The Ugar Sugar Works Limited

73RD ANNUAL REPORT 2012-13

BOARD OF DIRECTORS
(As on 29th May, 2013)

Shri. R. V. Shirgaokar	Chairman & Mentor
Shri. A. B. Kage	Director
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. 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

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

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

Registrar & Transfer Agent:
Bigshare Services Pvt. Ltd.
E-2, Ansa Ind. Estate, Sakivihar Rd,
Saki Naka, Andheri (E),
MUMBAI – 400 072.
Phone : 022-40430200

e-mail: helpdesk@ugarsugar.com
website: www.ugarsugar.com

Plants: Ugar Khurd and Malli (Jewargi).

Bankers

Central Bank of India
Bank of Baroda
The IDBI Bank Ltd.
Bank of India
AXIS Bank Ltd.
Union Bank of India

ANNUAL GENERAL MEETING

THURSDAY, THE 19TH SEPTEMBER, 2013 AT 11.00 A.M. AT
MALI CHITRA MANDIR HALL, GULMOHAR COLONY, SANGLI 416 416.

THE UGAR SUGAR WORKS LIMITED

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

NOTICE

NOTICE is hereby given that Seventy Third Annual General Meeting of THE UGAR SUGAR WORKS LIMITED will be held on, Thursday, the 19th day of September, 2013 at 11.00 a.m., at Mali Chitra Mandir Hall, Gulmohar Colony, Sangli – 416 416 to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2013 and the Statement of 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 Shri. S. N. Inamdar, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri. M. G. Joshi, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Shri. D. B. Shah, 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 consider and if thought fit, to pass, with or without modification(s), following resolution as a SPECIAL RESOLUTION.

"Resolved that, pursuant to the provisions of section 269, 309 (3), 193 (4), 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the Resolution No. 8 passed in the 71st AGM of the Company, held on Friday, the 23rd September, 2011, is partially modified to revise the basic salary of Shri. Prafulla Vinayak Shirgaokar, Executive Vice Chairman from Rs. 2,50,000/- p.m. to Rs. 2,75,000/- p.m. w.e.f. 01-04-2012 by way of an increment of 10%. All other terms and conditions of the original appointment remain unchanged."

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

"Resolved that, pursuant to the provisions of section 269, 309 (3), 193 (4), 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the Resolution No. 9 passed in the 71st AGM of the Company, held on 23rd September, 2011, is partially modified to revise the basic salary of Shri. Shishir Suresh Shirgaokar, Managing Director from Rs. 2,50,000/- p.m. to Rs. 2,75,000/- p.m. w.e.f. 01-04-2012 by way of an increment of 10%. All other terms and conditions of the original appointment remain unchanged."

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

"Resolved that, pursuant to the provisions of section 269, 309 (3), 193 (4), 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the Resolution No. 10 passed in the 71st AGM of the Company, held on 23rd September, 2011, is partially modified to revise the basic salary of Shri. Niraj Shishir Shirgaokar, Jt. Managing Director from Rs. 1,60,000/- p.m. to Rs. 1,76,000/- p.m. w.e.f. 01-04-2012 by way of an increment of 10%. All other terms and conditions of the original appointment remain unchanged."

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

"Resolved that, pursuant to the provisions of section 269, 309 (3), 193 (4), 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the Resolution No. 11 passed in the 71st AGM of the Company, held on 23rd September, 2011, is partially modified to revise the basic salary of Shri. Chandan Sanjeev Shirgaokar, Jt. Managing Director from Rs. 1,60,000/- p.m. to Rs. 1,76,000/- p.m. w.e.f. 01-04-2012 by way of an increment of 10%. All other terms and conditions of the original appointment remain unchanged."

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

"Resolved that, pursuant to the provisions of section 269, 309 (3), 193 (4), 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the Company hereby accords its approval to the reappointment of Shri. Prafulla Vinayak Shirgaokar as Executive Vice Chairman of the Company for a period of 2 (two) years from 01-04-2013 to 31-03-2015 on the terms and conditions as set out in the draft agreement, a copy thereof, initialled by the Chairman, for the purpose of identification is submitted to and produced at this meeting, which terms and conditions are hereby specifically sanctioned."

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

"Resolved that, pursuant to the provisions of section 269, 309 (3), 193 (4), 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the Company hereby accords its approval to the reappointment of Shri. Shishir Suresh Shirgaokar as Managing Director of the Company for a period of 2 (two) years from 01-04-2013 to 31-03-2015 on the terms and conditions as set out in the draft agreement, a copy thereof, initialled by the Chairman, for the purpose of identification is submitted to and produced at this meeting, which terms and conditions are hereby specifically sanctioned."

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

"Resolved that, pursuant to the provisions of section 269, 309 (3), 193 (4), 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the Company hereby accords its approval to the reappointment of Shri. Niraj Shishir Shirgaokar as Joint Managing Director of the Company for a period of 2 (two) years from 01-04-2013 to 31-03-2015 on the terms and conditions as set out in the draft agreement, a copy thereof, initialled by the Chairman, for the purpose of identification is submitted to and produced at this meeting, which terms and conditions are hereby specifically sanctioned."

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

"Resolved that, pursuant to the provisions of section 269, 309 (3), 193 (4), 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the Company hereby accords its approval to the

reappointment of Shri. Chandan Sanjeev Shirgaokar as Joint Managing Director of the Company for a period of 2 (two) years from 01-04-2013 to 31-03-2015 on the terms and conditions as set out in the draft agreement, a copy thereof, initialled by the Chairman, for the purpose of identification is submitted to and produced at this meeting, which terms and conditions are hereby specifically sanctioned."

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

Place : Panhala
Date : 29-05-2013

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 10th September, 2013 to 19th September, 2013 (both days inclusive).

3. The relevant explanatory statement pursuant to section 173(2) of the Companies Act 1956, in respect of Special Business specified under item No. 7 to 14 of the Notice is annexed hereto.

4. Members are requested to notify promptly any change in their addresses to the RTA/Company.

5. The members are requested to bring their copies of Annual Report along with them to the Annual General Meeting.

6. i) The members who have not yet encashed their dividend warrants for the years 2005-06, 2007-08, 2008-09 and 2011-12 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 205-C, 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 created by Government of India for the benefit of investors . The unclaimed dividends for the financial year ended 2004-05 have been transferred to the Investor Education and Protection Fund on 30th April, 2013.

7. Members are requested to quote their folio number/s or Client ID in all correspondence with the Company.

8. 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.

9. 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 Depositories 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.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

As required under section 173(2) of the Companies Act, 1956 the following statement sets out all material facts relating to the Special Businesses under item No. 7 to 14 mentioned in the accompanying Notice dated 29th May, 2013 and should be taken as forming part of it.

Item No. 7 to 10 :

The Board of Directors in their meeting held on 4th August, 2012, noted and approved the recommendations of the Remuneration Committee based on the performance of the Executive Directors, for the payment of annual increment of 10% w.e.f. 01st April, 2012, subject to the approval of the General Body.

Hence the Resolution No. 8 to 11 Passed in the 71st Annual General Meeting proposed for partial modification for giving effect to the above recommendation. Other terms and conditions of the original appointment of the Executive Directors remain unchanged.

The resolutions are recommended to the members for their approval as a Special Resolution.

Item No. 11 to 14 :

The present arrangement with the Executive Directors was valid upto 31st March, 2013. The Board in its meeting held on 07th February, 2013, has decided to reappoint Shri. Prafulla Vinayak Shirgaokar, as Executive Vice Chairman, Shri. Shishir Suresh Shirgaokar, as Managing Director, Shri. Niraj Shishir Shirgaokar and Shri. Chandan Sanjeev Shirgaokar as Joint Managing Director's for a period of 2 years w.e.f. 01st April, 2013 subject to the approval of the members in the General Meeting. After the approval of the general body, necessary agreements will be executed.

The reappointment of Shri. Prafulla Vinayak Shirgaokar as Executive Vice Chairman, Shri. Shishir Suresh Shirgaokar as Managing Director, Shri. Niraj Shishir Shirgaokar and Shri. Chandan Sanjeev Shirgaokar as Joint Managing Directors', do not require the approval of the Central Government since these are in accordance with the conditions stipulated in Schedule XIII to the Companies Act, 1956.

In pursuance of Clause 49 of the Listing Agreements, the details of the Executive Directors, seeking re-appointment are as under :

Name	Shri. Prafulla V. Shirgaokar	Shri. Shishir S. Shirgaokar	Shri. Niraj S. Shirgaokar	Shri. Chandan S. Shirgaokar
Designation	Exe. Vice Chairman	Managing Director	Jt. Managing Director	Jt. Managing Director
Date of Birth	11-09-1938	16-01-1945	25-05-1972	20-10-1977
Date of Appointment	05-08-1994	05-08-1994	01-04-2011	01-04-2011
No. of Shares held	7,79,849	3,49,255	2,19,214	4,76,466
Qualification	M.Sc.	B.Sc.	B.E. (Com. Engg.)	MCM
Experience	49 years	39 years	19 years	13 years
Directorship in other public Companies	1) Ugar Consultancy Ltd.	1) Ugar Consultancy Ltd. 2) Kulkarni Power Tools Ltd.	Nil	Nil

Subject to the superintendence, control and direction of the Board of Directors, Shri. Prafulla Vinayak Shirgaokar - Executive Vice Chairman shall be responsible for the general conduct and management of the business of the Company and shall exercise, subject to such restrictions as may be imposed by the board, the powers vested on him by the Board.

Shri. Shishir Suresh Shirgaokar- Managing Director, shall be responsible for the general conduct and management of the business of the Company and shall exercise, subject to such restrictions as may be imposed by the board, the powers vested by the Board and Executive Vice Chairman.

Shri. Niraj Shishir Shirgaokar and Shri. Chandan Sanjeev Shirgaokar- Joint Managing Director's, shall carry out such duties and responsibilities as shall from time to time be entrusted to them by the Board, Executive Vice Chairman and Managing Director.

The remuneration and other terms and conditions are embodied in draft agreements between the Company and Shri. Prafulla Vinayak Shirgaokar – Executive Vice Chairman, Shri. Shishir Suresh Shirgaokar – Managing Director, Shri. Niraj Shishir Shirgaokar and Shri. Chandan Sanjeev Shirgaokar as Joint Managing Director. Pursuant to Section 302 of the Companies Act, 1956, abstract of the material terms of appointment are enumerated below:

A) Basic Salary :

a) Executive Vice Chairman (Exe. VC)
Rs. 3,50,000 per month.

b) Managing Director (MD)
Rs. 3,50,000 per month.

c) Joint Managing Director (Jt.MD)
Rs. 2,50,000 per month.

d) Joint Managing Director (Jt.MD)
Rs. 2,50,000 per month.

B] Commission :

One percent (1%) commission on net profit computed in the manner and in accordance with the provisions of the companies Act, 1956.

C] Allowance:

The Joint Managing Directors' will also be eligible for a Special Allowance of 25%, of their basic salary.

D] Perquisites:

Part A :

I] Free Furnished Accommodation with facilities and amenities / House Rent Allowance;

a] Free Furnished Accommodation valued as per the Income Tax Rules, 1962, or alternatively house rent allowance @ 10% to the Exc. VC, MD and Jt. MD's.

b] Provision of Gas, Electricity and Water and furnishing valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of salary.

c] Medical Benefit for Self and Family:
Reimbursement of expenses incurred for self and family.

d] Leave Travel Concession for self and family :
Once in a year, to and from any place in India, subject to the condition that only actual fare and no hotel expenses will be allowed.

e] Fees of Clubs:
Subject to a maximum of two clubs, however, no life membership or admission fee will be paid.

f] Personal Accident Insurance :
The Annual Premium of which does not exceed Rs.10,000/- (Rupees ten thousand only).

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

Part B :

a] 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.

b] Gratuity:
Not exceeding one month's salary for each completed year of service. Their service is in continuation from earlier period.

c] Other Perquisites:
Within the overall ceiling on the remuneration mentioned herein they may be given any other allowances and perquisites from time to time as per Rules of the Company.

Part C :

a] Leave:

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

b] Car and Telephone:

Personal long distance calls on telephone and use of car for private purpose shall be billed to concerned contracted party.

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 Executive Vice Chairman, Managing Director and Jt. Managing Directors shall not exceed 10% of the net profits of the Company calculated in accordance with the provisions of section 198 and 309 of the Companies Act, 1956.

Part D :

a) Minimum Remuneration:

In case of absence or inadequacy of profits (including the case of loss) for any year, the Company shall pay to the Executive Vice Chairman and Managing Director the minimum remuneration of Rs. 3,50,000/- p. m. and to the Joint Managing Directors the minimum remuneration of Rs. 2,50,000/- p.m. and the allowance and perquisites as detailed above, except commission on net profit.

b) The net profit of the Company shall be determined as provided in section 349 and any other provision/s of The Companies Act, 1956, applicable thereto.

c) 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.

d) The agreement may be terminated by either party giving the three months' notice to the Company or by paying three months' salary in lieu thereof.

e) If at any time the Executive Vice Chairman, Managing Director and Jt. Managing Directors' cease to be a Director of the Company for any cause what so ever, they shall cease to hold their respective positions, as the case may be.

The resolutions are recommended to the members for their approval as a Special Resolution.

Memorandum of Interest:

None of the Directors except Shri. Prafulla Vinayak Shirgaokar and Shri. Rajendra Vinayak Shirgaokar, is interested in the Resolution No. 7 and 11 being brothers.

None of the Directors except Shri. Shishir Suresh Shirgaokar and Shri. Niraj Shishir Shirgaokar is interested in the Resolution No. 8,9,12 and 13 being father and son.

None of the Directors except Shri. Chandan Sanjeev Shirgaokar is interested in the Resolution No. 10 and 14.

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

Place : Panhala
Date : 29-05-2013

DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have pleasure in presenting their 73rd Annual Report together with the Audited Financial Statements for the period ended 31st March, 2013.

GENERAL:

All India Production of Sugar for the Season 2012-13 is expected to reach 245 lakh tonnes, as compared to the previous year's production of 247 lakh tonnes. The Government of India, vide Gazette Notification dated 02/05/2013 has taken steps towards the decontrol of the Sugar Industry. The levy obligation has been removed from the production of 2012-13 season, so also the release mechanism has been done away.

Our total crushing at Ugar and Jewargi, during the season 2012-13 was 14.75 Lakh MT of sugar cane, bagging 15.28 Lakh Qtls. of sugar, with a recovery of 10.53% and 9.82% respectively.

FINANCIAL RESULTS:

The financial results of the Company are as shown below:

Particulars	**31.03.2013 Rs. in Lakh**	*31.03.2012 Rs. in Lakh*
Profit before Depreciation & Amortisation	**4,412.51**	*5,694.04*
Depreciation & Amortisation	**(2,469.94)**	*(2,516.58)*
Profit Before Tax & Exceptional items	**1,942.57**	*3,177.46*
Exceptional items	**––**	*431.16*
Provision for Tax, (including deferred tax adjustment, short provision for tax) / MAT Credit entitlement	**197.56**	*1,037.06*
Profit after Tax / Net Profit	**1,745.01**	*1,709.24*
Balance of profit brought forward from previous year	**205.22**	*(997.14)*
Profit available for appropriation	**1,950.23**	*712.10*
Appropriation to General Reserve	**1,423.26**	*180.00*
Proposed Dividend	**225.00**	*281.25*
Corporate Dividend Tax	**38.24**	*45.63*
Balance Carried in Profit and Loss Account	**263.73**	*205.22*
Earning Per Share (EPS)	**1.55**	*1.52*

DIVIDEND:

Your directors are pleased to recommend a dividend @ 20% (i.e. 20 paise per share) for the current financial year 2012-13.