

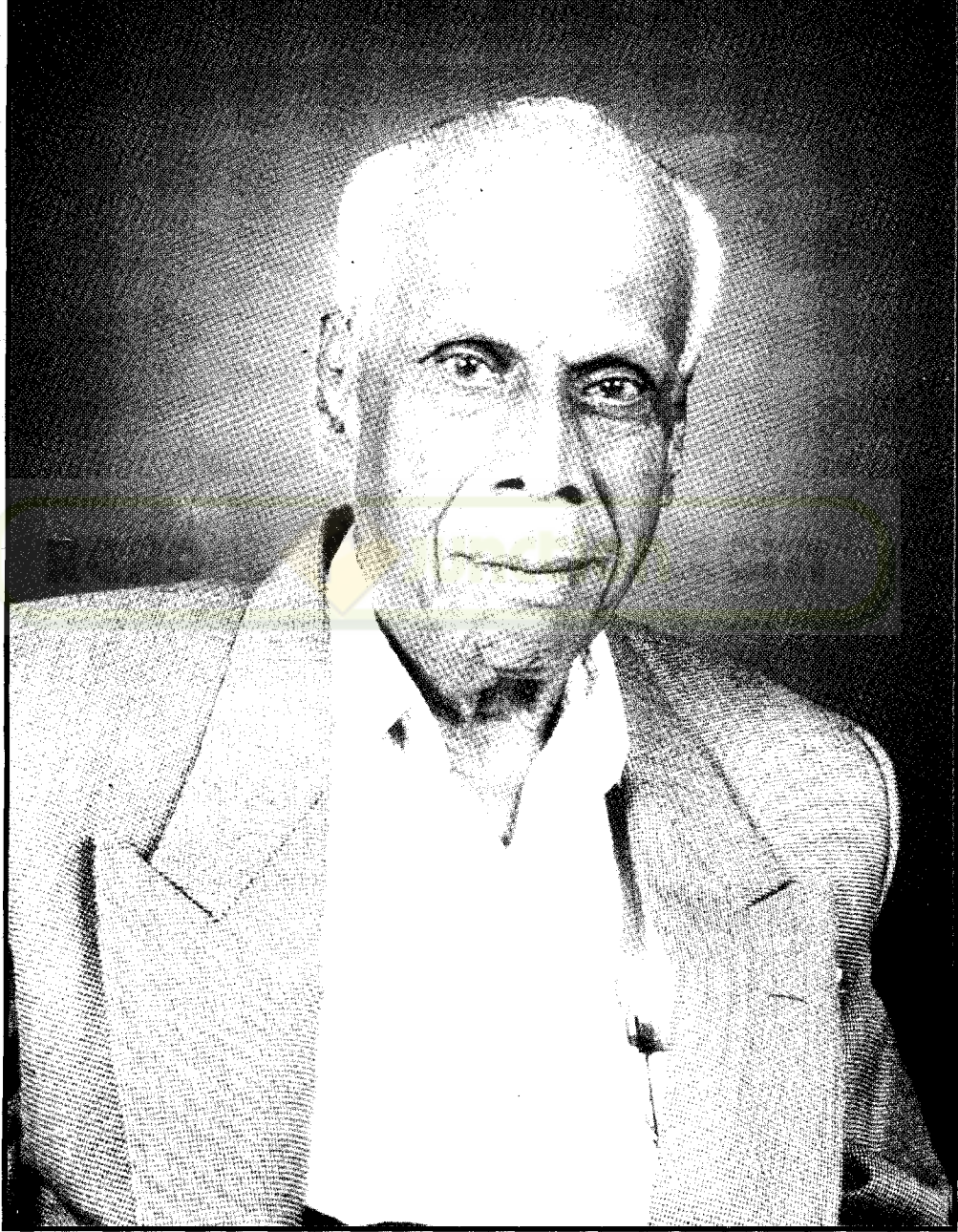
THE UGAR SUGAR WORKS LIMITED

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64th

ANNUAL REPORT 2003 - 2004

अथक परिश्रम... अखंड उद्योगसाधना... कर्मप्रधान जीवन...
दुर्दम्य इच्छाशक्ती... चिरतरुण वृत्ती... निर्मल पारदर्शी स्वभाव
सूक्ष्म अवलोकनशक्ती... दूरदृष्टी... जाणीवपूर्वक जोपासलेलं रसिकत्व...
सदैव हसतमुखमुद्रा... मूर्तिमंत चैतन्य आणि सळसळत्या उत्साहाचं प्रतीक



मा. कै. श्री. बाबूकाका शिरगावकर

[२-१-१९१३ ते ३-९-२००४]

The Ugar Sugar Works Limited

SIXTYFOURTH ANNUAL REPORT 2003-04

BOARD OF DIRECTORS

(as on 22-01-2005)

Shri. R. V. Shirgaokar	Chairman & Managing Director
Shri. V. Balasubramanian I.A.S (Retired)	Director
Shri. M. B. Karmarkar	"
Shri. K. P. Shirgaokar	"
Shri. S. N. Inamdar	"
Shri. B. N. Kalyani	"
Shri. M. G. Joshi	"
Dr. M. R. Desai	"
Shri. A. B. Kage	"
Shri. P. V. Shirgaokar	Executive Director
Shri. Shishir S. Shirgaokar	Wholetime Director

THE UGAR SUGAR WORKS LIMITED**CONTENTS**

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Registered Office :

Mahaveernagar, Sangli 416416
 Phone: 0233-2623717, 2623716
 Fax: 0233-2623617

Factory & Administrative Office :

Ugarkhurd 591316 (Dist. Belgaum)
 Phone: 08339-272230
 Fax: 08339-272232

e_mail : ugarsugar@sancharnet.in

website : www.ugarsugar.com

Company Secretary & Compliance Officer

Shri B. G. Kulkarni

Auditors

M/s P. G. Bhagwat
 Chartered Accountants
 Manoj Arcade, Tilakwadi
 Belgaum 590 006
 Phone: 0831-2429306

Bankers

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

Annual General Meeting

Monday, the 28th March, 2005 at 11.00 a.m.
 at Bhide Mangal Karyalaya, Timber Area, Sangli 416416

THE UGAR SUGAR WORKS LIMITED

REGD. OFFICE : MAHAVEERNAGAR [WAKHAR BHAG], SANGLI 416 410

NOTICE

NOTICE is hereby given that Sixty-fourth Annual General Meeting of THE UGAR SUGAR WORKS LIMITED will be held on Monday the 28th March, 2005 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 on 30th September, 2004 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. M. B. Karmarkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. S. N. Inamdar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting to fix their remuneration.

Special Business :

6. To appoint Director in place of Shri V.Balasubramanian who was appointed by the Board U/s 262 of the Companies Act, 1956, in the casual vacancy caused by the death of Shri. R.R.Bhide. He holds office upto the date of this meeting. He is eligible for appointment and the Company has received notice in writing from a member signifying his intention to propose the candidature of Shri V.Balasubramanian.
7. To consider and if thought fit to pass, with or without modification(s), the following resolution as a special resolution.

"RESOLVED that, pursuant to provisions of section 61 and other applicable provisions of the Companies Act, 1956 and applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, and all other applicable laws (including any statutory modification(s) or reenactment thereof for the time being in force) and subject to such other approvals, permissions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company or any Committee thereof, consent of the members be and is hereby accorded to the voluntary delisting of the equity shares of the Company from the Pune Stock Exchange Ltd."

"RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or expedient to give effect to the above resolution and to settle all questions, difficulties or doubts that may arise in implementation of delisting of shares without being required to seek any further consent or approval of the members."

THE UGAR SUGAR WORKS LIMITED

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that, pursuant to the provisions of section 372-A(1)(b) and other applicable provisions, if any, of the Companies Act, 1956, the action of Board of Directors in giving Corporate Guarantee to the Banks, Financial Institutions and others, against harvesting and transport loans to the harvesting and transport contractors and cane receivable loans to the cane growers amounting to Rs. 91 Crore in excess of the limit prescribed under this Section is hereby ratified."

"Resolved further that, the Board is hereby authorised to give Corporate Guarantee under section 372-A(1)(b) to the Banks, Financial Institutions and others for the loans given to the harvesting and transport contractors and cane receivable loans to the cane growers and other purposes for an amount not exceeding Rs.300 crore."

9. 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 198, section 269, section 309, section 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto and subject to such other provisions as may be necessary, the consent of the Company be and is hereby accorded to the revision of remuneration payable to Shri R.V.Shirgaokar, Chairman and Managing Director, with effect from 1.1.2005 for the remaining period of his appointment i.e. upto 31.3.2009 with the remuneration and terms and conditions as embodied in draft agreements between the Company and Shri R.V.Shirgaokar, Chairman and Managing Director, the draft agreement whereof for the purpose of identification is placed before this meeting and which agreement is hereby specifically approved with the liberty to the Board of Directors to vary and alter the terms and conditions in the agreement, provided, however, that the remuneration and perquisites payable to the said Shri R.V.Shirgaokar, Chairman and Managing Director shall not exceed the limit specified in Schedule-XIII."

10. 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 198, section 269, section 309, section 310 and other applicable provisions if any, of the Companies Act, 1956 and Schedule XIII thereto and subject to such other provisions as may be necessary, the consent of the Company be and is hereby accorded to the revision of remuneration payable to Shri P.V.Shirgaokar, Executive Director, with effect from 1.1.2005 for the remaining period of his appointment i.e. upto 31.3.2009 with the remuneration and terms and conditions as embodied in draft agreements between the Company and Shri P.V.Shirgaokar, Executive Director, the draft agreement whereof for the purpose of identification is placed before this meeting and which agreement is hereby specifically approved with the liberty to the Board of Directors to vary and alter the terms and conditions in the agreement, provided, however, that the remuneration and perquisites payable to the said Shri P.V.Shirgaokar, Executive Director, shall not exceed the limit specified in Schedule-XIII."

11. 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 198, section 269, section 309, section 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto and subject to such other provisions as may be necessary, the consent of the Company be and is hereby accorded to the revision of remuneration payable to Shri Shishir S.Shirgaokar, Wholetime Director, with effect from 1.1.2005 for the

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remaining period of his appointment i.e. upto 31.3.2009 with the remuneration and terms and conditions as embodied in draft agreements between the Company and Shri Shishir S. Shirgaokar, Wholetime Director, the draft agreement whereof for the purpose of identification is placed before this meeting and which agreement is hereby specifically approved with the liberty to the Board of Directors to vary and alter the terms and conditions in the agreement provided, however, that the remuneration and perquisites payable to the said Shri Shishir S. Shirgaokar, Wholetime Director, shall not exceed the limit specified in Schedule-XIII."

Panhala
22nd January, 2005

By order of the Board of Directors,
For The Ugar Sugar Works Limited,
B. G. Kulkarni
Company Secretary

NOTES:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from **14th March, 2005 to 28th March 2005** (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY 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. 6 to 11 of the Notice is annexed hereto.
4. If the 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 **28th March 2005**.
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 1996-97, 1997-98, 1998-99, 1999-2000, 2000-2001, 2001-2002 (in the year 2002-03 the Company has not declared dividend to due loss) are advised to forward such warrants to the Registered Office for obtaining cheques in lieu thereof. Pursuant to the provisions of 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. Members are requested to quote their folio numbers, DP/ID Nos. in all correspondence with the Company.
9. Resolution at item No.8 will be approved by Postal Ballot sent separately to the members. Result of Postal Ballot will be announced in the Annual General Meeting.

THE UGAR SUGAR WORKS LIMITED**ANNEXURE TO 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 No. 6 to 11 mentioned in the accompanying Notice dated 22nd January, 2005 and should be taken as forming part of it.

Item No. 6 :

Shri V.Balasubramanian, nominee of IREDA after withdrawal of nomination, was appointed by the Board U/S.262 of the Companies Act, 1956, to fill the casual vacancy caused by the death of Shri. R.R.Bhide. He is eligible for appointment and the Company has received a notice in writing from a member signifying his intention to propose the candidature of Shri V.Balasubramanian as Director of the Company. He is retired Secretary, Government of Karnataka. He is a knowledgeable person and has vast experience in administration and other fields. Considering his vast experience the Board recommends the Resolution for approval by the Members.

Item No. 7 :

At the last Annual General Meeting, the members had approved delisting of shares from the Pune Stock Exchange by way of an ordinary resolution. This resolution was not accepted by the Pune Stock Exchange stating that a special resolution is required as per SEBI (Delisting of Securities) Guidelines, 2003. The Board of Directors at its meeting held on 22nd January, 2005 has once again decided to delist the equity shares of the Company from the Pune Stock Exchange since no transactions have taken place in the Stock Exchange.

The Company's shares will, however, continue to be listed on the Stock Exchange at Mumbai which has extensive network of trading terminals that facilitate Members/Investors across the country. The proposal of delisting of the Company's Equity shares from Pune Stock Exchange will not be prejudicial to or affect the interest of the shareholders.

The Board recommends the special resolution as set out at item No.7 for approval by the Members.

Item No.8 :

The Company instead of giving advances to Harvesting and Transport Contractors is arranging H&T loans to the tractor owners through banks/financial institution/others for which the Company is required to give Corporate Guarantee for such advances. Similarly, on the sugarcane supplied to the Company, the banks and financial institutions are giving loan on cane receivables to the growers for which banks/financial institutions are insisting for Corporate Guarantee for this loan. These loans are safe loans and are not likely to have any impact on the Company. On the contrary the Company is saving interest due to these loans. As per Section 372-A (1)(b) approval of General Body is required for giving Corporate Guarantee beyond 100% of reserves or 60% of reserves and capital. The Company has already given Corporate Guarantee for such type of loans to the tune of Rs.91 crore during this year, for which ratification is requested. Considering the future requirement of Corporate Guarantee to be given by the Board due to likely increase in crushing during the coming season, banks and financial institutions may give increased cane receivable loans to the cane growers and harvesting & transport contractors, the increase in the limit upto Rs.300 crore is requested. Since the resolution under Section 372-A (1)(b) is required to be approved by the members by way of postal ballot, necessary notice is already sent to the members separately. Announcement of the result will be made in the General Body Meeting.

The Board of Directors recommends this special resolution for your approval.

64th ANNUAL REPORT**Item No. 9, 10 and 11**

In view of the loss incurred during previous year, at the time of seeking approval for reappointment of Managing Director, Executive Director and Wholetime Director, no increase in the remuneration was considered and the existing salary was proposed for further 5 years. Considering the good performance during this year, the Remuneration Committee in its meeting held on 21st January, 2005 has recommended and the Board in its meeting held on 22nd January, 2005 subject to the approval of members in General Meeting, has approved revision in their remuneration from 1.1.2005 till 31.3.2009.

The remuneration and the other terms and conditions have been embodied in draft agreements between the Company and Shri R.V.Shirgaokar, Chairman & Managing Director, Shri P.V.Shirgaokar, Executive Director and Shri Shishir S.Shirgaokar, Wholetime Director. Pursuant to Section 302 of the Companies Act, 1956, the following is the abstract of the material terms thereof.

- A) Salary: a) Chairman & Managing Director
 Rs. 75,000 per month.
- b) Executive Director
 Rs. 60,000 per month.
- c) Wholetime Director
 Rs. 60,000 per month
- B) Commission : One percent (1%) commission on net profit computed in the manner laid down in section 309(5) of the Companies Act, 1956.
- C) Perquisites :

PART A

- a) Free furnished accommodation valued as per the Income tax Rules, 1962 or alternatively house rent allowance of Rs.10,000/- p.m. as being paid now or any increase as may be decided by Board.
- b) Provision of Gas, Electricity and Water and furnishings valued as per the Income Tax Rules, 1962 subject to ceiling of 10% of salary.
- c) Medical Reimbursement.
Reimbursement of Medical expenses incurred for self and family.
- d) Leave travel concession
For self and family, once a year, to and from any place in India subject to the condition that only actual fares and no hotel expenses will be allowed.
- e) Club Fees :
Fees of Clubs whether in India or abroad, including admission and life membership fees for business purpose.
- f) Personal Accident Insurance :
Of an amount the annual premium of which does not exceed Rs.5000/-.

The actual expenditure or liability incurred by the Company for perquisites in part A shall be restricted to annual salary.

PART B :

- g) Provident Fund, etc.
The Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund shall be as per the prevailing Rules of the Company.

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h) Gratuity :

Gratuity at a rate not exceeding one month's salary for each completed year of service.

i) Other Perquisites :

Within the overall ceiling on the remuneration mentioned herein, the Managing Director, Executive Director and Wholetime Director may be given any other allowances and perquisites from time to time as per the Rules of the Company.

PART C :

j) Leave :

Not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

Explanation :

1. Wherever context demands, 'family means the spouse, dependent children and dependent parents.
2. Perquisites shall be evaluated as per Income tax rules wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.
3. The aggregate of the consolidated salary, commission and perquisites payable to the Chairman & Managing Director, Executive Director and Wholetime Director shall not exceed 10% of the net profit of the Company calculated in accordance with the provisions of section of 198 and 309 of The Companies Act.

PART D :

Minimum Remuneration :

In case of absence or inadequacy of profits (including the case of loss for any year, the Company shall pay to the Chairman & Managing Director, the Executive Director and the Wholetime Director, the salary mentioned in clause A above and perquisites as detailed above except commission on net profit.

- a) The net profit of the Company shall be determined as provided for in section 349 and any other provision/s of the Companies Act, 1956, applicable thereto.
- b) The termination of services for the purpose of reappointment will not be treated as discontinuation of services for the purposes of gratuity and other benefits accruing to them. Their service will be treated as continuous services for the purpose of Gratuity and other benefits.
- c) The agreement may be terminated by either party giving the other party three months' notice or the Company paying three months' salary in lieu thereof.
- d) If at any time the Chairman & Managing Director, Executive Director and Wholetime Director cease to be a Director of the Company for any cause whatsoever, he shall cease to be the Chairman & Managing Director, the Executive Director and the Wholetime Director as the case may be.