatives and commodity futures are accounted based on the mode of ultimate settlement. Transactions, which are ultimately settled net, without taking delivery, are recorded net with the gains/losses being recognised as income/expenses in the financial statements. Transactions, which stipulate physical delivery of the goods and where the company intends to take such delivery, are recorded at gross, as purchases and sales as part of the company's sugar manufacturing activities.

**q. Provisions, contingent liabilities and contingent assets**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event
- A probable outflow of resources is expected to settle the obligation and
- The amount of the obligation can be easily estimated.

Contingent Liability is disclosed in the case of

- A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- A possible obligation, unless the probability of outflow of resources is remote.

Depending on facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are disclosed as contingent liabilities. In respect of statutory matters, contingent liabilities are disclosed only for those demand(s) that are contested by the Company.

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
**26 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

Contingent Assets are neither recognised nor disclosed.

**r. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**s. Segment reporting**

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group, with the following additional policies for segment reporting:

- i) Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market led.
- ii) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- iii) Gains/losses from transactions in commodity futures, which are ultimately settled net, with/without taking delivery, are recorded as 'Other revenues' under the Sugar segment.
- iv) Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

**t. Impairment of assets**

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine

- a. The provision for impairment loss, if any, required or
  - b. The reversal, if any, required of impairment loss recognised in previous periods
- Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

**27 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*All amounts in million Indian Rupees, unless otherwise stated*

**i. Excise Duty on Finished Goods**

Excise duty is generally provided on manufacture of goods, which are not exempt from the payment of duty. However, since the Company's finished goods are not segregated at the time of production into those for sale in domestic markets and those for sale in export markets, the Company is unable to determine the exact liability towards excise duty on finished goods. Accordingly, excise duty is provided/paid only at the time of clearance of the goods from the factory.

**ii. Leases**

The Company has entered into various operating leases for office, residential and factory premises. These are generally short-term leases and cancelable by serving adequate notice. The minimum amount of lease rentals payable on non-cancelable leases is as follows:

- Within a period of one year – Rs.55.5 million (Previous year Rs.150 million)
- Period from one year to five years – Rs.97.53 million (Previous year Rs.385 million)

**iii. Outstanding Commitments**

As at September 30, 2009, the Company had the following outstanding commitments:



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
**27 | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**

- Bank Guarantees outstanding - Rs.460 million (Previous year Rs. 963 million)
  - Corporate Guarantees outstanding Rs.1,981 million (Previous year Rs.1,265 million)
  - Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for – Rs.1,928 million (Previous year Rs.1,156 million)
- iv. Balances appearing under the head sundry creditors, sundry debtors, loans and advances and secured loans are subject to confirmation, adjustments, if any, on the receipt/reconciliation of such accounts.
- v. In terms of accounting standard AS 28 on impairment of assets there was no impairment indicators exist as of reporting date as per the internal management estimates done and hence no impairment charge is recognized during the year under review.
- vi. **Managerial Remuneration** (Rs. in million)

	2008-09	2007-08
1. Executive director's remuneration		
Salary	18.21	17.22
Ex-gratia	4.88	0.90
Commission	44.22	23.26
Contribution to provident fund	1.94	0.86
Others including perquisites	2.26	3.50
2 Director's sitting fees	1.25	0.71
Computation of managerial commission		
Profit before tax & managerial commission	3,012	1,631
Less : Profit on sale of assets	0	0
Less : Profit on sale of investments	9	Nil
Add : Loss on sale of investments	0	3
Net Profit as per Section 198 of the Companies Act, 1956	3,003	1,634
Maximum Permissible remuneration to whole time directors	10%	10%
Restricted to 2% as per service contracts	44.22	23.26

**vii. Related Party Disclosures**
**Related parties**
**a) Subsidiary Companies**

- i. Renuka Commodities DMCC, Dubai.
- ii. Shree Renuka Southern Africa Holdings (FZC), Sharjah.
- iii. Shree Renuka Biofuels Holdings (FZE), Sharjah.
- iv. Shree Renuka Agri Ventures Limited.
- v. KBK Chem Engineering Private Limited.
- vi. Godavari Biofuels Private Limited.
- vii. Ratnaprabha Sugars Limited.
- viii. Gokak Sugars Limited.
- ix. SRSL Ethanol Limited.
- x. Shree Renuka Global Ventures Limited , Mauritius

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
**27 | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**

- b) Associate Companies
- i. Shree Renuka Infra Projects Limited.
  - ii. Khandepar Investments Private Limited.
  - iii. Murkumbi Investments Private Limited.
- c) Key Managerial Persons
- i. Mrs. Vidya Murkumbi
  - ii. Mr. Narendra Murkumbi
  - iii. Mr. S.M. Kaluti
  - iv. Mr. Nandan Yalgi
  - v. Mr. Nitin Puranik
  - vi. Mr. G.K. Sood

**a) Transactions with related parties**
(Rs. in million)

	2008-09	2007-08
i) Shree Renuka Energy Ltd.		
1 Nature of transaction	Purchase	Purchase
Volume of transactions during the year	879.75	–
Outstanding as at the end of the year	Nil	–
Purchase of Project & others	879.75	–

**b) Transactions with associate companies :**

	2008-09	2007-08
i) Shree Renuka Infra Projects Ltd.		
1 Nature of transaction	Investment	Investment
Volume of transactions during the year	2.60	2.60
Investment in Associate Company	5.20	2.60
2. Nature of Transaction	Advance Paid	Advance Paid
Volume of transactions during the year	0.03	–
Outstanding as at the end of the year	0.03	–
ii) Khandepar Investments Pvt. Ltd.		
1 Nature of transaction	Sale of Shares	Sale of Shares
Volume of transactions during the year	564.94	–
Outstanding as at the end of the year	Nil	–
iii) Murkumbi Investments Pvt. Ltd.		
1 Nature of transaction	Sale of Shares	Sale of Shares
Volume of transactions during the year	240.00	–
Outstanding as at the end of the year	Nil	–



**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
**27 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**

c) Transactions with key management personnel : *(Rs. in million)*

	2008-09	2007-08
Remuneration including contributions to PF	71.51	45.74
Outstanding remuneration payable	0.97	1.08
Outstanding commission payable	44.22	23.26
Outstanding ex-gratia payable	0.33	0.41
Nature of transaction	Rent Paid	Rent Paid
Volume of transactions during the year	1.98	1.72
Outstanding as at the end of the year	Nil	Nil

viii. Details of balances with Non Scheduled Banks *(Rs. in million)*

Name of the Bank	Balance 30-Sep-09	Maximum Balance	Balance 30-Sep-08	Maximum Balance
The Belgaum District Central Co-op Bank Ltd.	0.83	47.02	1.33	59.30
The Bagalkot District Central Co-op Bank Ltd.	—	0.02	0.02	0.22
Bijapur Grameena Bank	—	0.00	0.01	0.23
Kanakadas Urban Co-op Society Ltd.	0.00	0.07	0.07	0.07
Kolhapur District Central Co-op Bank Ltd.	0.27	189.22	0.25	73.03
Krishna Grameena Bank	—	—	0.59	56.45
Karnataka Vikas Grameena Bank	—	—	1.35	125.14
Latur District Co-op Bank	0.01	12.86	0.25	19.59
Raddi Sahakar Bank Niyamit	0.02	0.02	0.02	0.02
Sangli District Co-op Credit Bank	0.39	7.75	0.05	8.90
The Mudalgi Co-op Bank Ltd.	0.00	0.00	—	0.06
The Yargatti Urban Co-op Credit Bank Ltd.	0.00	0.00	0.00	0.00
Banco De Oro Universal Bank	0.48	39.36	8.80	8.80
Parbhani People's Bank Ltd.	0.00	0.00	0.00	0.00
Parbhani Dist Central Coop Bank	0.93	5.99	0.00	0.00
Sangli Urban Co-op Credit Bank	0.00	0.00	0.00	0.00
<b>Total</b>	<b>2.93</b>	<b>302.31</b>	<b>12.74</b>	<b>351.81</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended September 30, 2009**
**27 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)**

ix. Segment Reporting for the year ended 30.09.2009 *(Rs. in million)*

Particulars	SUGAR		TRADING		CO-GENERATION		ETHANOL		ENGINEERING		OTHERS		ELIMINATIONS		TOTAL	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>REVENUE</b>																
External sales	17,415.79	6,914.23	5,094.90	10,552.99	1,504.25	994.64	1,685.73	1,112.50	2,425.81	1,450.43	33.41	27.89	—	—	28,159.89	21,052.68
Inter-segment sales	1,200.10	730.82	—	—	1,451.10	843.18	—	—	—	—	—	—	(2,651.20)	(1,574.00)	—	—
<b>Total Revenue</b>	<b>18,615.89</b>	<b>7,645.05</b>	<b>5,094.90</b>	<b>10,552.99</b>	<b>2,955.35</b>	<b>1,837.82</b>	<b>1,685.73</b>	<b>1,112.50</b>	<b>2,425.81</b>	<b>1,450.43</b>	<b>33.41</b>	<b>27.89</b>	<b>(2,651.20)</b>	<b>(1,574.00)</b>	<b>28,159.89</b>	<b>21,052.68</b>
Results	1,728.46	412.06	1,086.60	606.58	1,062.17	932.88	459.79	484.60	104.66	89.92	6.30	11.55	—	—	4,447.98	2,537.59
Unallocated corporate expenses															467.61	383.03
Operating profit															3,980.37	2,154.56
Interest expenses															1,076.84	685.43
Other income															64.40	138.95
Profit from ordinary activities															2,967.93	1,608.08
Extra-ordinary items															—	—
<b>Net Profit</b>															<b>2,967.93</b>	<b>1,608.08</b>
<b>OTHER INFORMATION</b>																
Segment assets	21,317.00	9,255.54	4,345.78	1,524.36	4,614.30	2,550.60	3,235.29	1,716.70	1,577.63	1,045.70	22.89	21.87	—	—	35,112.89	16,114.77
Unallocated corporate assets															4,756.15	4,602.03
<b>Total Assets</b>	<b>21,317.00</b>	<b>9,255.54</b>	<b>4,345.78</b>	<b>1,524.36</b>	<b>4,614.30</b>	<b>2,550.60</b>	<b>3,235.29</b>	<b>1,716.70</b>	<b>1,577.63</b>	<b>1,045.70</b>	<b>22.89</b>	<b>21.87</b>	<b>—</b>	<b>—</b>	<b>39,869.04</b>	<b>20,716.80</b>
Segment liabilities	6,765.79	2,982.42	1,706.37	1,490.61	266.80	53.51	46.86	—	723.36	1,045.70	—	—	—	—	9,509.18	5,572.24
Unallocated corporate liabilities															30,359.86	15,144.56
<b>Total Liabilities</b>	<b>6,765.79</b>	<b>2,982.42</b>	<b>1,706.37</b>	<b>1,490.61</b>	<b>266.80</b>	<b>53.51</b>	<b>46.86</b>	<b>—</b>	<b>723.36</b>	<b>1,045.70</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>39,869.04</b>	<b>20,716.80</b>
Capital Expenditure	10,024.36	7,452.69	17.67	0.38	4,630.38	1,974.81	2,112.76	1,365.79	447.51	105.21	9.28	7.78	—	—	17,241.96	10,906.66
Unallocated corporate capital expenditure															1,047.16	2,705.76
<b>Total Capital Expenditure</b>	<b>10,024.36</b>	<b>7,452.69</b>	<b>17.67</b>	<b>0.38</b>	<b>4,630.38</b>	<b>1,974.81</b>	<b>2,112.76</b>	<b>1,365.79</b>	<b>447.51</b>	<b>105.21</b>	<b>9.28</b>	<b>7.78</b>	<b>—</b>	<b>—</b>	<b>18,289.12</b>	<b>13,612.42</b>
Depreciation	927.23	521.70	0.11	0.06	395.86	224.92	154.64	86.69	13.49	7.09	1.92	1.44	—	—	1,493.25	841.90
Unallocated corporate depreciation															61.89	42.41
<b>Total Depreciation</b>	<b>927.23</b>	<b>521.70</b>	<b>0.11</b>	<b>0.06</b>	<b>395.86</b>	<b>224.92</b>	<b>154.64</b>	<b>86.69</b>	<b>13.49</b>	<b>7.09</b>	<b>1.92</b>	<b>1.44</b>	<b>—</b>	<b>—</b>	<b>1,555.14</b>	<b>884.31</b>



## 27 | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### x. Subsequent events after the Balance Sheet date

The company has floated subsidiary in Brazil by name & style Shree Renuka Partipacoes Ltd. through Shree Renuka Global Ventures Ltd., Mauritius as Holding Company on September 18, 2009. Through the Brazilian subsidiary an agreement has been entered into to acquire 100% stake in VALE DO IVAI S.A. ACUCAR E ALCOOL ("VDI"). The acquired company has got a crushing capacity of 3.1 million tones with 18,000 hectares of land on long lease for cultivation. It also has logistics assets including a share in terminals for storage, loading of sugar and ethanol at port. The value of the enterprise is USD 240 million with an acquisition cost of 100 % equity around 82 million USD and the balance to be repaid as debt in eight years.

### xi. Previous year's figures

Previous year's figures have been regrouped/rearranged wherever considered necessary.

As per our Report of even date

For Ashok Kumar, Prabhashankar & Co.,  
Chartered Accountants

K. N. Prabhashankar  
Partner  
Membership No.19575

Place: Mumbai  
Dated: November 20, 2009

For and on behalf of the Board

Vidya M. Murkumbi  
Executive Chairperson

K. K. Kumbhat  
Chief Financial Officer

Narendra M. Murkumbi  
Vice-Chairman & Managing Director

D. V. Iyer  
Company Secretary





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of purity.*



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The company that set new standards in the sugar industry will now be a trusted name in every Indian household, with the launch of its sugar brand "Madhur".

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onward processing, to ensure a good quality product. Advanced sulphur-free manufacturing technology and mechanised processes guarantee purity, while giving the sugar crystals its optimum size.

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**Pure white  
crystal sugar**



**More sweetness  
per spoon**



**Natural  
sweetness**



**Advanced  
technology**





## **Shree Renuka Sugars Ltd.**

Registered Office:

BC 105, Havelock Road, Camp, Belgaum-590 001.

Tel.: 91-831-2404000 (7 lines) Fax: 91-831-2404961

[www.renukasugars.com](http://www.renukasugars.com)

# Notice

## Shree Renuka Sugars Limited

NOTICE is hereby given that the Fourteenth Annual General Meeting of Shree Renuka Sugars Limited will be held on Thursday, March 4, 2010 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 September 30, 2009 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 appoint a Director in place of Mr. Nitin Puranik who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. K. Tuteja who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Robert Taylor who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. J. J. Bhagat who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

### Special business:

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

"RESOLVED THAT payment of interim dividend of 50% i.e. Re. 0.50 per equity share and one-time special dividend of 50% i.e. Re.0.50 per equity share, aggregating to 100% i.e.

Re.1/- to equity shareholders of the Company for the year 2008-09, be and is hereby approved and confirmed as dividend for the year."

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

"RESOLVED THAT Mr. G. K. Sood who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 30, 2009 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ('Act') and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. G. K. Sood as Whole Time Director of the Company, for a period of three years with effect from September 30, 2009, on the terms and conditions, including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the



powers conferred by this Resolution) to alter and vary the terms and conditions of appointment 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 authorised to do all acts and 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(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mrs. Vidya M. Murkumbi as Whole Time Director designated as Executive Chairperson of the Company, for a period of five years with effect from 1st April 2009, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment 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 authorised to do all acts and 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(s), the following resolution as an

Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Nandan V. Yalgi as Whole Time Director designated as Director - Commercial of the Company, for a period of five years with effect from September 24, 2009, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment 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 authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof approval of the Company be and is hereby accorded to the upward revision in the remuneration payable to Mr. Narendra M. Murkumbi Vice Chairman and Managing Director from Rs. 175,000/- per month to Rs.1,000,000/- per month, in the scale of Rs. 1,000,000 – 100,000 - Rs. 1,500,000 with such accelerated increments as may be

decided from time to time by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) at its absolute discretion with effect from 1st April, 2009 and that clause 4 A of the Agreement dated 25th day of August 2007 executed between the Company and Mr. Narendra M. Murkumbi in relation to the salary be treated as amended accordingly."

13. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Nitin Puranik as Whole Time Director designated as Executive Director of the Company, for a period of three years with effect from April 20, 2010, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment 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 authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

14. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 86, 94(1) and other applicable provisions of the Companies Act, 1956, if any, consent of the company be and is hereby accorded to the reclassification of 4,50,00,000 (Four Crore Fifty Lakh), Preference Shares of Rs. 10/- (Rupees Ten only) each, out of 7,00,00,000 (Seven Crore) Preference Shares of Rs. 10/- (Rupees Ten only) each lying un-issued into 45,00,00,000 (Forty Five Crore) Equity Shares of Re. 1/- (Rupee One only) each;

RESOLVED FURTHER THAT consent of the company be and is hereby accorded to create, consequent to reclassification, 45,00,00,000 (Forty Five Crore) Equity Shares of Re. 1/- (Rupee One only) each ranking for dividend and in all other respects pari passu with the existing equity shares of the company;

RESOLVED FURTHER THAT clause (V) of the Memorandum of Association of the company be deleted and in its place following clause (V) be substituted:

(V). The Authorized Share Capital of the company is Rs 1,05,00,00,000/- (Rupees One Hundred and Five Crores only) divided into :

- a) 80,00,00,000 (Eighty Crores) Equity Shares of Re. 1/- (Rupee One only) each, and
- b) 2,50,00,000 (Two Crores Fifty Lakh) Preference Shares of Rs 10/- (Rupees Ten Only) each."

15. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution:

"RESOLVED THAT in supersession of all previous resolutions passed by the Company and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Members, be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers



conferred by this Resolution) for borrowing, on behalf of the Company, any sum or sums of money, from time to time, as they may consider fit, in any manner, and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits or otherwise in Indian rupees or any other foreign currency, from any bank or banks, or any financial institutions, other person or persons, and whether the same may be secured or unsecured, and if secured, whether domestic or international, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever, over or in any respect of all, or any of the Company's assets and effects or properties including uncalled capital, stock in trade (including raw materials, stores, spares and components in stock or stock in transit), notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) and remaining undischarged at any given time, will or may 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 so however that the total amount upto which money may be borrowed by the Board under this resolution, outstanding at any one time shall not exceed, in the aggregate, the sum of Rs. 4,800 Crores (Rupees Four Thousand Eight Hundred Crores only) and/or in equivalent foreign currency;

RESOLVED FURTHER THAT the Board be and is hereby authorised, to do all such acts, deeds, matters and things as may be necessary, expedient and usual to implement this resolution."

16. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the Section 81 and other applicable provisions of the Companies Act, 1956 and Article 178 of Articles of Association of the Company and subject to the provisions of Securities and

Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009, and subject to such approvals, permissions and sanctions as may be necessary and also subject to such terms, conditions and modifications as may prescribed in granting approvals, permissions, sanctions, by appropriate authority or authorities and agreed to by the Board of Directors of the Company (hereinafter called the Board, which term shall be construed as to include any Committee which the Board may have constituted or may hereafter constitute to exercise the powers including the powers conferred vide this resolution), the consent of the Company be and is hereby accorded to the Board for capitalisation of Capital Redemption Reserve, Share Premium and/or any other reserves being eligible for the purpose and as may be deemed appropriate and suitable by the Board, by way of issue of bonus shares with face value of Re.1/- each credited as fully paid up to the existing equity shareholders of the Company whose name appear on the Register of Members/list of beneficial owners maintained by the Depositories as on such date to be fixed by the Board, in proportion of 1 (one) equity share for every 1 (one) equity share held by them, subject to following terms and conditions:

- 1) the new equity shares shall be allotted subject to the provisions of Memorandum and Articles of Association of the Company and shall in all respects rank pari passu in all respects with the existing fully paid up equity shares of the Company including the right to participate in full in dividend to be declared for the financial year in which the bonus shares are allotted;
- 2) No allotment letters shall be issued to the allottees of the said bonus shares. The share certificate in respect of the said bonus shares allotted shall be sent to the respective allottees within the prescribed period, except in case of allottees who are holding the existing equity shares in electronic/demat form, the bonus shares will be credited to their demat accounts;
- 3) The allotment of bonus shares to non – resident members

of the Company, shall be subject to the approvals, if necessary, of Reserve Bank of India under the Foreign Exchange Management Act, 1999 and Rules framed there under.

RESLVED FURTHER THAT pursuant to Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and consequent to issue of Bonus Shares, consent of the Company be and is hereby given to make fair and reasonable adjustment in price and number of shares to be issued against stock options, whether

granted or to be granted, under Employee Stock Option Schemes of the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the issue or the distribution of the new equity shares or changed circumstances, which shall be final and binding on all members of the Company and other interested persons."

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

Place: Mumbai  
Date: January 25, 2010

D. V. Iyer  
*Company Secretary*

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



# 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 item 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. up to the date of Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company was closed from Friday, January 1, 2010 to Saturday, January 9, 2010 (both days inclusive).
5. Members holding shares in physical form are requested to advise about change of address to Karvy Computershare Private Limited. Members holding shares in electronic form are requested to intimate their respective Depository Participants (DP) about any change of address or Bank mandate and NOT to the Company or Registrar and Transfer Agents.
6. Member/proxies should bring their attendance slip duly completed for attending the meeting.
7. Members who have not yet encashed their dividend warrants for previous years are advised to forward such warrants to the Registrars 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.
8. As required under clause 49 VI(A) of the listing agreement, the relevant information in respect of the Directors seeking re-appointment at the Annual General Meeting is provided in the Report on Corporate Governance forming part of the Annual Report.
9. Corporate members intending to send their authorised representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

# Explanatory Statement

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

The following explanatory statement sets out all material facts relating to the business under item 7 to 16 mentioned in the accompanying notice of the Fourteenth Annual General Meeting to be held on Thursday, March 4, 2010.

## Item No. 7:

The Board of Directors in its meeting held on September 30, 2009 declared an interim dividend of 50% i.e. Re. 0.50 per equity share and a one-time special dividend of 50% i.e. Re. 0.50 per equity share aggregating to 100% (Re. 1/- per equity share) out of profits to equity shareholders of the Company for the year 2008-09. The dividend has already been paid to all shareholders who held shares as on the record date i.e. October 7, 2009. The members are requested to confirm the interim dividends paid as dividend for the year 2008-09.

Directors of the Company are deemed to be interested in the resolution to the extent of their entitlement of dividend.

## Item Nos. 8 & 9

The Board at its meeting held on September 30, 2009 appointed Mr. G. K. Sood as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 115 of the Articles of Association of the Company. In terms of the provisions of Section 260 of the Act, Mr. Sood holds office up to the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a member along with deposit of Rs. 500/- proposing the candidature of Mr. G. K. Sood for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. G. K. Sood is not disqualified from being appointed as Director in terms of Section 274 (1) (g) of the Act. The

Company has received the requisite Form DD-A from Mr. G. K. Sood, in terms of the Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules 2003 confirming his eligibility for such appointment.

Further, the Board appointed, subject to the approval of the members, Mr. G. K. Sood as Whole Time Director of the Company for a period of three years with effect from September 30, 2009.

Broad particulars of the terms of appointment of and remuneration payable to Mr. G. K. Sood as contained in the Agreement entered with him are as under :

## Term of Office:

Three years with effect from September 30, 2009.

## Salary, Perquisites and allowances

### A. Salary:

Rs. 340,000/- per month in the scale of Rs. 200,000–20,000–400,000–25,000–650,000 with such accelerated increments as may be decided from time to time by the Board. He shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

### B. Special Allowance:

Rs. 240,000/- per month or such other amount as per Company policy in force from time to time, or as may be decided by the Board.

### C. Perquisites:

- i) In addition to salary and special allowance, Mr. Sood will be entitled for perquisites and allowances like House Rent Allowance or furnished residential accommodation in lieu



thereof, medical reimbursement, Leave travel allowance, children education allowance, performance incentive and such other payments in the nature of perquisites, benefit and allowances, as may be decided by the Board.

- ii) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- iii) Gratuity at the rate of half a month's salary for each completed year of service.
- iv) Leave with full pay or encashment thereof as per the Rules of the Company. Encashment of the unavailed leave being allowed at the end of the tenure.
- v) Free use of Company's car for Company's work as well as for personal purposes along with driver.
- vi) Telephone, telefax and other communication facilities at residence at Company's cost.
- vii) Reimbursement of actual travelling expenses for proceeding on leave from Delhi to any place in India and return therefrom once in a year in respect of himself and family.
- viii) Fees for upto one club membership for corporate purposes including joining fees and membership fees".

#### 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.

#### Overall Remuneration:

The aggregate salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under sections 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.

#### 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 I of Part II of Schedule XIII to the Companies Act, 1956.

#### General terms and conditions:

He shall be reimbursed all expenses including travelling, communication and entertainment incurred by him in connection with the Company's business.

The Whole Time Director re-appointed as a Director immediately on expiry of his term as Additional Director or immediately on retirement by rotation shall continue to hold his office of Whole Time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Whole Time Director, notwithstanding anything to the contrary contained herein or in any offer deed, documents or writings the Whole Time Director shall ipso facto and immediately cease to be the Whole Time Director if he ceases to hold office of Director for any cause and in that event he shall not be entitled to any compensation for loss of office.

No Director other than Mr. G. K. Sood is concerned or interested in the resolution.

#### Item No. 10

The period of office of Mrs. Vidya M. Murkumbi as Whole Time Director designated as Executive Chairperson. ended on March 31, 2009. The Company, under the leadership of Mrs. Vidya M. Murkumbi, has made manifold improvement in its financial and operational performance. Shree Renuka Sugars Limited counts among the top Sugar Companies in India. Considering her qualification, experience, rich knowledge and past performance the Board of Directors, at its meeting held on January 30, 2009 re-appointed her as Whole Time Director designated as Executive Chairperson for further term of five years on the following terms and conditions :

#### Term of Office:

Five years with effect from April 1, 2009

## Salary, Perquisites and allowances

### A. Salary:

Rs. 10,50,000/- (Rupees Ten Lakh Fifty Thousand only) per month with such increments as per Company policy but not exceeding Rs 15,50,000/- (Rupees Fifteen Lakhs Fifty Thousand only) per month during the period of office. However, she shall not be paid sitting fees for attending meetings of the Board or Committees thereof.

### B. Commission:

Payable for each financial year up to 1% of net profits of the Company for that financial year as may be decided by the Board of Directors from time to time. The amount of Commission shall be payable after the annual accounts are approved by the Board of Directors and adopted by the shareholders.

### C. Perquisites:

- i. Contribution to provident fund to the extent this is not taxable under the Income Tax Act, 1961.
- ii. Gratuity payable at the rate not exceeding half months salary for each completed year of service.
- iii. Leave with full pay or encashment thereof as per the rules of the Company. Encashment of the unavailed leave being allowed at the end of the tenure.
- iv. Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for herself and immediate family and in case any medical treatment abroad the traveling boarding and lodging expenses for patient and attendant is also payable.
- v. Reimbursement of actual traveling expenses for proceeding on leave from Belgaum / Mumbai to any place in India / abroad and return therefrom once in a year in respect of herself and family.
- vi. Free furnished residential accommodation with gas, electricity, water and furnishings and other amenities.

- vii. Reimbursement of entertainment expenses incurred in the course of business of the Company.
- viii. Fees for upto two clubs membership for corporate purposes including joining fees and lifetime fees.
- ix. Personal accident insurance policy in accordance with the scheme applicable to senior employees of the Company.
- x. Free use of Company's car for Company's work as well as for personal purposes along with driver.
- xi. Telephone, telex and other communication facilities at the residence at Company's cost.

### Evaluation of perquisites:

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

### Overall remuneration:

The aggregate salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under sections 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.

### 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 I of Part II of Schedule XIII to the Companies Act, 1956.

### General

1. The Executive Chairperson shall be reimbursed all expenses including traveling, communication and entertainment incurred by her in connection with the Company's business.
2. The Executive Chairperson re-appointed as a Director immediately on retirement by rotation shall continue to hold her office of Executive Chairperson and such



re-appointment as such shall not be deemed to constitute a break in her appointment as Executive Chairperson.

No director other than Mrs. Vidya M. Murkumbi and Mr. Narendra M. Murkumbi are concerned or interested in the Resolution.

### Item No. 11

The period of office of Mr. Nandan V. Yalgi as Whole Time Director designated as Director - Commercial ended on September 23, 2009. Having regard to the achievements in commercial division under leadership of Mr. Nandan V. Yalgi and as a reward for excellent service and to further associate him with key decision making process and considering qualification, experience, rich knowledge and past performance of Mr. Nandan V. Yalgi, the Board of Directors, at its meeting held on July 21, 2009 re-appointed him as a Whole Time Director designated as Director - Commercial for a further term of five years on the following terms and conditions :

#### Term of Office:

Five years with effect from September 24, 2009.

#### Salary, Perquisites and allowances

##### A. Salary:

Rs. 200,000/- per month in the scale of Rs. 200,000–20,000–400,000–25,000–650,000 with such accelerated increments as may be decided from time to time by the Board. He shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

##### B. Special Allowance:

Rs. 35,000/- per month or such other amount as per Company policy in force from time to time, or as may be decided by the Board.

##### C. Perquisites:

- i) In addition to salary and special allowance, Mr Yalgi will be entitled for perquisites and allowances like House Rent

Allowance or furnished residential accommodation in lieu thereof, medical reimbursement, Leave travel allowance, children education allowance and such other payments in the nature of perquisites, benefit and allowances, as may be decided by the Board.

- ii) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- iii) Gratuity at the rate of half a month's salary for each completed year of service.
- iv) Leave with full pay or encashment thereof as per the Rules of the Company. Encashment of the unavailed leave being allowed at the end of the tenure.
- v) Free use of Company's car for Company's work as well as for personal purposes along with driver.
- vi) Telephone, telefax and other communication facilities at residence at Company's cost.
- vii) 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.
- viii) Fees for upto one club membership for corporate purposes including joining fees and membership fees".

#### 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.

#### Overall Remuneration:

The aggregate salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under sections 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.

#### 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 I of Part II of Schedule XIII to the Companies Act, 1956.

### General

The Director - Commercial shall be reimbursed all expenses including traveling, communication and entertainment incurred by him in connection with the Company's business.

The Director - Commercial re-appointed as a Director immediately on retirement by rotation shall continue to hold his office of Director - Commercial and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Director - Commercial but he shall ipso facto and immediately cease to be the Director - Commercial if he ceases to hold office of Director for any cause and in that event he shall not be entitled to any compensation for loss of office.

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

### Item No. 12

Mr. Narendra M. Murkumbi is at the helm of the Company since its inception. He was re-appointed as Managing Director of the Company for a term of five years on and from September 19, 2007. His present salary is Rs. 1,75,000/- per month. Apart from salary he is entitled to Commission and perquisites as per Agreement dated August 25, 2007 entered into with him.

Taking into account the financial position of the Company, trend in the industry, qualification, experience and past performance, the Board of Directors on the recommendation of the Remuneration Committee decided to revise and increase his salary to Rs. 10,00,000/- per month with effect from April 1, 2009. No changes are proposed in the commission, perquisites and allowances to which he is entitled to as per agreement dated August 25, 2007. The members in the Extraordinary General meeting held on 25th

day of August 2007 approved the terms contained in the Agreement dated 25th August 2007.

No director other than Mr. Narendra M. Murkumbi and Mrs. Vidya M. Murkumbi are concerned or interested in the Resolution.

### Item No. 13

Mr Nitin Puranik, aged about 50 years, joined our Company with effect from April 20, 2007 as an Executive Director. He holds a Degree in Chemical Engineering from I.I.T. - Kharagpur and is a Post Graduate in Business Management & MMS (Marketing) from Pune University. Mr. Puranik has over his career spanning 28 years gained valuable experience in production, quality control, commercial, technical, operations, projects, planning, maintenance and managerial fields. Mr. Puranik was Ex-Director of Haldia Integrated Development Authority Limited, as a representative of South Asian Petrochem Limited.

During his tenure as Executive Director of the Company, he solely and effectively handled all the responsibilities relating to setting up and operations of the Haldia refinery project of our Company.

He was re-appointed as Executive Director of the Company for a term of three years on and from April 20, 2007. The term of office of Mr. Nitin Puranik as Whole Time Director designated as Executive Director will end on April 19, 2010.

Considering his commendable performance and significant contribution in the growth of the Company so far, it is proposed to re-appoint him as the Executive Director of the Company for a further period of three years with effect from April 20, 2010 on the following terms and conditions:

#### Term of Office:

Three years with effect from April 20, 2010.

#### Salary, Perquisites and allowances

##### A. Basic Salary:

Rs. 200,000/- per month in the scale of



Rs. 200,000–20,000–400,000–25,000–650,000 with such accelerated increments as may be decided from time to time by the Board. He shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.

**B. Special Allowance:**

Rs. 35,000/- per month or such other amount as per Company policy in force from time to time, or as may be decided by the Board.

**C. Perquisites:**

- i) In addition to salary and special allowance, Mr Nitin Puranik will also be entitled for perquisites and allowances like House Rent Allowance or furnished residential accommodation in lieu thereof, medical reimbursement, Leave travel allowance, children education allowance and such other payments in the nature of perquisites, benefit and allowances, as may be decided by the Board.
- ii) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- iii) Gratuity at the rate of half a month's salary for each completed year of service.
- iv) Leave with full pay or encashment thereof as per the Rules of the Company. Encashment of the un-availed leave being allowed at the end of the tenure.
- v) Free use of Company's car for Company's work as well as for personal purposes along with driver.
- vi) Telephone, tele-fax and other communication facilities at residence at Company's cost.
- vii) Reimbursement of actual travelling expenses for proceeding on leave from Pune to any place in India and return there from once in a year in respect of himself and family.

- viii) Fees for upto one club membership for corporate purposes including joining fees and membership fees".

**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.

**Overall Remuneration:**

The aggregate salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under sections 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.

**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 I of Part II of Schedule XIII to the Companies Act, 1956.

**General**

Mr. Nitin Puranik shall be reimbursed all expenses including travelling, communication and entertainment incurred by him in connection with the Company's business.

Mr. Nitin Puranik on his re-appointment as a Director immediately on retirement by rotation shall continue to hold his office of Executive Director and such re-appointment as Director shall not be deemed to constitute a break in his appointment as Executive Director but he shall ipso facto and immediately cease to be the Executive Director if he ceases to hold office of Director for any cause and in that event he shall not be entitled to any compensation for loss of office.

The above may also be treated as an abstract of the terms of the contract / agreement between the Company and Mr. Nitin Puranik pursuant to Section 302 of the Companies Act, 1956.

No director other than Mr. Nitin Puranik is interested in the resolution.

#### Item No. 14

The present authorized share capital of the Company is Rs.1,05,00,00,000/- (Rupees one hundred and five crores only) consisting 35,00,00,000 (Thirty five crores only) equity shares of Re. 1/- each aggregating to Rs.35,00,00,000/- (Rupees Thirty five crores only) and 7,00,00,000 (Seven crores only) preference shares of Rs.10/- each aggregating to Rs. 70,00,00,000/- (Rupees Seventy crores only).

It is now proposed to re-classify the authorised share capital as Rs.1,05,00,00,000/- divided into 80,00,00,000 (eighty crores) equity shares of Re.1/- each aggregating to Rs.80,00,00,000/- (Rupees eighty crores only) and 2,50,00,000 preference shares of Rs.10/- each aggregating to Rs.25,00,00,000/- (Rupees twenty five crores only). The capital clause of the Memorandum of Association is to be altered accordingly.

This resolution is required particularly in view of the resolution proposed at Item No. 16 of this notice relating to issue of bonus shares.

The alteration of capital clause requires approval of shareholders by way of ordinary resolution and the Board of Directors recommends the resolution for your approval. None of the Directors of the Company is concerned or interested in the resolution except in their capacity as shareholders.

#### Item No. 15

The Board had been authorised under Section 293(1)(d) and all other applicable provisions of the Companies Act, 1956, to borrow monies upto Rs. 2400 Crores (Rupees Two Thousand Four Hundred Crores only) which was in excess of the aggregate of paid-up capital and free reserves of the Company. Keeping in view of the Company's business requirements and its growth plans, it is considered appropriate to increase the aforesaid limit of borrowings. The consent of the members is therefore sought to authorise the

Board to borrow upto Rs. 4800 Crores (Rupees Four Thousand Eight Hundred Crores only), apart from temporary loans obtained from the Company's bankers in the ordinary course of business outstanding, at any time as set out in the resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution

#### Item No.16

With a view to bring the share capital in line with the capital employed, the Board of Directors has, in its meeting held on January 25, 2010, decided to capitalize Capital Redemption Reserve, Share Premium and/or any other reserves being eligible for the purpose and as may be deemed appropriate and suitable by the Board, by way of issue of bonus shares with face value of Re.1/- each credited as fully paid up to the existing equity shareholders of the Company whose name appear on the Register of Members/list of beneficial owners maintained by the Depositories as on such date to be fixed by the Board, in proportion of 1 (one) equity share for every 1 (one) equity share held by them.

Further, the Company has issued 1.80 million warrants, convertible into equity shares of face value of Re. 1/- each on a preferential basis to promoters, having an option to exercise the same on or before March 10, 2010. Assuming, the said warrants are exercised and subsequent to the bonus issue the paid up Share Capital of the Company will increase to Rs. 669.80 million (Rupees six hundred sixty nine million and eight hundred thousand only). As per Article 178 of the Articles of Association of the Company, approval of shareholders by way of ordinary resolution is required for capitalization of reserves.

The Company has granted stock options to the employees of the Company under Employee Stock Option Schemes. Consequent to the issue of Bonus shares and in terms of para 5(f) of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, fair and reasonable adjustment in price



and number of shares to be issued against stock options granted or to be granted by the Company is required to be made so that the total value of stock options remains the same after issue of Bonus shares.

The Directors of the company are deemed to be interested in

the resolution to the extent of their entitlement to the bonus shares.

The Board commends the resolution for approval of the members.

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

Place: Mumbai  
Date: January 25, 2010

D. V. Iyer  
*Company Secretary*

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

**Shree Renuka Sugars Limited**

Regd Off.: B.C. 105, Havelock Road, Camp, Belgaum-590 001.

## FORM OF PROXY

DP Id No. ....

Folio No.....

Client Id .....

No. of Shares.....

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of Shree Renuka Sugars Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the March 4, 2010 at 9.30 a.m. at Maratha Mandir Hall (Near Railway Over Bridge), Khanapur Road , Belgaum – 590 006 and any adjournment thereof.

Signed this ..... day of ..... 2010

Re.1/-  
Revenue  
Stamp

\_\_\_\_\_  
Signed by the said

Note : The Proxy Form duly signed and completed must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. The proxy need not be a member of the Company.



**Shree Renuka Sugars Limited**

Regd Off.: B.C. 105, Havelock Road, Camp, Belgaum-590 001.

## ATTENDANCE SLIP

DP Id No. ....

Folio No.....

Client Id .....

No. of Shares.....

Name of the Shareholder \_\_\_\_\_ holding \_\_\_\_\_ shares of the Company, hereby record my / our presence at the Annual General Meeting of the Company held at Maratha Mandir Hall (Near Railway Over Bridge), Khanapur Road , Belgaum – 590 006 on Thursday, the March 4, 2010 at 9.30 a.m.

Proxy's Full Name .....

\_\_\_\_\_  
Signature of the  
Shareholder/Proxy

**Note:**

1. Please fill this Attendance Slip and hand over at the entrance of the Meeting Hall.
2. Duplicate slips will not be issued at the entrance of the Hall.
3. Shareholders are requested to bring their copy of the Annual Report.



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