



The Ugar Sugar Works Limited



72nd

ANNUAL REPORT
2011-2012

The Ugar Sugar Works Limited

72nd ANNUAL REPORT 2011-12

BOARD OF DIRECTORS (As on 15th May, 2012)

Shri. R. V. Shirgaokar	Chairman & Mentor
Shri. V. Balasubramanian (I.A.S. Retired)	Director
Dr. M. R. Desai	Director
Shri. S. N. Inamdar	Director
Shri. M. G. Joshi	Director
Shri. D. B. Shah	Director
Shri. A. B. Kage	Director
Shri. Sanat K. Shirgaokar	Director
Shri. P. V. Shirgaokar	Executive Vice Chairman
Shri. Shishir S. Shirgaokar	Managing Director
Shri. Niraj S. Shirgaokar	Joint Managing Director
Shri. Chandan S. Shirgaokar	Joint Managing Director

Company Secretary & Compliance Officer

Shri. B. G. Kulkarni
Ugarkhurd 591 316 (Dist- Belgaum)
Phone: 08339-272230
Fax: 08339-272232
Email: bg.kulkarni@ugarsugar.com

Auditors

M/s. P. G. Bhagwat
Chartered Accountants
Ashirwad's Landmarks,
Roy Road, Tilakwadi,
Belgaum - 590 006
Phone: 0831-2429306

CONTENTS

Sr. No	Particulars	Page No.
1	Notice of Annual General Meeting	3 - 4
2	Directors' Report with Annexures	5 - 13
3	Management Discussion & Analysis	14 - 15
4	Corporate Governance Report	16 - 28
5	Auditors' Report with Annexure	29 - 32
6	Balance Sheet	33 - 33
7	Profit and Loss Account	34 - 34
8	Cash Flow Statement	35 - 35
9	Notes to Financial Statements	36 - 59
10	Key Financial Ratios	60 - 60
11	Progress of the Company for last 25 years	61 - 61

Registered Office :

Mahaveernagar, Sangli 416 416
Phone: 0233-2623716, 2623717
Fax: 0233-2623617.

Registrar & Transfer Agent:

Bigshare Services Pvt. Ltd.
E-2, Ansa Ind. Estate, Sakivihar Rd,
Saki Naka, Andheri (E),
MUMBAI – 400 072.

Administrative Office:

Ugarkhurd 591 316 (Dist- Belgaum)
Phone: 08339-272230
Fax: 08339-272232

e-mail: helpdesk@ugarsugar.com

website: www.ugarsugar.com

Plants: I) Ugar Khurd, II) Malli (Jewargi)

Bankers:

Central Bank of India
Bank of Baroda
IDBI Bank Ltd.

Bank of India
Union Bank of India

Annual General Meeting

SATURDAY, THE 04TH AUGUST, 2012 AT 11.00 A.M. AT
RAJMATI BHAVAN, NEMINATH NAGAR, VISHRAMBAG, SANGLI 416 416.

THE UGAR SUGAR WORKS LIMITED

REGD. OFFICE: MAHAVEERNAGAR [WAKHAR BHAG], SANGLI- 416416.

NOTICE

NOTICE is hereby given that, Seventy Second Annual General Meeting of THE UGAR SUGAR WORKS LIMITED will be held on Saturday, the 04th August, 2012 at 11.00 a.m., at Rajmati Bhavan, Neminath Nagar, Vishrambag, Sangli – 416 416, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2012 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. M. R. Desai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. V. Balasubramanian, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Sanat K. Shirgaokar, 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.

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

Place: Mumbai
Date: 15-05-2012

B. G. Kulkarni
Company Secretary

NOTES

- 1 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. 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. The Register of Members and the Share Transfer Books of the Company will remain Closed from 23rd July, 2012 to 03rd August, 2012 (both days inclusive).
3. Members are requested to notify promptly any change in their addresses to the RTA/ Company.
4. The members are requested to bring their copies of Annual Report along with them to the Annual General Meeting.
5.
 - i) The members who have not yet encashed their dividend warrants for the years 2004-05, 2005-06, 2007-08, and 2008-09 are advised to forward such warrants/ request to the Registered Office of the Company for obtaining cheques in lieu thereof. (The Company has not declared any dividend for the year 2006-07, 2009-10 and 2010-11.)
 - ii) Pursuant to the provisions of section 205-A and 205C, any dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. The unclaimed dividends for the financial year ended 2003-04 have been transferred to the Investor Education and Protection Fund.
6. Members are requested to quote their folio number/s or Client ID in all correspondence with the Company.
7. SEBI, vide its Circular dated 20th May, 2009, has clarified that, it shall be mandatory for the transferee (s) of shares of the Listed Companies, in physical form, to furnish copy of PAN Card to the Company/ RTA for registration of transfer of shares, for securities market transactions and off market / private transactions involving shares.
8. In response to the Green Environment Initiative taken by the Ministry of Corporate Affairs, Members who have not registered their e-mail addresses so far are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their email addresses with M/s. Bigshare Services Pvt. Ltd., Registrar and Share Transfer Agents of the Company.

DIRECTORS' REPORT**DEAR SHAREHOLDERS,**

Your Directors have pleasure in presenting their 72nd Annual Report together with the Audited Financial Statements for the year ended 31st March, 2012.

GENERAL :

All India Production of Sugar for the Season 2011-12 is expected to reach 26 million tonnes as a result of good monsoon and increase in sugar plantation area, as compared to the previous years production of 24.3 million tonnes. The government has permitted export of 3 million tonnes sugar during the year. The levy obligation remain stable at 10%.

The sugar cane crushed during the season 2011-12 at Ugar and Jewargi was 16.89 Lakh MT. Your company has produced 19.78 Lakh Qtls., of sugar at Ugar and Jewargi at an average recovery of 11.86% and 10.86% respectively.

FINANCIAL RESULTS:

The financial results of the Company are as shown below:

Particulars	31.03.2012 Rs. in Lakh	31.03.2011 Rs. in Lakh
Profit before Depreciation & Amortisation	5,694.04	3,251.89
Depreciation & Amortisation	(2,516.58)	(2,866.44)
Profit Before Tax & Exceptional items	3,177.46	385.45
*Exceptional items	431.16	0.00
Provision for Tax, (including deferred tax adjustment, short/excess provision for tax)	1,037.06	(16.12)
Profit after Tax / Net Profit	1,709.24	401.57
Balance of profit / (loss) brought forward from previous year	(997.14)	(1,398.71)
<u>Profit available for appropriation</u>	712.10	(997.14)
Appropriation to General Reserve	180.00	0.00
Proposed Dividend	281.25	0.00
Corporate Dividend Tax	45.63	0.00
Balance Carried in Profit and Loss Account	205.22	(997.14)
Earning Per Share (EPS)	1.52	0.36

*** Explanation on Exceptional items:**

Exceptional Items of (Rs. 431.16 Lakh) comprises of a Provision for loss on investments in shares of M/s. Ugar Quality Packaging Pvt. Ltd., and provision for part of Corporate Guarantee Loss given on behalf of M/s. Ugar Quality Packaging Pvt. Ltd., for secured loan limits.

DIVIDEND:

Your directors are pleased to recommend a dividend @ 25% (i.e. 25 paise per share).

OPERATIONS:

SUGAR AT UGAR:

Particulars	Sugar Season 2011-12	<i>Sugar Season 2010-11</i>
Date of beginning of crushing season	25-11-2011	<i>04-11-2010</i>
Date of ending of crushing season	04-04-2012	<i>29-04-2011</i>
Number of Working Days	132	<i>177</i>
Sugar Cane Crushed (Lakh MT)	13.23	<i>15.99</i>
Recovery	11.86%	<i>11.26%</i>
Sugar Produced (Lakh Qtls.)	15.69	<i>18.00</i>

SUGAR AT JEWARGI:

Particulars	Sugar Season 2011-12	<i>Sugar Season 2010-11</i>
Date of beginning of crushing season	11-11-2011	<i>10-11-2010</i>
Date of ending of crushing season	04-04-2012	<i>05-05-2011</i>
Number of Working Days	146	<i>177</i>
Sugar Cane Crushed (Lakh MT)	3.66	<i>3.47</i>
Recovery	10.86%	<i>11.06%</i>
Sugar Produced (Lakh Qtls.)	3.97	<i>3.84</i>

DISTILLERY, IML PRODUCED & ELECTRICITY GENERATED :

Particulars	Financial Year 2011-12	<i>Financial Year 2010-11</i>
Rectified Spirit Produced (Lakh BL) – Ugar	116.57	<i>94.08</i>
Denatured Spirit / Ethanol Produced (Lakh BL) – Ugar	46.26	<i>30.99</i>
Potable Alcohol Produced (Lakh BL) – Ugar	90.83	<i>89.38</i>
Electricity Generated (Lakh KW) – Ugar	1,317.39	<i>1,157.57</i>
Electricity Exported (Lakh KW) – Ugar	800.23	<i>647.54</i>
Electricity Generated (Lakh KW) – Jewargi	436.35	<i>322.00</i>
Electricity Exported (Lakh KW) – Jewargi	283.76	<i>208.02</i>

Your Directors expect to procure about 20 to 22 Lakh MT sugarcane at Ugar and Jewargi Units during 2012-13 crushing season.

ENVIRONMENTAL SAFETY:

Our Company continues to pursue its environmental friendly approach towards Industrial growth. Constant improvements are being made in the process and equipments, to minimize the discharge of effluents and emissions.

FIXED DEPOSITS:

The number of Depositors, who have not claimed their deposits after maturity as on 31st March, 2012 were 6 and the amount outstanding as on that date was Rs. 4.28 Lakh.

COST AUDIT:

Our Company has received the approval of Central Government for the appointment of Shri. V. V. Deodhar, Cost Auditor, Mumbai to conduct the Cost Audit of Sugar and Industrial Alcohol for the Financial Year 2011-12.

DIRECTORS:

Sarvashri. Dr. M. R. Desai, V. Balasubramanian and Sanat K. Shirgaokar, retire by rotation and being eligible offer themselves for re-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:

Our Company has been following good Corporate Governance since its inception. The shares of our Company are listed on Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd., and we are regularly and timely complying with the requirements of Listing Agreement. As required by SEBI Guidelines, a Corporate Governance Report is annexed.

CO-GENERATION AT UGAR & JEWARGI:

During this year electricity generated was 1,753.74 Lakh KW of which we have exported 1,083.99 Lakh KW through Tata Power Trading Company & HESCOM by consuming 5.22 Lakh MT of Bagasse. During the Financial Year 2011-12, the electricity export rates received till March, 2012 were quite reasonable and the average rate realised during this year was Rs 5.56 per unit at Ugar and Jewargi.

DISTILLERY:

The production of Rectified Spirit was 116.57 Lakh BL as compared to 94.08 Lakh BL during the previous year. During the year under review, we have supplied 23.78 Lakh BL Ethanol to the Oil Companies.

INDIAN MADE LIQUOR (IML) AT UGAR:

The Company has manufactured 10.34 Lakh cases at Ugar during this year as against 10.22 Lakh cases during the previous year. Company has continued bottling its products at M/s. K. S. Distilleries, M/s. SDF Industries, M/s. Chamundi Distillery & Winery.

With exhaustive marketing efforts, we expect to sustain and improve the performance during the next year.

100% EXPORT ORIENTED UNIT (SUGAR SHIP):

During the year under review the export of Sugar Ships was Rs. 44.62 Lakh. EOU has exported sugar worth Rs. 804.93 Lakh to maintain the positive NFE status during the year.

No further export orders are received from Frigies (GmbH), Germany after May, 2011.

UGAR QUALITY PACKAGING PVT. LTD., RATNANGIRI:

In view of the continuous losses incurred by this unit, we have decided to stop the manufacturing activities. Company has made provision against diminution in the value of investment and part of corporate guarantee liability.

DEMATERIALIZATION OF SHARES:

Our Company has provided connectivity with NSDL & CDSL for dematerialization of its shares for trading in electronic form under ISIN-No.INE071E01023. So far 8,46,03,242 shares have been dematerialised by the shareholders, i.e. 75.20% of total shareholding as on 31st March, 2012.

CONSERVATION OF ENERGY AND PARTICULARS OF EMPLOYEES:

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

QUALIFYING REMARKS IN AUDITORS' REPORT:

There are no qualifying remarks in the Auditors' Report for the current financial year.

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, having Firm Registration No: 101118W, are eligible for re-appointment.

ACKNOWLEDGMENT:

Your Directors wish to place on record their sincere appreciation for the continued support received from Managements of Central Bank of India, Bank of Baroda, Union Bank of India, IDBI Bank Ltd, and Bank of India, for providing working capital finance and Central Bank of India, Bank of Baroda, Technology Development Board, Sugar Technology Mission and Sugar Development Fund, for providing long term finance for capital Investments, Tata Power Trading Co. Ltd., and HESCOM, for transmission of energy.

Your Directors thank the Government of India, Government of Karnataka, Government of Maharashtra, Government Authorities, Shareholders, Cane suppliers, Workers and Staff for their co-operation and contribution to the overall progress of the Company.

Place: Mumbai
Date: 15-05-2012

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

R. V. Shirgaokar
Chairman & Mentor