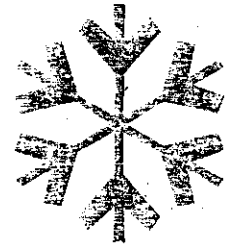


# **THE SUGAR SUGAR WORKS LIMITED.**

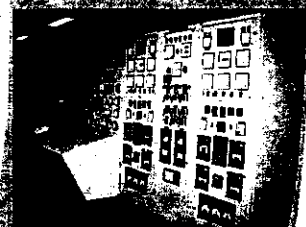
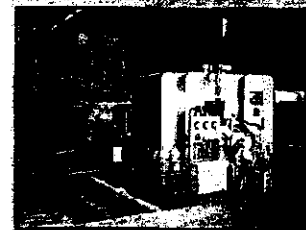




*Dream comes true....*

*The late  
Shri Vinayakraoji Shirgaokar,  
Chairman Emeritus, whilst  
on a tour  
of Hawaii for attending the  
ISSOT conference in 1959,  
was impressed by the  
technique  
of generation of electricity  
using bagasse.*

*He desired this could  
happen at Ugar. The thought  
materialized in 1999  
and we are proud his long  
cherished dream has  
come true...*



**THE UGAR SUGAR WORKS LTD.,**  
**FIFTY-NINTH ANNUAL REPORT 1998-99**

**BOARD OF DIRECTORS**

(as on 22nd January, 2000)

<b>Shri. S. S. Shirgaokar</b>	Chairman
<b>Shri. V. Balsubramanian</b>	IREDA Nominee
<b>Shri. R. R. Bhide</b>	Director.
<b>Shri. M. G. Joshi</b>	"
<b>Shri. R. M. Desai</b>	"
<b>Shri. B. N. Kalyani</b>	"
<b>Shri. A. B. Kage</b>	"
<b>Shri. M. B. Karmarkar</b>	"
<b>Shri. S. N. Inamdar</b>	"
<b>Shri. B. P. Shaha</b>	"
<b>Shri. K. P. Shirgaokar</b>	"
<b>Shri. R. V. Shirgaokar</b>	Managing Director
<b>Shri. P. V. Shirgaokar</b>	Executive Director
<b>Shri. Shishir S. Shirgaokar</b>	Wholetime Director

*The Ugar Sugar Works Limited***CONTENTS**

	Page
1. Notice .....	3 to 5
2. Directors' Report .....	6 to 12
3. Auditors' Report .....	13 to 15
4. Balance Sheet .....	16
5. Profit & Loss Account .....	17
6. Schedules A to S .....	18 to 33
7. Balance Sheet Abstract & ..... Company's General Business Profile	34
8. Cash-Flow Statement .....	35
9. The Progress of Your Company for the last 25 years .....	36

\* \* \*

**Registered Office :**

Mahaveernagar (Wakhar Bhag)  
Sangli 416 416.  
Phone : (0233) 323716, Fax : (0233) 323617

**Factory and Administrative Office :**

Ugar-Khurd 591 316  
Dist. - Belgaum  
Phone : (08339) 72230 (5 Lines), Fax : (08339) 72232, email : usw @ grandclub.com

**Company Secretary :**

Shri. B. G. Kulkarni

**Auditors :**

Messrs P. G. Bhagwat  
Chartered Accountants  
Belgaum 590 006.

**Bankers :**

Central Bank of India  
Bank of Baroda  
Union Bank of India  
The United Western Bank Ltd.  
The Sangli Bank Ltd.

**Annual General Meeting :**

Friday, 24th March, 2000, at 11.00 a.m.  
at Bhide Mangal Karyalaya, Timber Area, Sangli 416 416.

**THE UGAR SUGAR WORKS LIMITED**

REGD. OFFICE : MAHAVEERNAGAR [WAKHAR BHAG] SANGLI 416 416.

**NOTICE**

NOTICE is hereby given that the Fiftyninth Annual General Meeting of THE UGAR SUGAR WORKS LIMITED will be held on FRIDAY, the 24th March, 2000 at 11.00 a.m. at Bhide Mangal Karyalaya, Timber Area, Sangli to transact the following business.

**Ordinary Business :**

1. To receive, consider and adopt the audited Balance Sheet as at 30th September, 1999, and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri. S. S. Shirgaokar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. M. B. Karmarkar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. R. R. Bhide, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**Special Business :**

7. To appoint a Director in place of Shri. K. P. Shirgaokar, who was appointed to fill up the casual vacancy u/s 262 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and being eligible, offers himself for re-appointment.
8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"Resolved that pursuant to the provisions of sec. 314 (1) (b) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Central Government, the Company hereby accords its approval to Shri. Sanjeev S. Shirgaokar, to hold and continue to hold the office of the Liaison Officer, in the Company w.e.f. 01-10-1999 on the salary of Rs. 9,700 in the grade of Rs. 4900-250-6150-350-7900-450-12400 and on other benefits, as applicable to other employees of the company in his grade including PF, Bonus, Gratuity, VDA, HRA and Superannuation etc. Further the Managing Director is hereby authorised to give his usual annual increment and special increment (s) as the case may be and to promote him on higher grade from time to time, notwithstanding that his gross salary exceeds Rs. 20,000 p.m. subject to over all limit of Rs. 35,000 p.m."

*The Ugar Sugar Works Limited*

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

"Resolved that the Company hereby accords its approval to the Board of Directors for making contribution to the charitable and other funds in excess of the limit prescribed under section 293 (1) (e) of the Companies Act, 1956, by an amount not exceeding Rs. 10 lakh."

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

"Resolved that subject to the provisions of sec. 31 and other applicable provisions if any of the Companies Act, 1956, the Article No. 22 (1) be amended to read as under."

Article No. 22 (1) "If a sum called in respect of shares is not paid before or on the appointed date for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at 15% per annum or at lower rate, if any, as the Board may determine".

By order of the Board of Directors,  
For The Ugar Sugar Works Limited,

Panhala  
22nd January, 2000

**B. G. Kulkarni**  
Company Secretary

**NOTES:**

1. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th March, 2000 to 25th March, 2000 (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The relative explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of Special Business specified under item No. 7 to 10 of the Notice is annexed hereto.
4. If dividend as recommended by the Directors is approved, the dividend warrants will be mailed within fortytwo days from the date of declaration, to those shareholders whose names appear on the Register of Members as on 24th March, 2000.
5. Members are requested to notify promptly any change in their addresses to the Company.
6. The Members are requested to bring their copies of Annual Report along with them to the General Meeting.
7. Nomination facility has been introduced for shares as per Companies (Amendment) Act and accordingly a nomination form is enclosed along with the Notice for the use of members desirous of availing this facility.
8. The members who have not yet encashed their dividend warrants for the years 1994-95, 1995-96, 1996-97 & 1997-98 are advised to forward such warrants to the Registered Office for obtaining cheques in lieu thereof.
9. Members are requested to quote their folio number/s in all correspondence with the Company.

**ANNEXURE TO THE NOTICE****Explanatory Statement pursuant to section 173 (2) of  
the Companies Act, 1956**

As required by section 173 (2) of the Companies Act, 1956, the following statement sets out all material facts relating to the Special Business under item Nos. 7 to 10 mentioned in the accompanying Notice dated 22nd January, 2000 and should be taken as forming part of it.

**Item No. 7 :**

Shri. K. P. Shirgaokar was appointed as a Director to fill up the casual vacancy caused by the death of Shri. M. P. Shirgaokar. He retires at this Annual General Meeting. A notice is received u/s 257 of Companies Act, 1956 along with deposit of Rs. 500 from a member signifying his intention to propose appointment of Shri. K. P. Shirgaokar as a Director of the Company. Shri. K. P. Shirgaokar has shown his willingness for appointment as a Director. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the Directors, except Shri. K. P. Shirgaokar, is interested in the said resolution.

**Item No. 8 :**

Shri. Sanjeev S. Shirgaokar is working as a Liaison Officer of the Company. After the Tripartite agreement of wage settlement, his salary has been revised to Rs. 9,700 w.e.f. 01-10-1999 in the grade of Rs. 4900-250-6150-350-7900-450-12400. Due to this increase the overall salary including all other benefits like PF, Bonus, Gratuity, VDA, HRA and Superannuation, etc. exceeds Rs. 20,000 p.m. Shri. Sanjeev S. Shirgaokar is the relative of the Directors Shri. S. S. Shirgaokar and Shri. Shishir S. Shirgaokar. Being related to Directors' provision of sec. 314 (1) (b) is applicable which requires approval of the shareholders and the Central Government for payment of remuneration in excess of Rs. 20,000 p.m. Hence this resolution is proposed for your approval for payment of remuneration in excess of Rs. 20,000 p.m. and authorising the Managing Director for raising the gross remuneration of Shri. Sanjeev S. Shirgaokar from time to time, subject to a maximum limit of Rs. 35,000 per month. You are requested to approve this resolution.

Shri. S. S. Shirgaokar and Shri. Shishir S. Shirgaokar are interested in this resolution being his father and brother respectively. However, they have no pecuniary interest in the said resolution.

None of the other Directors is interested in this resolution.

**Item No. 9 :**

The Company is contributing to charitable and other funds as donation for undertaking charitable activities. Some times the donation appeals received are in excess of limit prescribed u/s 293 (1)(e) of the Companies Act, 1956. In order to meet such contingencies it is proposed to authorise the Board to give donations in excess of limit prescribed under Companies Act, 1956, by an amount not exceeding Rs. 10 lakh during a year.

None of the Directors is interested in this resolution.

**Item No. 10 :**

The existing Article No. 22 (1) of the Articles of Association provides for charging the interest at 9% p.a. on over due amounts called on shares. This rate of interest is very low, hence it is proposed to increase the same to 15% p. a. by amendment of Article No. 22 (1). You are requested to approve this resolution.

None of the Directors is interested in this resolution.

By order of the Board of Directors,  
For The Ugar Sugar Works Limited,

Panhala  
22nd January, 2000

**B. G. Kulkarni**  
Company Secretary

*The Ugar Sugar Works Limited***DIRECTORS' REPORT**

To,  
The Members,  
Your Directors have pleasure in presenting their 59th Annual Report together with the Audited Financial Statements for the year ended 30th September, 1999.

**GENERAL**

During the crushing season 1998-99 the Company has achieved crushing of 13,99,603 MT and bagging of 15,51,260 Qtls. of sugar which is one of the highest crushing and bagging in the history of your Company.

The all India production for the season 1999-2000 is estimated to be around 150 lakh tonnes.

Recently the Government has revised the ratio of sale of levy sugar to free sale sugar from 40 : 60 to 30 : 70 w.e.f. 01-01-2000.

**FINANCIAL RESULTS**

The financial results of the Company are as shown below :

	30-09-1999 <u>Rs. Lakh</u>	30-09-1998 <u>Rs. Lakh</u>
Profit before Depreciation	1,530.10	1,348.75
Provision for Depreciation	1,021.88	623.89
Profit before Tax	508.22	724.86
Provision for Tax (including short provision for earlier years)	73.40	370.44
Net Profit	434.82	354.42
Balance of profit brought forward from previous year	94.96	78.19
Transferred from Investment Allowance (Utilised) Reserve	<u>6.00</u>	<u>24.00</u>
Surplus available for appropriation	<u>535.78</u>	<u>456.61</u>
Appropriation to General reserve	250.00	250.00
Proposed Dividend	132.50	101.50
Corporate Dividend Tax	14.58	10.15
Balance carried in Profit and Loss Account	<u>138.70</u>	<u>94.96</u>
	<u>535.78</u>	<u>456.61</u>

**DIVIDEND**

Your Directors recommend, a dividend of Rs. 2.50 (i.e. 25%) per share, on 45,00,000 shares and pro-rata on 11,25,000 shares which if approved, will be paid out of the provision made as above.

**OPERATIONS**

	Accounting Year and Season <u>1998-99</u>	Accounting Year and Season <u>1997-98</u>
<b>Sugar Section</b>		
Date of beginning of Crushing Season	21.10.1998	20.10.1997
Date of ending of Crushing Season	14.07.1999	10.05.1998
No. of working days	267	202
Sugarcane crushed (Tonnes)	13,99,603	11,30,355
Recovery	10.92%	11.45%
Sugar Produced (Quintals)	15,51,260	13,10,645
<b>Distillery</b>		
Rectified Spirit (Bulk Ltrs)	1,08,17,319	91,34,807
Potable Alcohol - ,, -	24,17,581	26,53,370
Denatured Spirit - ,, -	77,692	2,603
<b>Electricity</b> Kw	6,27,72,450	20,21,088



Your Directors expect to procure about 14 to 15 lakh MT. of sugarcane during 1999-2000 season which commenced on the 28th October, 1999.

The lease agreement with MSIL for leasing of premises at Kushtagi and at Ugar is renewed for further period of three year w.e.f. 01-07-1998 till 30-06-2001. The rental was increased from Rs. 65,000 p.m. to Rs. 81,000 p.m. and Rs. 1,00,000 p.m. to Rs. 1,25,000 p.m. respectively.

#### **ENVIRONMENTAL SAFETY**

The Company continues to pursue its environmental friendly approach towards industrial growth. The Company enjoys good safety record. Constant improvements are made in the process and equipments to minimise discharge of effluents and emission. The combined effluent treatment plant for Distillery, Sugar Factory and the Domestic Waste is commissioned two years back, final approval from New Delhi is awaited.

#### **FIXED DEPOSITS**

The number of depositors who have not claimed their deposits after maturity as on 30th September, 1999 was 1, the number of deposits was 10 and the amount outstanding as on that date was Rs. 37,000.

#### **COST AUDIT**

Audit of Cost Accounts in respect of manufacture of Sugar and Industrial Alcohol has been made compulsory for every year. Your Directors have appointed Shri. V. V. Deodhar as Cost Auditor for the year 1998-99 in place of the late Shri. J. R. Bhalla. Approval of the Central Government is received for his appointment.

#### **DIRECTORS**

Sarvashri S. S. Shirgaokar, M. B. Karmarkar and R. R. Bhide retire by rotation and being eligible have offered themselves for reappointment.

Shri. K. P. Shirgaokar, who was appointed to fill up the casual vacancy holds office up to the date of this AGM and being eligible offer himself for re-appointment.

#### **EXPANSION**

The expansion of crushing capacity upto 7500 MT crushing per day is nearly completed and we expect to achieve the capacity during this season.

#### **CO-GENERATION**

The Company has successfully implemented the 1st phase of 18 M.W. Co-generation Project and Power generation therefrom is quite satisfactory during the first year of operation. This Cogeneration Project is one of the first of its kind in Karnataka State, using non conventional energy source i.e. Bagasse as fuel. The 11nd phase of 10 M.W. (18 + 10 = 28 MW) Co-generation Project for producing energy has been completed and generation will start from the first week of February, 2000.

#### **MALTRY PROJECT**

The United Breweries Limited has withdrawn itself from the Maltry Project as the project is small one and has asked the Company to go ahead on its own. The Company is considering the proposal for starting a maltry.

#### **ONE MW BIOGAS CO-GENERATION PROJECT FROM BIOGAS PRODUCED FROM DISTILLERY EFFLUENT**

The Company has set up 1 MW Biogas Power Generation Plant for utilising Biogas available from Distillery Effluent Treatment Plant jointly with Indian Institute of Science, Bangalore and National Bio-energy Board and trials are under progress.

#### **Y2K COMPLIANCE**

Your Company has become Y2K compliant and there was no material financial impact on the expenditure for achieving Y2K compliance.

*The Ugar Sugar Works Limited*

**CONSERVATION OF ENERGY, ETC. AND PARTICULARS OF EMPLOYEES**

Particulars pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo, and particulars of employees pursuant to sections 217 (1) (e) and 217 (2A) of the Companies Act, 1956 have been given under Annexure I and II respectively, forming an integral part of this Report.

**AUDITORS**

You are requested to appoint auditors for the ensuing year and to fix their remuneration.

**EXPLANATION TO AUDITORS' REMARKS**

The Auditors have made an observation in the audit report regarding non-payment of statutory dues of entry tax to the extent of Rs. 10.62 lakh to the Karnataka Government. The Company has retained this payment for adjustment against the disputed cane purchase tax of Rs. 361.92 lakh paid by the Company which is likely to be received by the Company from Government of Karnataka.

**ACKNOWLEDGMENT**

Your Directors thank the managements of Central Bank of India, Bank of Baroda, Union Bank of India, The Sangli Bank Limited and The United Western Bank Limited for providing working capital finance and IFCI, Bangalore, IREDA, New Delhi and Bank of Baroda, Sangli for providing long-term finance for capital investments.

Your Directors thank the Government authorities, cane suppliers, workers and staff for their co-operation and contribution to the general progress of the Company.

By order of the Board of Directors,  
For The Ugar Sugar Works Limited,

*S. S. Shingappa*

Chairman

Panhala  
22nd January, 2000