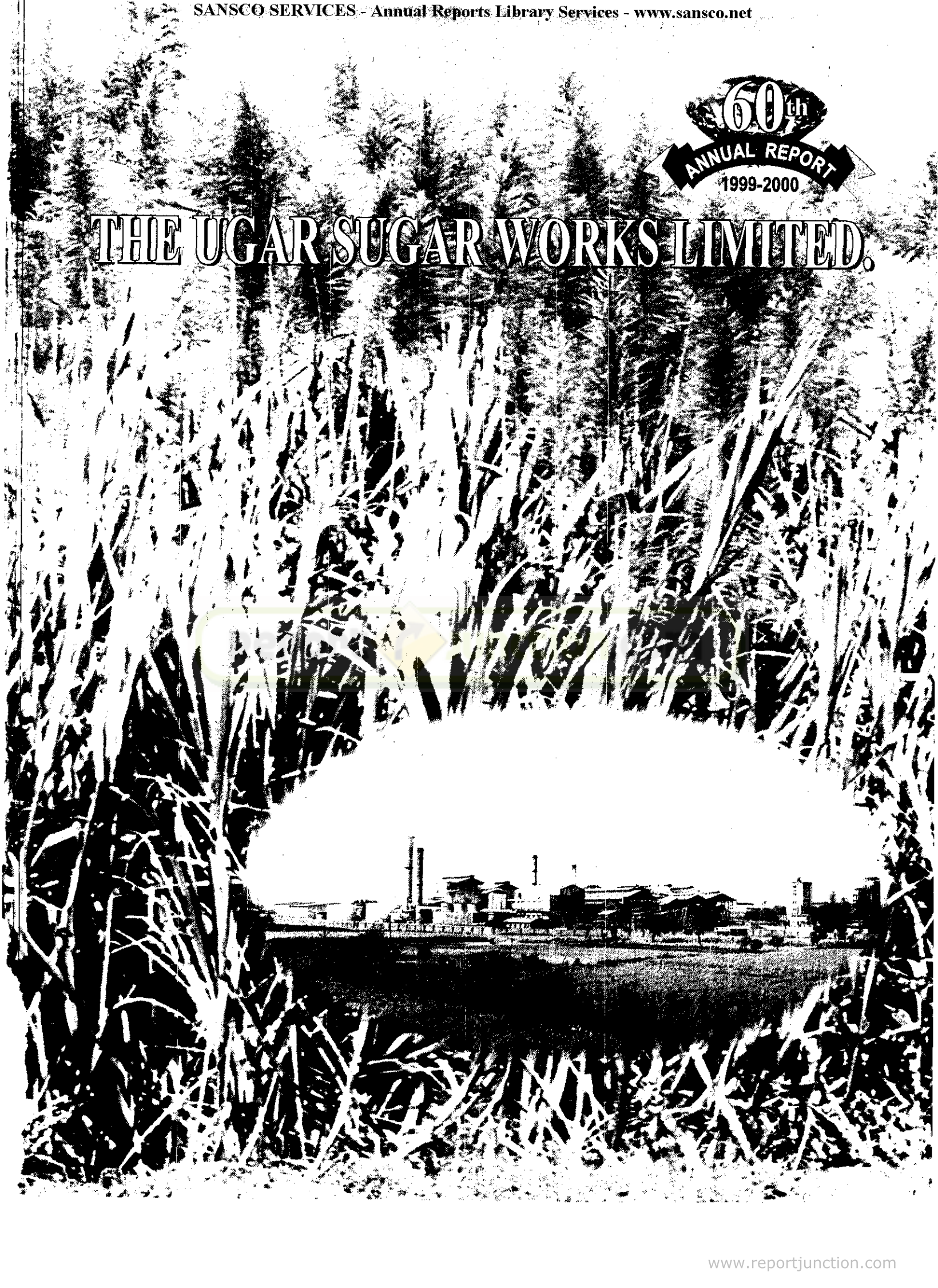
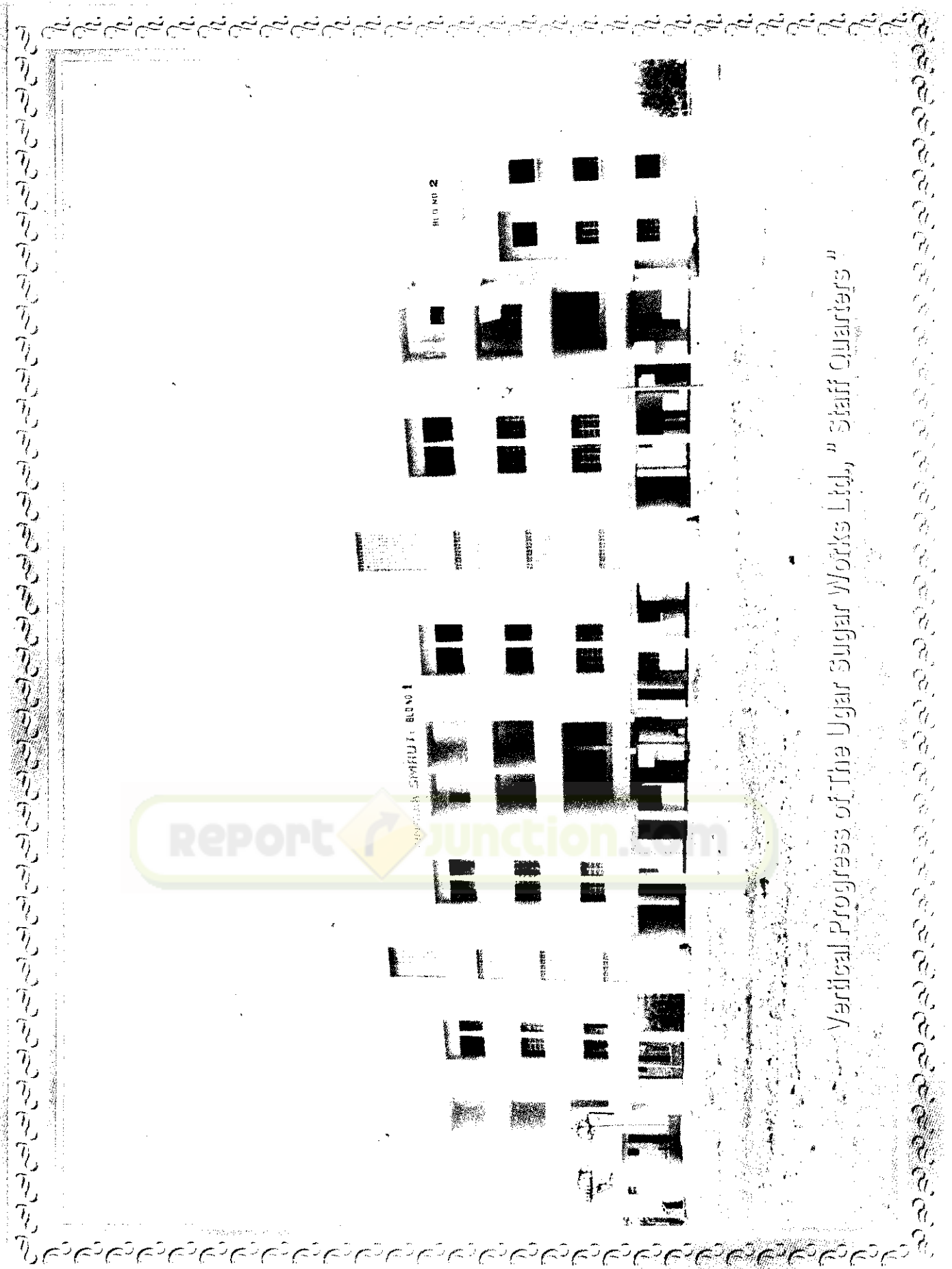




THE UGAR SUGAR WORKS LIMITED.





THE UGAR SUGAR WORKS LTD.,

SIXTYETH ANNUAL REPORT 1999-2000

BOARD OF DIRECTORS

(as on 19th January, 2001)

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

THE UGAR SUGAR WORKS LIMITED

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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 : ugarsugar@bir.vsnl.net.in

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, 23rd March, at 11.30 a. m.

at Bhide Mangal Karyalaya, Timber Area, Sangli 416 416.

THE UGAR SUGAR WORKS LIMITED

REGD OFFICE : MAHAVEERNAGAR [WAKHAR BHAG] SANGLI 416416

NOTICE

NOTICE is hereby given that the Sixtyeth Annual General Meeting of THE UGAR SUGAR WORKS LIMITED will be held on Friday, the 23rd March, 2001 at 11.30 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, 2000, 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. B. N. Kalyani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. A. B. Kage, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. M. G. Joshi 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. M. R. Desai, 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 is eligible for appointment.

A Notice in writing under Sec 257 of Companies Act, 1956 has been received by the company proposing the candidature of Mr. M. R. Desai for the office of Director.

8. 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 section 17 and other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded for amending the object clause of the Memorandum of Association of the Company by addition of new clauses to be inserted immediately after existing clause 36 of the Memorandum of Association to read as under -

37. To construct, maintain, operate and develop infrastructure facilities such as public and private roads and to carry on in India or elsewhere, either alone or jointly with one or more persons, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, test, inspect, locate, modify, own, operate, protect, promote, provide, participate, reconstruct, grout, dig, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisors, administrator, contractor, subcontractor, turnkey contractor and manager of all types of constructions and developmental work in all its branches such as roads, ways culverts, dams, bridges, railways, tramways, water tanks, reservoirs, canals, wharves, warehouses, factories, buildings, structures, drainage and sewage works, water distribution and filtration

THE UGAR SUGAR WORKS LIMITED

systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, aqueducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, hospitals, dharmashalas, multistories, colonies, complexes, housing projects and other similar works and for the purpose to acquire, handover, purchase, sell, own, operate, cut to size, develop, distribute or otherwise to deal in all sorts of lands and buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments accessories, parts, totals, fittings, articles, materials and facilities of whatsoever nature and to do all incidental acts and things necessary for the attainment of forgoing objects.

38. To finance infrastructure activities undertaken by the others.
39. To purchase machinery for the purpose of road development and other infrastructure activities.
40. To enter into contract with Government, Public Corporation for development of infrastructure facilities.

The existing clause No. 38 may be changed as clause No. 41.

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

"Resolved that pursuant to the provision of Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the Company for commencing the new business being included in clauses No. 37 to 40 of the object clause in the Memorandum of Association of the Company in terms of resolution at item No. 8 above as and when deemed fit by the Board of Directors of the Company.

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

Panhala
19-01-2001

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, 2001 to 25th March, 2001 (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 9 of the Notice is annexed hereto.
4. If dividend as recommended by the Directors is approved, the dividend warrants will be mailed within 30 days from the date of declaration, to those shareholders whose names appear on the Register of Members as on 23rd March, 2001.
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. The members who have not yet encashed their dividend warrants for the years 1994-95, 1995-96, 1996-97, 1997-98 and 1998-99 are advised to forward such warrants to the Registered Office for obtaining cheques in lieu thereof. Pursuant provision of Sec 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. 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 9 mentioned in the accompanying Notice dated 19th January, 2001 and should be taken as forming part of it.

Item No 7 :

Shri. M. R. Desai was appointed as a Director to fill up the casual vacancy caused by the resignation of Shri. R. M. Desai. He retires at this Annual general Meeting. A Notice is received u/s 257 of Companies Act, along with deposit amount of Rs. 500 from a member signifying his intention to propose appointment of Shri. M. R. Desai as a Director of the Company. Shri. M. R. Desai 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.

Except Shri. M. R. Desai no other Directors is interested in this resolution.

Item No. 8 & 9 :

The Company is considering undertaking infrastructure development activities and also to develop the existing roads around the factory. The existing clauses in Memorandum and Articles of Association of the Company does not include these activities, hence it is proposed to include these activities by adding these clauses in the object clause of Memorandum and Articles of Association to enable us to take up these activities.

Resolution at Item No. 9 is consequential upon addition of new clauses under items No. 37 to 40 to the Memorandum and Articles of Association. This resolution authorises the Board to take up the new activities included in the object clause. The Board recommends approval of these resolutions.

Memorandum of Interest :

None of the Directors are interested in these resolutions.

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

Panhala
19-01-2001

B. G. Kulkarni
Company Secretary

THE UGAR SUGAR WORKS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 60th Annual Report together with the Audited Financial Statements for the year ended 30th September, 2000.

GENERAL :

During the crushing season 1999-2000 the Company has achieved crushing of 14,25,023 MT and the bagging of 17,16,100 Qtls., of sugar which is one of the highest crushing and bagging in the history of your Company. Due to bumper production and reduced releases, the Company was holding large stock of 14,20,777 bags of sugar during June, all our godowns were full and we had to keep about 1.03 lac quintals of Sugar in open area. The Government permitted export of sugar giving a concession i. e. exemption from levy obligation for export quota. In order to reduce the burden of interest on stocks and to reduce the stocks for storage during next season, we exported 2,75,000 quintals of sugar through Indian Sugar and General Industry Export Import Corp. Ltd.

The all India production for the season 1999-2000 was 182.00 lac tonnes as compared to 155.41 lac, tonnes during previous season and the production for 2000-2001 is estimated to be around 180 lac tonnes.

FINANCIAL RESULTS :

The financial results of the company are as shown below :

	30-09-2000 Rs. lakh	30-09-1999 Rs. lakh
Profit before Depreciation	2,163.87	1,530.10
Provision for Depreciation	1,087.39	1,021.88
Profit before Tax	1,076.48	508.22
Provision for Tax (including short/ Excess provision for earlier years)	88.10	73.40
Net Profit	988.38	434.82
Balance of profit brought forward from previous year	138.70	94.96
Transferred from Investment Allowance (utilised) Reserve	156.00	6.00
Surplus available for appropriation	1,283.08	535.78
Appropriation to General reserve	900.00	250.00
Proposed Dividend (Includes short provision of earlier year)	169.23	132.50
Corporate Dividend Tax (Includes short provision of earlier year)	37.51	14.58
Balance carried in Profit and Loss A/C	176.34	138.70
	1,283.08	535.78

DIVIDEND

Your Directors are pleased to recommend, enhanced dividend of Rs. 3 (i. e. 30 %) per share as compared to Rs. 2.50 (i. e. 25%) per share during previous year on 56,07,394 shares and pro-rata on 17,606 shares which if approved, will be paid out of the provision made as above.

OPERATIONS

	Accounting Year and Season 1999-2000	Accounting Year and Season 1998-99
Sugar section		
Date of beginning of crushing season	29-10-1999	21-10-1998
Date of ending of crushing season	13-07-2000	14-07-1999
No. of Days working	258	267
Sugarcane crushed (Tonnes)	14,25,023	13,99,603
Recovery	11.84%	10.92%
Sugar Produced (Quintals)	17,16,100	15,51,260
Distillery		
Rectified Spirit Produced (Bulk ltrs)	76,71,436	1,08,17,319
Potable Alcohol Produced (Bulk ltrs)	10,95,777	24,17,581
Denatured spirit Produced (Bulk ltrs)	30,355	77,692
Electricity Generated KWH	12,93,69,100	6,27,72,450

Your Directors expect to procure about 14 lac MT. of sugarcane during 2000-2001 season which commenced on the 29th October, 2000.

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. Approval from Central Government is received.

FIXED DEPOSITS :

The number of depositors who have not claimed their deposits after maturity as on 30th September, 2000 was 5, the number of deposits was 14 and the amount outstanding as on that date was Rs. 1,10,000.

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, Mumbai, as Cost Auditor for the year 1999-2000. Approval of the Central Government is received for his appointment.

DIRECTORS :

Your Directors are very sorry to report sad demise of Shri. B. P. Shah Director on 12.01.2001. The Company will be missing his valuable guidance. Your Directors place on record their appreciation of his valuable services.

Sarvashri B. N. Kalyani, A. B. Kage and M. G. Joshi retire by rotation and being eligible offer themselves for reappointment.

To appoint a Director in place of Shri. M. R. Desai, who was appointed to fill up the casual vacancy u/s 262 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and is eligible for appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

We Confirm :

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) That the directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

Your Company has been following good Corporate Governance from inception. As required under SEBI guidelines various Committees of Board have been constituted in order to provide meaningful supervision and control.

- i) Audit Committee of Directors comprises of three non-executive Directors, Shri. S. N. Inamdar Chairman, Shri. M. G. Joshi and Shri. M. B. Karmarkar, and officers Shri. R. V. Desurkar Manager Finance, Shri. N. C. Maiti Dy. Manager Finance and Internal Audit, and Shri. B. G. Kulkarni Company Secretary as members of the Committee. The Committee met three times during the year to review the audit observations, adequacy of action taken and followed up, implementation of corrective action.
- ii) Shareholders grievance Committee of Directors consist of Shri. M. B. Karmarkar Chairman, Shri. R. R. Bhide and Shri. A. B. Kage as members. There were no shareholders grievance reported during the year.

Your Company is required to ensure full compliance with SEBI guidelines before 31-03-2002. However, your company has already started complying with most of the requirements prescribed by SEBI and will ensure full compliance before 31-03-2002.

THE UGAR SUGAR WORKS LIMITED**EXPANSION :**

In order to take benefit of available cane, the Company has proposed expansion of existing crushing capacity from 7,500 TCD to 10,000 TCD and the expansion work is in progress. The expansion will be completed by next season.

CO-GENERATION :

The Company has successfully implemented the 2nd phase of 10 MW Co-generation project i.e. total 28 M. W. and power generation therefrom is quite satisfactory. This Co-Generation project is one of the first of its kind in Karnataka state, using non-conventional energy source i. e. Bagasse as fuel.

During the year Co-Generation project has generated 12,89,65,780 Units and after captive consumption of 4,88,30,935 units, it has exported 8,01,34,845 Units to Karnataka State grid by consuming 4,34,403 M. T. of Bagasse which consist of purchased quantity of 66,590 M. T. from neighbouring sugar factories.

WIND MILLS :

The Company has sold 4 wind mills situated in Tamilnadu in the month of February, 2000. During the year till the date of sale, we have exported 4,03,320 units to TNEB.

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. The overall performance of the engines is not yet satisfactory and the work of modification of engines is in progress.

BOTTLING OF UDVI PRODUCTS AT UGAR DISTILLERY :

The Company has entered into an agreement with UDV India Ltd. (a subsidiary of United Distilleries and Vinters Ltd., U. K.) for bottling their Products at our distillery.

We have also made arrangements to bottle our IML products with M/S. K. S. Distilleries and M/S. Super Star Distilleries in Kerala State and Paramount Distilleries at Goa. During the year we have bottled 1,24,627 cases.

CONSERVATION OF ENERGY ETC.

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. Present auditors M/s. P. G. Bhagwat, Chartered Accountants are eligible for re-appointment.

EXPLANATION TO AUDITORS REMARKS

The auditors have made an observation in the audit report regarding non-availability of information in respect of disqualification from being appointed as a director under section 274(1)(g) of the Companies Act, 1956. The new provision of Section 274(1)(g) has been introduced very recently by way of Companies (Amendment) Act, 2000 and your company had very little time for obtaining written confirmation from the concerned directors. However, the directors have confirmed orally that they are not disqualified as per provisions of Section 274(1)(g) of the Companies Act, 1956. Written confirmations are awaited.

ACKNOWLEDGEMENT :

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 IFCL, Bangalore, IREDA, New Delhi and Bank of Baroda, Sangli for providing long-term finance for Capital Investments and Government of Karnataka for sanctioning Subsidy and Deferment of Cane Purchase Tax.

Your Directors thank the Government of Karnataka, Government authorities, Shareholders, 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
19-01-2001