

The Ugar Sugar Works Limited

70th ANNUAL REPORT 2009-10

BOARD OF DIRECTORS (As on 28-05-2010)

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	Managing Director
Shri. Shishir S. Shirgaokar	Executive 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

Manoj Arcade, Tilakwadi,

Belgaum: 590 006

Phone: 0831-2429306

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Registered Office :

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

Administrative Office :

Ugar khurd-591 316 (Tal- Athani, 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.

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

Plants: Ugar Khurd, Malli (Jewargi)

Bankers:

Central Bank of India
Bank of Baroda
IDBI Ltd.,
Bank of India

Axis Bank Ltd.,
Union Bank of India
ICICI Bank Ltd.

Annual General Meeting

Saturday, the 25th day of September, 2010 at 11.00 a.m.
at Rajmati Bhavan, Neminath Nagar, Sangli-416 416.

THE UGAR SUGAR WORKS LIMITED

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

NOTICE

NOTICE is hereby given that Seventieth Annual General Meeting of THE UGAR SUGAR WORKS LIMITED will be held on Saturday, the 25th day of September, 2010 at 11.00 a.m. at Rajmati Bhavan, Neminath Nagar, Sangli, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2010 and the Profit and Loss Account for the period ended as on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri. S. N. Inamdar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. M. G. Joshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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:

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

"Resolved that, Shri. Sanat K. Shirgaokar, who was appointed by the Board of Directors of the Company as an Additional Director on 28th January, 2010, holds office up to the date of this Annual General Meeting and in respect of whom, a notice in writing under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the candidature of Shri. Sanat K. Shirgaokar, for the office of Director, being eligible, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **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 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Article No 92 of the Articles of Association of the Company be substituted with the following New Article No. 92:

Article No. 92:

- A. Subject to the provisions of the Act, a Managing Director or Managing Directors and any other Director/s who is/are in the whole-time employment of the Company may be paid remuneration either by way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- B. Subject to the provisions of the Act, a Director other than any Director appointed under Articles 110 who is neither in the whole time employment nor a Managing Director may be paid remuneration either:
 - i) by way of monthly, quarterly or annual payment, or
 - ii) by way of commission.
- C. The fees payable to Non-executive Directors for attending a meeting of the Board or Committee thereof shall be within the limits approved by the Central Government from time to time.

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 198, 309, 310, 349, 350 and any other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, permissions or sanctions as may be necessary, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company to decide and pay the remuneration by way of commission (over and above the payment of sitting fees) to the Directors of the Company (other than Managing Director or a Director who is in the wholetime employment of the Company), a sum not exceeding one percent per annum of the Net Profits of the Company computed in the manner laid down in section 349 and 350 of the Companies Act, 1956, in any financial year upto a period of 5 years, commencing from Financial Year ending on 31st March, 2011.

Resolved further that, for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorized to take all actions and do all such deeds, matters and things as it may in its absolute discretion being necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

Place: Pune
Date: 28-05-2010

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 13th September, 2010 to 25th September, 2010 (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. THE PROXY FORM DULY COMPLETED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The relevant explanatory statement pursuant to section 173(2) of the Companies Act 1956, in respect of Special Business specified under item No.5 to 7 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 2003-04, 2004-05, 2005-06, 2007-08, and 2008-09 (In the years 2002-03 and 2006-07 Company has not declared any dividend) are advised to forward such warrants/ request to the Registered Office of the Company for obtaining cheques in lieu thereof.
 - 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 2001-02 have been transferred to the Investor Education and Protection Fund.
7. Members are requested to quote their folio number/s or Client ID in all correspondence with the Company.
8. All the shareholders, who have not yet applied for Permanent Account Number (PAN) are requested to apply for the same as investment in shares will require PAN irrespective of amount. SEBI vide its Circular dated 20th May, 2009 has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/ RTAs for registration of such transfer of shares.

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. 5 to 7 mentioned in the accompanying Notice dated 28th May, 2010 and should be taken as forming part of it.

Item No. 5

Shri. Sanat K. Shirgaokar was appointed as an Additional Director on 28th January, 2010 on the Board of the Company. He is liable to retire at the ensuing Annual General Meeting and being eligible offered himself for reappointment. A notice in writing proposing the candidature of Shri. Sanat K. Shirgaokar for the office of director is received by the Company, hence this resolution is recommended to the members for their approval as an Ordinary Resolution.

Mr. Sanat Shirgaokar has completed his Bachelors Degree in Commerce from the Shivaji University. In his 20 year old professional career, he has handled several businesses of the Shirgaokar Group ranging from tile / mosaic manufacturing to sugar engineering as well as hotel management. He was also executive director of M/s Sadashiva Sugar Ltd.

He is a keen sportsman, having played football, basketball and swimming at a very good level.

Item No. 6

The present Articles do not provide for Remuneration to Non-Executive Directors. In order to enable the Board to remunerate the Non-Executive Directors for their contribution in the management of the Company, it is proposed to amend the Articles of Association to replace Article No. 92 in the Articles of Association of the Company. The resolution is recommended to the members for their approval as a Special Resolution.

Item No. 7:

The Chairman and Non-executive Directors are required to devote more time and attention, more so with the requirement of the corporate governance policies, the Board of Directors in their meeting held on 19-03-2010, recognised the need to suitably remunerate the Director/ s of the Company who are neither in the wholtime employment with such commission with a ceiling of 1% of the net profits of the Company every year, computed in the matter specified in the Companies Act, 1956 or such other limit as may be approved by the Central Government for a period of 5 years from the financial year commencing from 01st April, 2010. Quantum of the said commission will be apportioned among the Non-executive Directors including Chairman commensurate with their performance which will be adjudged by the Board of Directors. The resolution is recommended to the members for their approval as a Special Resolution.

Memorandum of Interest:

None of the Directors except Shri. Sanat Shirgaokar is interested in the Resolution No. 5.

Except the Executive Directors, all other Directors are interested in Resolution Nos. 6 and 7.

Place: Pune
Date: 28-05-2010

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

B. G. Kulkarni
Company Secretary

DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have pleasure in presenting their 70th Annual Report together with the Audited Financial Statements for the period ended 31st March, 2010.

GENERAL:

The Financial Year and Sugar Season 2009-10 was very dramatic for the entire sugar industry. As per the Agriculture Ministry's Report, during the crushing season 2009-10 the production was expected only upto 145 Lakh MT initially which lead to huge spurt in sugar prices upto January, 2010. Further Sugar Imports were allowed duty free and sugar export was banned. Government increased the Levy Sugar Ratio from 10% to 20% to improve the quantity of sugar for public distribution and to ease the sugar prices. The price of Levy Sugar remained unchanged at Rs. 1,345 per Qtl., till 31st March 2010. But suddenly the scenario changed as the production estimates were changed due to late rains and the sugar production was expected around 185 Lakh MT due to which sugar prices tumbled. The cane area is expected to increase during Sugar Season 2010-11 and the production is expected to be around 210 Lakh MT.

Our total crushing at Ugar and Jewargi, during the season 2009-10 was 16.29 Lakh MT of sugar cane with bagging of 18.64 Lakh Qtls. of sugar with a recovery of 11.54% and 10.09% respectively. The ratio of Levy to Free has been changed to 20% Levy and 80% Free sale.

FINANCIAL RESULTS:

The financial results of the Company are as shown below:

Particulars	31.03.2010 Rs. in Lakh	31.03.2009 Rs. in Lakh
Profit before Depreciation & Amortisation	636.11	4,673.21
Depreciation & Amortisation	(3,442.45)	1,690.40
Profit Before Tax	(2,806.34)	2,982.81
Provision for Tax, (including deferred tax adjustment and short / excess provision for tax)	802.70	1,495.90
Profit after Tax / Net Profit	(2,003.64)	1,486.91
Balance of profit brought forward from previous year	604.93	647.07
Profit available for appropriation	(1,398.71)	2,133.98
Appropriation to General Reserve	0.00	1,200.00
Proposed Dividend	0.00	281.25
Corporate Dividend Tax	0.00	47.80
Balance Carried in Profit and Loss Account	(1,398.71)	604.93
Earning Per Share (EPS)	(1.78)	1.54

REASONS FOR LOSS FOR THE FY 2009-10

The Company has suffered a loss of Rs. 1,398.71 Lakh during the Financial Year 2009-10 after adjusting carried

forward profits for previous year as compared to profit of Rs. 2,133.98 Lakh during last year due to following reasons:

- The Company has paid additional cane price of Rs. 300/- (total Rs. 1,700/-) amounting to Rs.3,436.36 Lakh for the season 2008-09.
- The average rate of Electricity exported has come down from Rs.7.48 per unit in the previous year to Rs.3.36 per Unit in current year.
- Depreciation provided on the assets pertaining to Jewargi Unit amounted to Rs. 2,155.22 Lakh and interest on Term Loans pertaining to Jewargi Unit amounted to Rs. 766.17 Lakh aggregating to Rs. 2,921.39 Lakh i.e. depreciation and interest on Jewargi Unit during Financial Year 2009-10.
- Higher payment of Harvesting & Transport charges amounting to Rs. 834.80 Lakh has increased the cost of production at Jewargi Unit and further substantial fall in ex-factory sugar prices from Rs. 3,900 per Qtl. to Rs. 2,600 per Qtl. has resulted into loss at Jewargi Unit being production cost more than the market price.

Management's view on future operations :

Although there is a loss at Jewargi Unit, the unit has performed well during the season 2009-10. We were able to crush around 2.02 Lakh MT of sugar cane and production was 2.08 Lakh Qtls of sugar at a recovery of 10.09%. The harvesting cost will be reduced in the coming season by bringing more cane from nearby area and improvement in the recovery by procuring better quality cane. Management is confident of turning the table during the coming years by improving the performance of Jewargi as well as all other units and to show profits during the coming year.

DIVIDEND:

In view of inadequate profits, your directors have not recommended any dividend for the Financial Year 2009-10.

OPERATIONS:

SUGAR at UGAR :

Particulars	Sugar Season 2009-10	Sugar Season 2008-09
Date of beginning of crushing season	26-10-2009	10-10-2008
Date of ending of crushing season	03-04-2010	01-03-2009
Number of Working Days	160	143
Sugar Cane Crushed (Lakh MT)	14.27	13.34
Recovery	11.54%	10.94%
Sugar Produced (Lakh Qtls.)	16.56	14.68

SUGAR at JEWARGI:

Particulars	Sugar Season 2009-10
Date of beginning of crushing season	02-11-2009
Date of ending of crushing season	21-04-2010
Number of Working Days	171
Sugar Cane Crushed (Lakh MT)	2.02
Recovery	10.09%
Sugar Produced (Lakh Qtls.)	02.08

DISTILLERY, IML PRODUCED & ELECTRICITY GENERATED:

Particulars	Financial Year 2009-10	Financial Year 2008-09
Rectified Spirit Produced (Lakh BL)	85.94	98.87
Denatured Spirit Produced (Lakh BL)	16.95	38.33
Potable Alcohol Produced (Lakh BL)	82.25	53.87
Electricity Generated (Lakh KW)	1,358.60	1,247.71
Electricity Exported (Lakh KW)	772.57	697.11

Electricity includes generation & export of Jewargi Unit.

Your Directors expect to procure about 20 Lakh MT sugarcane at Ugar and Jewargi Unit during 2010-11 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 Deposit-holders, who have not claimed their deposits after maturity as on 31st March, 2010 were 4 and the amount outstanding as on that date was Rs. 4.42 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 2009-10.

DIRECTORS:

Sarvashri. S. N. Inamdar and M. G. Joshi, retire by rotation and being eligible offer themselves for re-appointment.

Shri. Sanat K. Shirgaokar was appointed as an Additional Director on 28th January, 2010. He being eligible, offers himself for re-appointment and a notice from a member proposing his candidature has been received under section 257 of the Companies Act, 1956.

Shri. B. N. Kalyani and Shri. B. S. Patil have resigned from the Board w.e.f. 19th March, 2010. The Board places on record its appreciation for the services rendered by them during their tenure as member of the Board.

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 we are regularly and timely complying with the filing requirements as per Listing Agreement. As required under SEBI Guidelines, a Corporate Governance Report is annexed.

CO-GENERATION AT UGAR:

During this year electricity generated was 1,128.11 Lakh KW at Ugar of which we have exported 611.72 Lakh KW through Tata Power Trading Company by consuming 4.27 Lakh MT of Bagasse. During the Financial Year 2009-10 the electricity purchase rate was very low, due to which export of power has come down. The repaired turbine was received at the middle of the crushing season 2009-10, however due to low tariff rates we have not operated the same. The average electricity export rate realised during the season was Rs 3.36 at Ugar and Rs 4.25 at Jewargi.

DISTILLERY:

The production of Rectified Spirit was 85.93 Lakh BL as compared to 98.87 Lakh BL during the previous year. The Evaporator and Dryer System of the ETP has underperformed due to technical problems resulting in lower production.

During the year under review, the production of ethanol has come down substantially due to absence of demand from the Oil Companies.

INDIAN MADE LIQUOR (IML):

The Company manufactured 9.39 Lakh cases during this year as against 6.14 Lakh cases during the previous year. During the year the sales have gone up by 53% as compared to last year. Company is making further efforts to enter in the Andhra Pradesh, Delhi liquor market in addition to Karnataka and Kerala.

Company has introduced new premium range "Sandpiper" Whisky and Brandy into the market which is well received. We expect to substantially improve the performance during the next year.

EXPORT ORIENTED SUGAR SHIP (100% EOU):

During the year under review the EOU has exported sugar ships worth Rs. 260 Lakh as against Rs. 71.73 Lakh in the previous year to M/s Frabies (GmbH), Germany including one container each exported to Dubai and Qatar. The export orders from M/s. Frabies could take good shape after their agreement with Netto materialized from November, 2009. Although the supplier of the machinery M/s. Kloeckner, has assured the production of 75,000 ships per hour, the maximum production achieved till the previous year was approximately 50,000 ships per hour. Due to the modifications carried out internally by our staff, the production of 58,000 to 60,000 exportable ships is possible now. M/s. Frabies (GmbH), Germany, who are supposed to buy-back 100% of the capacity, has not been able to do so in the current year. We are following up with both of them in this regard.

The EOU has maintained the positive NFE status as achieved in the previous year. We have received the permission from Asst. Development Commissioner, Bangalore, for sale of sugar ships in Domestic Tariff Area (DTA). The DTA sales activity and brand development as per consultation with SAMSIKA MARKETING CONSULTANTS PVT LTD., MUMBAI are being done. The DTA sales are picking up slowly and we could sell sugar ships worth Rs. 3.98 Lakh during the year.

EXPANSION AND DIVERSIFICATION:**1. Jewargi Unit:**

The crushing activity has started at this unit from 02nd November, 2009. Crushing at this unit during season 2009-10 was satisfactory due to good cane availability and satisfactory performance of the machineries installed. The sugar cane crushed at this unit was 2.02 Lakh MT sugar cane and production was 2.08 Lakh Qtls. of sugar with a recovery of 10.09% upto season end. The recovery was on the lower side as we had to bring cane from longer distance to the factory.

We have generated 234.24 Lakh KW and exported 155.82 Lakh KW of electricity to Tata Power Trading Company by consuming 0.58 Lakh MT of Bagasse and 0.09 Lakh MT of Coal.

2. Joint Venture Sadashiva Sugars Ltd.

During the year under report the Company came out of the Joint Venture with M/s Sadashiva Sugars Ltd., during the month of October, 2009 and the value of investment i.e. the equity shares amounting to Rs. 22,33,54,000/- was realized.

3. Packaging Unit: M/s. Ugar Quality Packaging Pvt. Ltd.

The production has started at this unit in full swing. The Company has received and executed export orders (Export & Deemed Export) worth Rs. 602.56 Lakh during current financial year 2009-10 as compared to Rs. 495.91 Lakh during the previous year. The Company has received good and repeated orders for export and local market. The Company has incurred a cash loss of Rs. 44.71 Lakh in the first half i.e. April, 09 to September, 09, however, during the second half the working capital in form of Packing Credit was made available and also the cost of Interest was reduced due to lower rate of interest on Packing Credit, similarly the Letter of Credit (LC) facility helped in reducing the cost of purchase, which has resulted in Cash Profit of Rs. 8.38 Lakh during second half. Over all the Company has incurred a Cash loss of Rs. 36.33 Lakh during the current financial year. The management expects to achieve a sales target of about Rs. 900 Lakh during the next Financial Year 2010-11. The Company has also taken steps to reduce the cost by importing the raw material required for the production and better sourcing locally and also by improvising manufacturing process.

BOTTLING:

We have continued the arrangements to bottle our IML products with M/s. K.S. Distilleries, M/s. Kaycee Distilleries and M/s. S. D. F. Industries in Kerala State. During the year 2009-10 we have bottled 9.40 Lakh cases.

SAP – SYSTEM, APPLICATIONS AND PRODUCT:

In our last Annual Report, we had informed that the new SAP system is introduced at Ugar w.e.f. 05th December, 2008. The system is functioning quite well due to lot of efforts put in by our staff and senior members.

Further, Company has also implemented the SAP at Jewargi Unit w.e.f. 01st April, 2010.

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 8,07,04,349 shares have been dematerialised by the shareholders, i.e. 71.73% of total shareholding.

Our Registrar & Transfer Agent M/s Bigshare Services Private Limited has recently launched Gen-Next Investor Module **i'Boss**, the most advanced tool, to interact with shareholders. Please login into **i'Boss** (www.bigshareonline.com) and help them to serve you better.

CONSERVATION OF ENERGY 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) respectively of the Companies Act, 1956 have been given under Annexure I & 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, 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, The IDBI Ltd., Bank of India, ICICI Bank Ltd., and IFCI Factors Ltd., for providing working capital finance and Central Bank of India, Bank of Baroda, Rabo International., Axis Bank Ltd., Technology Development Board, Sugar Technology Mission and Sugar Development Fund, for providing long term finance for capital Investments and Government of India and Government of Karnataka for sanctioning subsidy and Deferment of Cane Purchase Tax and Tata Power Trading Co. Ltd., and HESCOM, for transmission and purchase of energy.

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**
R. V. Shirgaokar
Chairman & Mentor

Place: Pune
Date: 28-05-2010

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ANNEXURE I TO THE DIRECTORS' REPORT

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended 31st March, 2010.

A. CONSERVATION OF ENERGY:

All the energy conservation measures successfully implemented in past are giving satisfactory results. This year following steps are taken for Energy Conservation:

1. **C-GAR:** Heat of hot condensate of various sections in factory is recovered in flash tank.
2. **Exhaust Condensate P.H.E.:** Heat of hot exhaust condensate is recovered in exhaust condensate P.H.E.
3. **Direct Contact Heater (D.C.H.):** is used to utilize low temperature vapour to heat the juice.
4. **Vertical Continuous PAN:** This PAN is being on 3rd vapour instead of 2nd vapour resulting in steam economy. 6% steam saved as compared to last crushing season.
5. 132KW/200HP AC Variable Frequency Drive Installed for Clear Juice Pump No. 8 & 9 at Clarification Section (Sulphur House).
6. 37KW/50HP AC Variable Frequency Drive for B Mossecuite Rota Pump at Evaporation Section (Boiling House).
7. New Capacitor Banks Connected for Various Pumps to improve Power Factor 25KVAR – 8 Nos Banks, 15KVAR – 6 Nos Banks at Sulphur House (Clarification) and Boiling House (Evaporation).
8. New 350KVAR Harmonic Filter Panel Installed to improve Power Factor to Mill D.C. Drive Panels at 33"x66" Mill Fibrizer (Master & Slave).
9. 400KVAR Automatic Power Factor Control Panel fixed to Distribution Panels to Improve Power Factor- 1 Nos.
10. 50Nos Compact Fluorescent Lamps used on trial basis inside the Plant.

FORM- A

Disclosure of particulars with respect to Conservation of Energy (to the extent applicable)

Particulars		Units	31.03.2010 12 Months	31.03.2009 12 Months
A. Power and Fuel Consumption				
1. Electricity				
(a)	Purchased Unit	Lakh KWH	1.07	2.47
	Total Amount	Rs. Lakh	15.39	17.51
	Rate / Unit	Rs./KWH	14.42	7.09
	Import of Unit	Lakh KWH	59.48	33.40
(b)	Own Generation			
i)	Through Diesel Generator Units	Lakh KWH	4.30	5.69
	Standard units /per Ltr. Of Diesel	KWH/Ltr	3.75	3.50
	Actual units / per Ltr. Of Diesel	KWH/Ltr	3.67	3.76
ii)	Through Steam Turbine / Generator Units	Lakh KWH	1,354.31	1,242.02
	Standard kg Bagasse / KWH		3.00	3.00
	Actual KG Bagasse / KWH		3.40	3.58
iii)	Total units generated	Lakh KWH	1,358.61	1,247.71
	Total Cost for Generation	Rs. Lakh	7,901.50	4,247.47
	Cost Per Unit	Rs.	5.82	3.40

Particulars	Units	31.03.2010 12 Months	31.03.2009 12 Months
B. Consumption per unit of production			
Total available electricity(Generation+ Purchase)	Lakh KWH	1,419.15	1,283.58
Less : Exported to TATA Power/HESCOM	Lakh KWH	772.57	697.11
Total electricity available for Consumption	Lakh KWH	646.58	586.47
Less : Consumption of electricity for Distillery, IML, Co-Gen, ETP, FSS, Pumping Strn. and Colony	Lakh KWH	257.75	208.74
Consumption for Sugar Factory	Lakh KWH	388.84	377.73
Electricity - KWH / MT of Sugar		218	252

TECHNOLOGY ABSORPTION

FORM – B

Disclosure of particulars with respect to Technology Absorption (to the extent applicable).

Research and Development (R&D)

- Efforts in brief made towards technology absorption, adoption and innovation. The Company carries out Research and Development in sugarcane, process modifications in the sugar production, quality liquor and Ethanol production, improvement in Technology, Cogeneration of Power and Biomethanation from pressmud and zero effluent discharge system.
- Benefit derived as a result of the above efforts:
Product improvement, cost reduction, product development, imports substitution etc.

Sugarcane:

Research is a never ending process and there are no limits to the productivity of crops. Choosing the right variety and providing suitable environments is the key to success in agriculture. Our R & D Wing is working exactly in this direction. We are convinced that the “Early bird gets the worm” and have accordingly tried to be as innovative as possible.

The way of thinking in our factory is that 25% of the annual crush should be of CoC 671 and such other high sucrose varieties (viz. Co 94012, Co 88025) and 50% of midlate maturing variety (Co 86032) and the rest should be sugarcane varieties with high fiber and economically permissible sugar content. Co 86032 (Co 62198 x CoC 671) is right now playing the important role to stop the spread of the undesirable varieties such as Co 8011, (Co 740 x Co 6304) and Co 7704 (Co 740 x Co 6806) which are a good yielder of poor quality cane. Salinization is another vexatious issue and CoM 0265 (Co 87044GC) shows the great promise in the saline soils.

Co 99004 (Co 62175 x Co 86250), Co 99006, Co 2001-13 (Sulabh) – Selection from Co 7806 poly cross are in the pipeline and shown great promise both from the point of quality and quantity may gain popularity soon.

We are continuing our experiments with Bio-fertilizers viz. Azotobactor, Acetobactor, Azospirillum, Phosphate Solubilizing Microbial (PSB/PSM) Inoculants viz-vis chemical fertilizers and contribute significantly towards enhancing the productivity of land and the application works out to be substantially less expensive.

The trials conducted under the guidance of SBI Coimbatore, UAS Dharwad and AICRP on sugarcane (ICAR New Delhi) are highly appreciated by the concerned authorities.

Short Duration Crops:

The work with wheat, soybean, sunflower and Bengal gram is reasonably successful as a rotation of crop and useful indications are likely to be obtained this year.

Appreciation:

Our work in R and D is welcomed by the Department of Agriculture, Government of Karnataka, The South Indian Sugarcane and Sugar Technologists' Association, Chennai, Deccan Sugar Technologists' Association, Pune, Karnataka, Sugar Institute, Belgaum and more importantly by the Chairman of Agricultural Mission, Karnataka, Dr.S.A.Patil.

Future Plan of action:

- a) To popularize the technique of using Wormi-compost and Boiler ash.
- b) Replacement of Muriate of Potash by organic distillery powder, a product of SSP Plant of concentration, evaporation and drying system for zero pollution.
- c) To identify sugarcane varieties which can give more than 25% fibre for Cogeneration plant.
- d) Replacing 50% chemical fertilizers with suitable combination of organic and bio-fertilizers to get the best cane both from the point of quality and quantity.
- e) To popularise the technique of fertiliser bricketing.

3) Expenditure on R & D:

Sr.	Description	Rs. In Lakh
a.	Capital	0.00
b.	Recurring	69.94
c.	Total	69.94
d.	Total R & D expenditure as a Percentage of total turnover	0.12%

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Sr.	Description	Rs. In Lakh
1.	Foreign Exchange Earnings	193.66
2.	Foreign Exchange Outgo	
	a. Travelling	1.77
	b. Machinery Purchases/spares	1.96
	c. Interest on Loan	22.27
	d. Repayment of Term Loan	536.66
	e. Sales Promotion	9.56

ANNEXURE II

TO THE DIRECTOR'S REPORT

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 2010.

SI No	Name	Age (Years)	Designation And nature Of duties	Remune-ration received (Rs. Lakh)	Nature of Employment	Qualification (experience In years)	Date of Commencement of employment	Particulars of last employment held
1.	Shri. P. V. Shirgaokar*	72	Managing Director	32.10	Contractual	M.Sc. (46)	01.01.1970	Nil
2.	Shri. Shishir S. Shirgaokar**	66	Executive Director	38.33	Contractual	B.Sc. (38)	01.01.1970	Nil

1. Remuneration includes all payments including contribution to provident fund and the monetary value of free perquisites calculated in accordance with the provisions of the Income Tax Act, 1961.
2. Shri. P. V. Shirgaokar and Shri. Shishir S. Shirgaokar are themselves Directors. Shri. R. V. Shirgaokar and Shri. P. V. Shirgaokar are related to each other being brothers.

*Managing Director was entrusted with overall office administration, purchase and management of the Company.

**Executive Director was entrusted with the responsibility of looking after the finance and other administrative work.

✦ ✦ ✦

MANAGEMENT DISCUSSION AND ANALYSIS

Industrial Structure and Development:

Currently the sugar industry in India is covered by public, co-operative and private sector companies. Co-operative Sector accounts for nearly 55% in terms of number of factories, installed capacity and production. India is the largest consumer and the second largest producer of sugar in the world. There are over 148 sugar factories of various capacities operated this year. The ownership of sugar industry is a combination of public, private and co-operative sectors. Sugar is produced in almost all the major Indian States. Maharashtra and U.P. contribute 70% of the country's total production. Tamilnadu, Karnataka, Andhra Pradesh, Bihar and Gujarat are the other major sugar producing States. The sugar prices are very sensitive from the common man's point of view. The Sector is therefore, highly regulated both by the Central and State Governments. The Government has increased levy and free sale sugar ratio @ 20:80 percent during the financial year.

The sugar production in the country during the year will be around 185 Lakh tonne compared to 146 Lakh tonne in the previous year. The sugar production is likely to increase during the year 2010-11.

Opportunities and Threats:

Opportunities:

1. Increased plantation area:

The increase in plantation will enable us to improve our capacity utilisation we expect to crush around 20 Lakh tonnes (including Jewargi) of sugarcane.

2. IML Marketing:

There is a scope for improving the marketing of IML Products. Our new brand "Sand Piper Whisky" was well received by the market, which has helped in improvement of existing sales. With the streamline of sales efforts, our sales have improved substantially in Karnataka. We have also arrangements for sale of IML in Kerala state. Recently, we have also entered into an agreement for bottling of our products at Chamundi Distillery and Winery, Bangalore. We are also looking up for entering into Andhra Pradesh and Delhi liquor market.

3. Demand for Electricity:

With the ever increase in demand for electricity for next 5 years, we see an opportunity of generating more electricity. At our Jewargi Unit, we have multi-fuel boiler which we can run through out the year on coal. We are also converting one bagasse based boiler into multi-fuel boiler at Ugar to take advantage of electricity demand.

Threats:

1. Surplus production of Sugar:

The Surplus production of sugar may result in reduced sugar realisation in turn there will be reduction in sugarcane price, which would result in reduction in cultivation area in long run.

2. Government Control:

Due to the shortage of sugar the Government has increased the Levy sugar quota from 10% to 20%. In order to control the sugar prices the Government imposed restrictions by way of sale of sugar on weekly basis and released additional quota during festival season

The Government of Karnataka is invoking section 11 of Electricity Act and is compelling supply of electricity to them only at lower rate than prevailing in the market. Further payment of bill is also received after 3 to 4 months period which affects the liquidity position of the Company.

3. Competition:

Lot of factories are coming up in the surrounding area and there is a possibility of diversion of sugar cane from one mill to the other.

Segment wise Performance:**Sugar**

During the current year the Company has crushed 15.75 Lakh MT (Previous Year 13.19 Lakh MT) including Jewargi and producing 17.86 Lakh Qtls. (Previous Year 14.68 Lakh Qtls.) including Jewargi at a recovery of 11.54 % and 10.09 % at Ugar and Jewargi respectively.

Industrial and Potable Alcohol:

The Company has produced Industrial and Potable Alcohol during the year 185.13 Lakh BLS (Previous Year 191.07 Lakh BLS). The sale of Potable Alcohol in Karnataka has increased due to the sales efforts put in by our sales team. The newly introduced Sandpiper Whisky was well received by the market and has helped in improving the sales. Sale of Potable Alcohol in Kerala through K.S. and Kaycee Distilleries is also satisfactory and we are also planning to enter in the Andhra Pradesh and Delhi liquor market.

Co-generation:

The generation during this year at Ugar and Jewargi was 1,358.60 Lakh KW (Previous Year 1,247.71 Lakh KW) and export 772.57 Lakh KW (Previous year 697.11 Lakh KW). The performance was affected due lower power rates at the beginning of season, which has forced us to produce and export less quantity of electricity. The realization started improving during April,2010, however the Government of Karnataka invoked section 11 compelling supply of power to them only. We have supplied power through open access to M/s Tata Power Trading Company Ltd., upto 30th April , 2010, there after to HESCOM.

Adequacy of Internal Control:

The Company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected. The Internal Auditor submits report covering almost all the areas of operations.

The company has received ISO 9000 and 14000 certification from RINA. We have also received ISO 22000 for 100% EOU.

Human Resources Development:

The Company provides regular training and all round exposure to the employees and staff. The Company has a well equipped township with recreational facilities such as club house, playground, swimming pool, gymnasium etc. The Company also operates a Cooperative Society, Hospital, School, College for the benefit of the workers and general public.

The Company has a dedicated workforce of 1,786 people (including Jewargi unit) comprising of 1,285 permanent, 494 seasonal and 7 badali workers.



REPORT ON CORPORATE GOVERNANCE:

I. Company's Philosophy on Corporate Governance:

The Ugar Sugar Works Limited believes that good Corporate Governance is essential to achieve long-term corporate goals, enhance shareholders' value and attain highest level of transparency. The Company is committed to achieve the highest standard of Corporate Governance, accountability and equity in all facets of its operations and in all interaction with stakeholders. The Company believes that all its operations and actions must serve the underlined goal of enhancing customers' satisfaction and shareholders' value over a sustained period of time.

II. Board of Directors:

A. The Board of Directors comprises of four Promoter Directors (Managing Director, Executive Director, Chairman and Non-executive Director) and six non-executive directors.

During the year, 8 (eight) Board Meetings were held on 08th May, 13th June, 26th July, 19th September, 23rd October, 16th December, 2009, 28th January, and 19th March, 2010.

B. The Composition of the Board of Directors, their attendance at the board meetings during the year and at the last Annual General Meeting along with number of directorships in other public limited companies, committee chairmanship/memberships is as follows:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorships	Other Committee Membership/ Chairmanship	
					Member	Chairman
1. Shri. R. V. Shirgaokar	C&M	8	Yes	1	—	—
2. Shri. P. V. Shirgaokar	MD	8	Yes	1	—	—
3. Shri. Shishir S. Shirgaokar	ED	8	Yes	3	1	—
4. Shri. V. Balasubramanian	NEID	7	Yes	6	2	—
5. Shri. Sanat K. Shirgaokar@	NED	1	Yes	—	—	—
6. Shri. S. N. Inamdar	NEID	6	No	9	2	3
7. Shri. M. G. Joshi	NEID	8	Yes	1	—	—
8. Dr. M. R. Desai	NEID	7	Yes	2	—	—
9. Shri. A. B. Kage	NEID	8	Yes	—	—	—
10. Shri. D. B. Shah	NEID	8	Yes	—	—	—
11. Shri. B. N. Kalyani*	NEID	—	No	—	—	—
12. Shri. B. S. Patil*	NED	2	No	—	—	—
13. Shri. M. B. Karmarkar#	NEID	—	No	—	—	—

C&M – Chairman & Mentor, **MD** - Managing Director, **ED** – Executive Director.

NED - Non-Executive Director **NEID** - Non-Executive Independent Director.

*Ceased to be Director on Board w.e.f. 19th March, 2010. #Deceased on 04th July, 2009. @Joined Board on 28/01/2010.

Except sitting fees and professional fees no other remuneration is paid to Non-Executive Directors. Leave of absence is granted to the directors absent for meetings.

C. Appointment of Directors:

The brief particulars of the Directors of the Company retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under :

- Shri. S. N. Inamdar, B. Com., LLB. (Spl.), aged 65 years, is on the Board of the Company since 21st March, 1997. He is a leading High Court Advocate and Income Tax Practitioner, having vast experience in his field. He holds 18,750 shares of the Company. His directorship & committee membership in other public companies is given below :

Directorship in other Companies	Audit Committee	Shareholder's / Investor Grievances Committee
1. Kirloskar Brothers Ltd	Chairman	—
2. Sudarshan Chemical Industries Ltd.	Member	—
3. Kulkarni Power Tools Ltd.	—	—
4. Force Motors Ltd.	—	—
5. Kirloskar Ferrous Industries Ltd.	Chairman	—
6. Finolex Infrastructure Ltd.	—	—
7. Sakal Papers Ltd.	—	—
8. Kirloskar Proprietary Ltd.	—	—
9. Finolex Industries Ltd.	Chairman	Member

- Shri. M. G. Joshi, aged 77 years, has joined the Board on 30th December, 1997. Being a Sugar Technologist, he renders technical services to various sugar factories. He retired as Vice President of Walchandnagar Industries Ltd. He holds 21,000 shares of the Company. His directorship & committee membership in other public companies is given below:

Directorship in other Companies	Audit Committee	Shareholder's / Investor Grievances Committee
1. Ugar Consultancy Ltd.	—	—

- Shri. Sanat K. Shirgaokar, aged 47 years, joined the Board of the Company on 28th January, 2010 as an Additional Director, liable to retire at ensuing general meeting. He is having the Bachelors Degree in Commerce. He has handled the administrative job with different type of Companies and Hotel business. He holds 3,12,889 shares of the Company. His directorship & committee membership in other public companies is given below.

Directorship in other Companies	Audit Committee	Shareholder's / Investor Grievances Committee
NIL	—	—

D. Code of Conduct:

The Company has laid down a code of conduct for all Board Members and Senior Management Personnel of the Company. The code of conduct is available on the website of the Company at www.ugarsugar.com.

III. Audit Committee:

- The Audit Committee comprises of five Non-Executive Directors. All the members of the Audit Committee possess financial management expertise and knowledge.
- During the year, four Audit Committee Meetings were held on 13th June, 26th July, 23rd October, 2009 and 28th January, 2010.
 - Composition and attendance record of Audit Committee members is given below:

Name of the Directors	Status	No. of Meetings	
		Held	Attended
1. Shri. S. N. Inamdar	Chairman	4	4
2. Shri. V. Balasubramanian	Member	4	3
3. Shri. M.G. Joshi	Member	4	4
4. Shri. R. V. Shirgaokar@	Member	4	2
5. Dr. M. R. Desai	Member	4	4

@ Co-opted as Member of Audit Committee on 19-09-2009.

- This Committee comprises majority of Independent Directors.
- **The Audit Committee is responsible for:**
 - Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - Recommending the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
 - Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 - Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
 - Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

IV. Remuneration Committee:

- During the year under review, no meeting of the Remuneration Committee was held.
- The composition of the Remuneration Committee is same as that of Audit Committee except Shri. R. V. Shirgaokar, who is not a member of Remuneration Committee.
- **Terms of Reference:**
The Remuneration Committee is empowered to determine the Company's policy on specific remuneration packages for Executive Directors and one level below the Executive Directors including pension and any other compensation related matters and issues within the framework of Company and on certain performance parameters.
- **Remuneration paid / payable to Managing Director / Executive Director for the year ended 31st March, 2010.**

(Rs. in Lakh)

Managing / Executive Director	Salary	Commission	Perquisites	Retirement Benefits	Stock Options	Total
Shri. P.V. Shirgaokar (MD)	25.20	—	0.15	6.75	—	32.10
Shri. Shishir S. Shirgaokar (ED)	25.20	—	6.65	6.48	—	38.33

V. Shareholders' / Investors' Grievance Committee:

- During the year under review Meeting of Shareholders' / Investors' Grievance Committee was held on 28th January, 2010.

- **Composition:** The composition and attendance record of Shareholders'/ Investors' Grievance Committee members is given below:

Name of the Directors	Status	No. of Meetings	
		Held	Attended
1. Shri. M. G. Joshi	Chairman	1	1
2. Shri. D. B. Shah@	Member	1	1
3. Shri. A. B. Kage	Member	1	1

@ Co-opted as Member of Share holders / Investors Grievance Committee on 19-09-2009.

● **Terms of Reference:**

- To look into all the complaints received from the shareholders regarding transfer and transmission of shares.
- To look into all the complaints received from the shareholders regarding non- receipt of Annual Reports, dividend/ interest/ payments on redemption of preference shares, debentures, bonds or such other instruments which are redeemable.
- The Company Secretary has been designated as a Compliance Officer.
- During the year under review twenty two complaints were received from investors which were replied/ resolved to the satisfaction of the investors.
- As on 31st March, 2010 there were no complaints / queries and pending replies. There are no share transfers pending for registration for more than 30 days as on the said date.

VI. General Body Meetings:

- Location and time for the last three Annual General Meetings (AGM):

Financial Year	Meeting	Location	Date	Time
2006-07	AGM	Bhide Mangal Karyalay, Sangli 416416	28/09/2007	11.30 a.m.
2007-08	AGM	Khare Mangal Karyalay, Sangli-416415	29/08/2008	11.30 a.m.
2008-09	AGM	Rajmati Bhavan, Sangli 416416	19/09/2009	11.00 a.m.

VII. Other Disclosures:

A. Transactions with Non-Executive Directors of the Company during the year.

Name of the Directors	Sitting Fees Paid (Rs. in Lakh)	Consultation Fees Paid (Rs. in Lakh)	Payment against Cane supplied (Rs. in Lakh)	Dividend Paid (Rs. in Lakh)	Interest Paid on Fixed Deposits (Rs. in Lakh)	No. of Shares held as on 31-03-2010
Shri. S. N. Inamdar	0.62	—	—	0.04	—	18,750
Shri. R. V. Shirgaokar	0.66	—	—	1.34	10.04	5,39,305
Shri. A. B. Kage	0.61	—	9.54	0.27	—	1,07,440
Shri. B. N. Kalyani*	—	—	—	3.96	—	15,83,880
Shri. V. Balasubramanian	0.64	—	—	0.02	—	11,200
Shri. M. G. Joshi	0.81	—	—	0.05	0.06	21,000
Dr. M. R. Desai	0.69	—	—	0.08	—	33,000
Shri. D. B. Shah	0.61	—	5.14	0.08	0.28	35,000
Shri. B. S. Patil*	0.14	—	—	0.01	—	6,250
Shri. S. K. Shirgaokar@	0.07	—	—	0.78	—	3,12,889

*Ceased to be Director on Board w.e.f. 19-03-2010, @Joined Board on 28-01-2010.

- No penalty or strictures have been imposed on the Company by Stock Exchanges, SEBI or any Statutory Authority on any matter during last 3 years.
- The Compliance Reports of all laws applicable to the Company are periodically reviewed by the Board. Further all the quarterly compliance related filings for results, shareholding pattern, clause 49, etc. are filed with BSE within the prescribed time.
- **Special Resolutions passed at the Annual/ Extra Ordinary General Meetings in past 3 years:**

69th Annual General Meeting:

- Appointment of Managing Director pursuant to section 269, read with schedule XIII of the Companies Act, 1956.
- Appointment of Executive Director pursuant to section 269, read with schedule XIII of the Companies Act, 1956
- Revision in remuneration of a relative of Executive Director appointed under section 314(1) (b) of the Companies Act, 1956.
- Amendment to the Articles of Association of the Company.

68th Annual General Meeting:

- No special resolutions were passed during this meeting.

67th Annual General Meeting:

- Increase in Authorized Capital to Rs. 20 Crore as per section 94 of the Companies Act, 1956.
- Consequent alterations in Memorandum & Articles of Association as per section 31, 16 of the Companies Act, 1956.
- Issue of 2.25 Crore equity shares on right basis as per section 81(1A) of the Companies Act, 1956.
- Shifting of Register of Members.

● Disclosure of Related Party Transactions:

All related party transactions have been entered into in the ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others are on an arm's length basis.

B. Disclosure of Accounting Treatment:

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

C. Risk Management:

The Company has in place mechanism to inform the Board Members about the Risk Assessment and Minimization procedures and periodical reviews, to ensure that risk is controlled by the Executive Management through the means of a properly defined policy.

● Raw Material risks:

Sugarcane is the principal raw material used for the production of sugar. Sugarcane supply is dependent on a variety of factors viz. rainfall, availability of irrigation facilities, payment of price and incentives to

growers, utilization of sugarcane for production of alternative products such as Khandsari, Jaggery. Cane Prices are also controlled by Government which influences the size of the area under cultivation for sugarcane. During the year under review, there was shortage of sugar cane which has resulted in higher sugar cane price.

■ Risk mitigation:

Our company continuously endeavours to overcome shortage of sugarcane by various steps. We have our Research & Development facilities which endeavour to introduce better yielding varieties of sugarcane. Due to good late rains the yield has improved as compared to last year. Due to the prompt payment of cane price and special efforts by the cane department, the cane supply was regular and good.

● Political and regulatory risks:

Sugar industry is highly regulated by both the Central as well as State Governments. During the year the Government changed the Sugar Release mechanism in order to control the sugar prices and compelled the sugar mills to sell the allotted quota on weekly basis instead of monthly basis. The government also changed the levy and free sale ratio to 20:80.

The Government of Karnataka, taking into consideration Power shortage has directed all the Companies generating power to compulsorily supply power to them from April, 2010.

■ Risk mitigation:

The Company through association negotiated with the Government for removing the weekly clearance of quota of sugar and the Government has recently withdrawn the weekly restriction and has permitted monthly clearance of sugar from May, 2010. The association has also represented to the Government for imposing import duty on import of sugar as the domestic production has improved during this year and further improvement is expected during coming season.

Further the association has negotiated for better price for supply of power to Government of Karnataka, which the Government has agreed and this has given us a reasonably good price from April, 2010.

The State Government has continued the supply of IML products through the Karnataka State Beverages Corporation for sale of IML products.

● Foreign Exchange Risk:

- In view of the Foreign Currency Loan obtained by the Company for 100% EOU, there is exchange fluctuation risk in case of fluctuation in Euro at the time of repayment.

■ Risk Mitigation:

The export of sugar ships to Germany has improved during the year, and Foreign Exchange revenue in Euro will balance the fluctuation in the exchange rate. Further the repayment of Foreign Currency Loan will be over during the year 2010-11.

D. Subsidiary Companies:

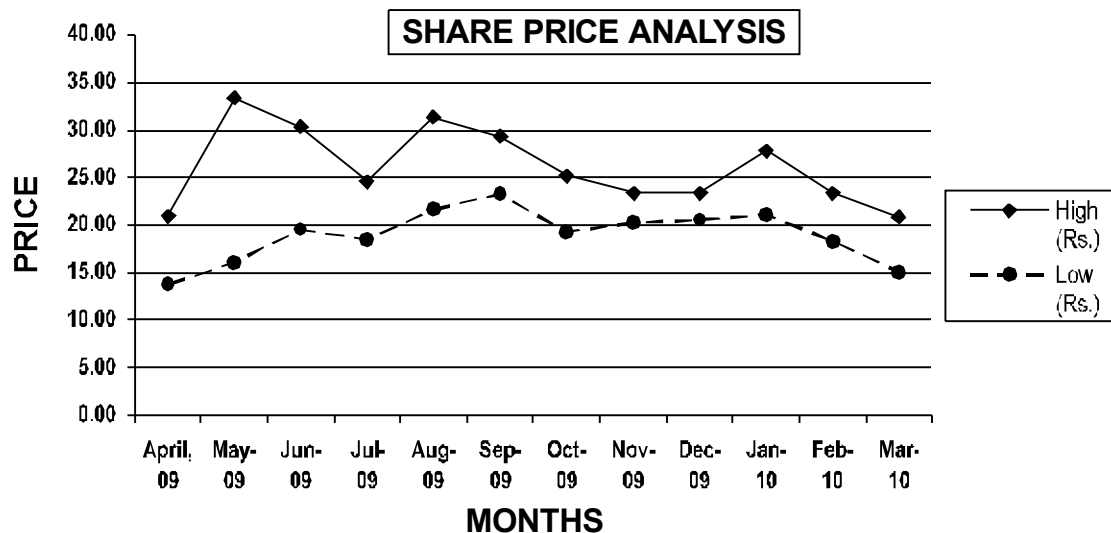
There are no subsidiary Companies.

VIII. Means of Communication:

Company is publishing quarterly un-audited financial results and notice, advertisements in the Economic Times and Indian Express in English, Maharashtra Times and Kesari in Marathi, regularly. Additionally the results and other important information is also periodically updated on the Company's Website, viz. www.ugarsugar.com.

IX. General Shareholders Information:

i. AGM Date, Time and Venue	Saturday, the 25 th day of September, 2010 at 11.00 a. m. at Rajmati Bhavan, Neminath Nagar, Sangli- 416 416.		
ii. Financial Calendar 2010-11 First quarterly un-audited results Second quarterly un-audited results Third quarterly un-audited results Fourth & Final quarterly audited results	Probable Dates: Before 15 th of August, 2010 Before 15 th of November, 2010 Before 15 th February, 2011 Before end of May, 2011		
iii. Book Closure Date	13 th September to 25 th September, 2010, (both days inclusive)		
iv. Dividend payment date	Not applicable as no dividend is recommended.		
v. Listing on Stock Exchange.	Bombay Stock Exchange Ltd.(BSE)		
vi. Stock Code:	530363		
Dematerialization ISIN No.	INE-071E01023.		
vii. Market Price Data High/Low during each month of the Financial Year 2009-10 at BSE	Months	High (Rs.)	Low (Rs.)
	April,2009	21.00	13.75
	May, 2009	33.35	16.05
	June, 2009	30.40	19.55
	July, 2009	24.60	18.50
	August, 2009	31.40	21.65
	September, 2009	29.40	23.25
	October, 2009	25.25	19.25
	November, 2009	23.40	20.25
	December, 2009	23.40	20.55
	January, 2010	27.85	21.05
	February, 2010	23.35	18.30
	March, 2010	20.90	15.00



viii. Share Transfer System:

Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respect, through Company's Registrar & Transfer Agent M/s. Bigshare Services Pvt. Ltd., Mumbai. Share transfers are approved by Share Transfer Committee consisting of Managing Director and Company Secretary, fortnightly based upon the number of transfer applications received from Registrar & Share Transfers Agents.

ix. Distribution of Shareholding as on 31st March, 2010.

No. of equity shares held	No. of Folios / Shareholders	No. of Shares held	% of Share holding
Upto 5,000	23,070	2,36,85,650	21.05
5,001 to 10,000	1,469	1,07,13,947	9.52
10,001 to 20,000	589	82,69,726	7.35
20,001 to 30,000	162	39,89,873	3.55
30,001 to 40,000	51	17,85,197	1.59
40,001 to 50,000	35	15,93,175	1.42
50,001 to 1,00,000	63	44,92,855	4.00
More than 1,00,000	63	5,79,69,577	51.53
Total	25,502	11,25,00,000	100.00

x. Shareholding Pattern as on 31st March, 2010.

Category	No. of Share held	% of Share holding	*No. of Shares Pledged	% of Total Share holding
Promoters	5,28,43,494	46.97	10,00,000	1.89
Banks, Financial Institutions, Insurance Companies,	557,688	0.50	-	-
Foreign Financial Institutions	-	-	-	-
Private Corporate Bodies	74,00,407	6.58	-	-
Indian Public	5,12,40,177	45.55	-	-
N. R. I.	4,00,679	0.36	-	-
Trust, Clearing Member	57,555	0.05	-	-
G. D. R. / A. D. R.	-	-	-	-
Total	11,25,00,000	100.00	10,00,000	0.89

*10 Lakh shares pledged by the Promoters is towards collateral security for Term Loan of Rs. 1.80 Crore taken from Technology Development Board of India, New Delhi by the Company for the purpose of setting up of Effluent Treatment Plant within the Factory Premises at Ugar khurd.

xi. Other Information:

Dematerialization of shares	Nearly 71.73% of total equity share capital (8,07,04,349 shares) is held in dematerialized form with NSDL and CDSL as on 31 st March, 2010.
Registrar and Share Transfer Agent: For Dematerialization & Physical Shares	Big Share Services Pvt. Limited E-2, Ansa Ind. Estate, Sakivihar Rd, Saki Naka, Andheri (E), MUMBAI – 400 072. Ph. No. 022-28470652
Plant Locations: Sugar, Distillery, Co-Generation & 100% EOU (Sugar Ship):	The Ugar Sugar Works Limited., Ugarkhurd – 591 316. Tal. Athani Dist. Belgaum.
Jewargi Unit –Sugar & Co-generation	Malli, Taluka – Jewargi, Dist- Gulbarga, Karnataka.
Address for correspondence Registered Office:	Mahaveernagar, Wakharbhag, Sangli 416416, Maharashtra State. Ph. No. 0233-2623717 Fax: 2623617 Email: usw.sangli@ugarsugar.com
Factory (Administrative Office)	<u>The Ugar Sugar Works Limited.</u> Ugarkhurd – 591 316. Tal. Athani, Dist. Belgaum, Karnataka State. Ph. No. 08339-272230 Fax: 272232 Email: helpdesk@ugarsugar.com

As per report attached
For **M/s. P. G. Bhagwat**
Chartered Accountants

P. V. Shirgaokar
Managing Director

Shishir S. Shirgaokar
Executive Director

M. K. Shevade
(Partner)
Memb. No. 18651
Firm Registration No. 101118W

B. G. Kulkarni
Company Secretary

R. V. Desurkar
Manager- Finance

Place: Pune
Date: 28-05-2010

V. CEO/ CFO Certificate:

To the Board of Directors of The Ugar Sugar Works Ltd.,

We, P. V. Shirgaokar, Managing Director and R. V. Desurkar, Manager Finance of The Ugar Sugar Works Ltd., to the best of our knowledge and belief, hereby certify that:

- (A) We have reviewed the Balance sheet as at 31st March, 2010 and Profit & Loss Account for the year ended as on that date along with all its schedules, notes to the accounts and also the Cash Flow statement for the year ended 31st March, 2010 and based on our knowledge and information, confirm that:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that may be misleading,
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) Based on our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (C) We along with Company's other certifying officers, accept responsibility for establishing and maintaining internal controls and that we have:
- i) evaluated the effectiveness of internal control system of the Company, and
 - ii) disclosed to the Auditors and the Audit Committee, deficiencies, in the design or operations of internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (D) We along with Company's other certifying officers, have indicated to the Auditors and the Audit Committee:
- i) significant changes in the internal control during the year,
 - ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
 - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

P. V. Shirgaokar
Managing Director

R. V. Desurkar
Manager Finance

Place: Pune
Date: 28-05-2010

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To,

The Ugar Sugar Works Limited,

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practice in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2010.

Place: Pune
Date: 28-05-2010

P. V. Shirgaokar
Managing Director

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To The Shareholders of The Ugar Sugar Works Limited

We have examined the compliance of conditions of Corporate Governance by The Ugar Sugar Works Limited, for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune
Date: 28-05-2010

For M/s. P. G. Bhagwat
Chartered Accountants
M. K. Shevade
(Partner)
Memb. No. 18651
Firm Registration No. 101118W

Auditors' Report

To the members of

The Ugar Sugar Works Limited

1. We have audited the attached Balance Sheet of The Ugar Sugar Works Limited as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 [as amended by the Companies (Auditors' Report) (Amendment) Order, 2004] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section 3C of section 211 of the Companies Act, 1956;
 - (v) on the basis of the written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **M/s P. G. Bhagwat**
Chartered Accountants,

M. K. Shevade
Partner

Membership No. 18651
Firm Registration No. 101118W

Place: Pune
Date: 28-05-2010

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified during the year and reconciled with the book records. According to information and explanations given to us and records produced to us for our verification, discrepancies were not, in our opinion, material and the same have been properly dealt with in the books of account.
- (c) The fixed assets which were disposed off during the year do not form substantial part of the fixed assets owned by the Company.
- (ii) (a) The inventory was physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to /from companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there were adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to deposits accepted from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost, maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it except for *delays in remittance of Income Tax deducted at source and Service Tax*.
- (b) According to information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute other than those mentioned below:

Nature of Dues	Name of Statute	Period to which the amount relates	Amount Rs. Lakh	Forum where dispute is pending
Central Excise	Central Excise Act	2000-01	0.94	Commissioner of Central Excise (Appeals)
Central Excise	Central Excise Act	2003-04	80.91	Commissioner of Central Excise, Belgaum
Central Excise	Central Excise Act	2006-07	26.31	CESTAT, Bangalore
Central Excise	Central Excise Act	2007-08	22.92	CESTAT, Bangalore
Central Excise	Central Excise Act	2008-09	13.36	Joint Commissioner of Central Excise, Belgaum
Central Excise	Central Excise Act	2009-10	2.76	Joint Commissioner of Central Excise, Belgaum
Service Tax	Central Excise Act	2008-09	21.11	Additional Commissioner of Central Excise, Belgaum

- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (xi) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has no debenture-holders.
- (xii) According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003, are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003, are not applicable to the Company.
- (xiv) According to information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003, are not applicable to the Company.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion, term loans were applied for the purpose for which the loans were obtained.
- (xvii) The funds raised on short-term basis have not been utilised for long-term investment.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered under section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us, the Company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003, are not applicable to the Company.
- (xx) According to information and explanations given to us, the Company has not made any public issue of its shares to raise money. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xxi) According to information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit

For M/s P. G. Bhagwat
Chartered Accountants,

M. K. Shevade

Partner

Membership No. 18651

Firm Registration No. 101118W

Place: Pune
Date: 28-05-2010

Balance Sheet as at 31st March, 2010

Particulars	Schedule	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
<i>Sources of Funds</i>			
1. Shareholders' Funds			
a. Share Capital	A	1,125.00	1,125.00
b. Reserves and Surplus	B	7,243.03	9,246.67
		8,368.03	10,371.67
2. Loan Funds			
a. Secured Loans	C	31,452.93	26,369.97
b. Unsecured Loans	D	3,399.06	2,040.63
		34,851.99	28,410.60
3. Deferred Taxation (Net)		782.37	1,586.82
		44,002.39	40,369.09
<i>Application of Funds</i>			
1. Fixed Assets			
a. Net Block	E.1	19,318.65	21,529.68
b. Capital Work in Progress		296.36	51.72
		19,615.01	21,581.40
2. Intangible Assets	E.2	82.23	107.17
3. Investments (net of provision)	F	138.53	2,370.82
4. Current Assets, Loans and Advances			
a. Inventories	G	32,022.25	19,171.39
b. Sundry Debtors	H	2,958.47	2,999.54
c. Cash and Bank Balances	I	2,665.18	1,928.08
d. Other Current Assets	J	2,067.28	3,350.53
e. Loans and Advances	K	1,632.38	1,558.32
		41,345.56	29,007.86
Less Current Liabilities and Provisions			
a. Current Liabilities	L	16,305.45	11,216.28
b. Provisions	M	873.49	1,481.88
		17,178.94	12,698.16
Net Current Assets		24,166.62	16,309.70
		44,002.39	40,369.09
Significant Accounting Policies	S		
Notes forming part of the accounts	T		

Signed pursuant to the provisions of section 215 of the Companies Act, 1956, in authentication of this Balance Sheet and schedules referred to therein

As per our report attached
For **M/s P. G. Bhagwat**
Chartered Accountants

M. K. Shevade
Partner

P. V. Shirgaokar
Managing Director

B. G. Kulkarni
Company Secretary

S. S. Shirgaokar
Executive Director

R. V. Desurkar
Manager Finance

Place: Pune
Date: 28-05-2010

Membership No. 18651
Firm Registration No. 101118W

Profit and Loss Account for the year ended 31st March, 2010

Particulars	Schedule	2009-10 Rs. Lakh	2008-09 Rs. Lakh
Income			
Sales		57,013.33	48,794.17
Less: Excise Duty		<u>12,550.13</u>	<u>9,384.19</u>
		44,463.20	39,409.98
Increase / (Decrease) in stocks	N	11,763.45	851.88
Other Income	O	424.80	1,294.86
	Total	<u>56,651.45</u>	<u>41,556.72</u>
Expenditure			
Cost of Raw Material Consumed & Purchase of Trading Goods	P	42,887.74	24,954.32
Manufacturing, Selling and Administration Expenses	Q	10,756.97	10,076.59
Interest and Finance Charges	R	2,370.63	1,852.60
Depreciation	E.1	3,392.94	1,672.37
Amortisation	E.2	49.51	18.03
	Total	<u>59,457.79</u>	<u>38,573.91</u>
Profit for the year before taxation		(2,806.34)	2,982.81
Less: Taxation			
Income Tax and Wealth Tax			
Current Year		0.00	350.00
Short / (Excess) Provision for earlier year/s		2.09	0.81
Deferred Tax Adjustment - Debit / (Credit)		<u>(804.46)</u>	<u>1,122.09</u>
		(802.37)	1,472.90
Fringe Benefit Tax			
Current Year		0.00	23.00
Short / (Excess) Provision for earlier year/s		<u>(0.33)</u>	<u>0.00</u>
		(0.33)	23.00
Total Tax		<u>(802.70)</u>	<u>1,495.90</u>
Net profit for the year after tax		(2,003.64)	1,486.91
Add: Profit brought forward from earlier year		<u>604.93</u>	<u>647.07</u>
Profit available for appropriation		(1,398.71)	2,133.98

Profit and Loss Account for the year ended 31st March, 2010

Particulars	Schedule	2009-10 Rs. Lakh	2008-09 Rs. Lakh
<i>Appropriations</i>			
General Reserve		0.00	1,200.00
Dividend		0.00	281.25
Corporate Dividend Tax		0.00	47.80
Surplus carried forward		<u>(1,398.71)</u>	<u>604.93</u>
		<u>(1,398.71)</u>	<u>2,133.98</u>
Basic & Diluted Earnings per Equity Share of Re. 1 [Refer Note No. 19 of Notes forming part of the accounts]		(1.78)	1.54
Significant Accounting Policies	S		
Notes forming part of the accounts	T		

Signed pursuant to the provisions of section 215 of the Companies Act, 1956, in authentication of
this Profit & Loss Account and schedules referred to therein

As per our report attached
For **M/s P. G. Bhagwat**
Chartered Accountants
M. K. Shevade
Partner
Membership No. 18651
Firm Registration No. 101118W

P. V. Shirgaokar
Managing Director
B. G. Kulkarni
Company Secretary

S. S. Shirgaokar
Executive Director
R. V. Desurkar
Manager Finance

Place: Pune
Date: 28-05-2010

Cash Flow Statement for the year ended 31st March, 2010

	In respect of Continuing Operations		In respect of Discontinued Operations				Company as a whole	
	2009-10 Rs. Lakh	2008-09 Rs. Lakh	Tasgaon Unit		Phaltan Unit		2009-10 Rs. Lakh	2008-09 Rs. Lakh
			2009-10 Rs. Lakh	2008-09 Rs. Lakh	2009-10 Rs. Lakh	2008-09 Rs. Lakh		
<i>Cashflow from Investing Activities</i>								
Net Profit before tax and extra-ordinary items	(2,798.48)	2,986.60	11.34	9.74	(19.20)	(13.53)	(2,806.34)	2,982.81
Adjustments for:								
Depreciation	3,392.94	1,656.16	0.00	0.00	0.00	16.21	3,392.94	1,672.37
Amortisation of Intangible Assets	49.51	18.02	0.00	0.00	0.00	0.00	49.51	18.02
Assets written off	4.20	0.00	0.00	0.00	0.00	0.00	4.20	0.00
Loss / (Profit) on sale of assets	17.38	(4.47)	0.00	0.00	0.74	0.00	18.12	(4.47)
Interest and Finance Charges	2,370.52	1,852.59	0.00	0.00	0.11	0.01	2,370.63	1,852.60
Investment Income	(40.18)	(29.02)	0.00	0.00	0.00	0.00	(40.18)	(29.02)
	<u>5,794.37</u>	<u>3,493.28</u>	<u>0.00</u>	<u>0.00</u>	<u>0.85</u>	<u>16.22</u>	<u>5,795.22</u>	<u>3,509.50</u>
Operating Profit before working capital changes	2,995.89	6,479.88	11.34	9.74	(18.35)	2.69	2,988.88	6,492.31
Decrease / (Increase) in trade and Other receivables	1,058.72	(1,060.89)	37.81	(0.13)	(53.91)	0.95	1,042.62	(1,060.07)
Decrease / (Increase) in Inventories	(12,899.62)	135.48	0.00	4.25	48.75	0.35	(12,850.87)	140.08
(Decrease) / Increase in trade payables	5,200.57	(212.62)	(58.01)	(7.92)	(47.54)	(6.29)	5,095.02	(226.83)
	<u>(6,640.33)</u>	<u>(1,138.03)</u>	<u>(20.20)</u>	<u>(3.80)</u>	<u>(52.70)</u>	<u>(4.99)</u>	<u>(6,713.23)</u>	<u>(1,146.82)</u>
Cash generated from operations	(3,644.44)	5,341.85	(8.86)	5.94	(71.05)	(2.30)	(3,724.35)	5,345.49
Direct Taxes	(249.87)	(96.98)	0.00	0.00	0.00	0.00	(249.87)	(96.98)
Cashflow before extra-ordinary items	(3,894.31)	5,244.87	(8.86)	5.94	(71.05)	(2.30)	(3,974.22)	5,248.51
Extra-ordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash from Operating Activities	(3,894.31)	5,244.87	(8.86)	5.94	(71.05)	(2.30)	(3,974.22)	5,248.51
<i>Cashflow from Investing Activities</i>								
Purchase of assets	(1,393.38)	(2,597.46)	0.00	0.00	0.00	0.00	(1,393.38)	(2,597.46)
Proceeds from sale of assets	7.91	10.30	0.00	0.00	70.07	4.31	77.98	14.61
Purchase / Sale of Investments	2,232.29	(511.50)	0.00	0.00	0.00	0.00	2,232.29	(511.50)
Advance against subscription to shares	0.00	478.71	0.00	0.00	0.00	0.00	0.00	478.71
Interest and Dividend Received	27.30	45.71	0.00	0.00	0.00	0.00	27.30	45.71
Capital Subsidy Received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash from Investing Activities	874.12	(2,574.24)	0.00	0.00	70.07	4.31	944.19	(2,569.93)

Cash Flow Statement for the year ended 31st March, 2010

	In respect of Continuing Operations		In respect of Discontinued Operations				Company as a whole	
	2009-10 Rs. Lakh	2008-09 Rs. Lakh	Tasgaon Unit		Phaltan Unit		2009-10 Rs. Lakh	2008-09 Rs. Lakh
			2009-10 Rs. Lakh	2008-09 Rs. Lakh	2009-10 Rs. Lakh	2008-09 Rs. Lakh		
<i>Cashflow from Financing Activity</i>								
Interest and Finance Charges	(2,350.49)	(2,367.02)	0.00	0.00	(0.11)	(0.01)	(2,350.60)	(2,367.03)
Proceeds from issuance of share capital	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00	1,800.00
Proceeds from borrowings	6,441.39	(2,806.45)	0.00	0.00	0.00	0.00	6,441.39	(2,806.45)
Dividend paid	(323.66)	(206.12)	0.00	0.00	0.00	0.00	(323.66)	(206.12)
Net Cash from Financing Activities	3,767.24	(3,579.59)	0.00	0.00	(0.11)	(0.01)	3,767.13	(3,579.60)
Net Increase / (Decrease) in cash and Cash Equivalents	747.05	(908.96)	(8.86)	5.94	(1.09)	2.00	737.10	(901.02)
Opening cash and cash equivalents	1,913.39	2,819.63	8.86	2.92	5.83	3.83	1,928.08	2,826.38
Closing cash and cash equivalents	2,660.44	1,913.39	0.00	8.86	4.74	5.83	2,665.18	1,928.08

Notes to Cashflow Statement

- Cashflow Statement has been prepared under indirect method as set out in Accounting Standard 3 issued by ICAI.
- Purchase of fixed assets includes movement in capital work in progress.
- Direct taxes paid are treated as arising from Operating Activities and are not bifurcated between Investing and Financing Activities.
- Cash and cash equivalents are Cash and Bank Balances as per Schedule I in the Balance Sheet.
- Cash Flow Statement in respect of continuing operations and discontinued operations is separately furnished as required by AS-24.

As per our report attached
For **M/s P. G. Bhagwat**
Chartered Accountants

M. K. Shevade
Partner
Membership No. 18651
Firm Registration No. 101118W

P. V. Shirgaokar
Managing Director

B. G. Kulkarni
Company Secretary

S. S. Shirgaokar
Executive Director

R. V. Desurkar
Manager Finance

Place: Pune
Date: 28-05-2010

Schedules Forming Part of the Balance Sheet

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
Schedule A: SHARE CAPITAL		
<u>Authorised:</u>		
20,00,00,000 Equity Shares of Re. 1 each	2,000.00	2,000.00
<u>Issued, Subscribed, Called up and Paid up:</u>		
11,25,00,000 Equity Shares of Re. 1 each	1,125.00	1,125.00
[The above includes		
i. 4,97,44,200 Equity Shares of Re. 1 each allotted as fully paid bonus shares and		
ii. 13,26,000 Equity Shares of Re. 1 each allotted at the time of conversion of 340 Preference "A" Shares by capitalisation of Reserves.]		
Schedule Total	1,125.00	1,125.00
Schedule B: RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	7,066.74	5,866.74
Addition during the year	0.00	1,200.00
	7,066.74	7,066.74
Share Premium	1,575.00	1,575.00
Profit and Loss Account	(1,398.71)	604.93
Schedule Total	7,243.03	9,246.67
Schedule C: SECURED LOANS		
1. From Bankers secured by hypothecation of Stores and Spares and Stock in Trade	60.39	78.25
2. From Bankers secured by pledge of stock of sugar	18,283.67	13,849.40
3. From Industrial Development Bank of India Ltd. For Working Capital, secured by subsequent charge on Fixed Assets of the Company	2,932.71	3,000.00
4. From Sugar Technology Mission and Technology Development Board For setting up Effluent Treatment Plant, secured by hypothecation of the said plant	90.00	121.20
5. From Axis Bank Ltd. For financing part of the working capital and for refinancing the long term debts, secured by first pari passu charge on all movable and immovable fixed assets excluding Effluent Treatment Plant, exclusive first charge on receivables generated from sale of power	0.00	200.00
Carried Over	21,366.77	17,248.85

Schedules Forming Part of the Balance Sheet

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
Schedule C: SECURED LOANS		
Brought Over	21,366.77	17,248.85
6A. From Bank of Baroda	4,195.40	4,449.10
6B. From Central Bank of India	1,986.44	2,021.18
For setting up a sugar factory with co-generation of power at Jewargi, secured by hypothecation of Plant & Machinery and Stores & Spares for the said project		
7. From Axis Bank Ltd. Corporate Loan	230.76	1,384.61
For funding long term requirements for project expansion, normal capital expenditure, augmenting long term working capital and general corporate purpose, secured by first pari passu charge on all fixed assets of the Company		
8. From Rabo International, Singapore	242.64	809.52
(Cooperative Centrale Raiffeisen Boerenleenbank B. A.)		
For purchase of Sugar Ships Manufacturing Machinery, secured by hypothecation of the said machinery		
9. From Central Bank of India	819.68	0.00
For installation of sugar machinery, secured by hypothecation of the said machinery		
10. From Sugar Development Fund		
a. For Modernisation and Rehabilitation	342.53	456.71
b. For Cane Development	250.00	0.00
Secured by exclusive second charge on all movable assets of the Company		
11. From Central Bank of India	2,018.71	0.00
As Bridge Loan against Loan from SDF for Jewargi Unit to be received, secured by second charge on assets of the Jewargi Unit		
Schedule Total	31,452.93	26,369.97
Schedule D: UNSECURED LOANS		
Fixed Deposits	2,697.82	1,129.58
Loan from Bank of India	0.00	13.68
Loan from IFCI Factors Ltd.	216.30	412.43
Loan from Government of Karnataka in the form of deferment of Cane Purchase Tax	484.94	484.94
Schedule Total	3,399.06	2,040.63

Schedules Forming Part of the Balance Sheet

Schedule E.1: FIXED ASSETS AND DEPRECIATION

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-2009		Additions		Upto 01-04-2009		Adjustment on sale / transfer		Upto 31-03-2010	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Land (Freehold)	212.59	20.25	0.00	232.84	0.00	0.00	0.00	0.00	232.84	212.59
Buildings	2,785.84	40.66	0.59	2,825.91	846.32	0.59	146.69	992.42	1,833.49	1,939.52
Plant and Machinery	33,585.32	1,203.65	312.37	34,476.60	14,327.54	213.53	3,212.56	17,326.57	17,150.03	19,257.78
Furniture and Fixtures	170.35	9.01	3.59	175.77	132.52	3.04	9.65	139.13	36.64	37.83
Vehicles	366.29	8.63	12.09	362.83	284.33	11.19	24.04	297.18	65.65	81.96
Total	37,120.39	1,282.20	328.64	38,073.95	15,580.71	228.35	3,392.84	18,755.30	19,318.65	21,529.68
Previous Year	22,291.99	14,853.04	24.64	37,120.39	13,932.84	14.50	1,672.37	15,590.71	21,529.68	8,359.15

Schedule E.2: INTANGIBLE ASSETS AND AMORTISATION

PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As on 01-04-2009		Additions Deductions		Upto 01-04-2009		Recouped on deductions		Upto 31-03-2010	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Intangible Assets Computer Software	133.31	24.57	0.00	157.88	26.14	0.00	49.51	75.65	82.23	107.17
Total	133.31	24.57	0.00	157.88	26.14	0.00	49.51	75.65	82.23	107.17
Previous Year	8.87	124.44	0.00	133.31	8.11	0.00	18.03	26.14	107.17	0.76

Schedules Forming Part of the Balance Sheet

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
Schedule F: INVESTMENTS		
[At cost, fully paid, long term]		
A. Non-trade Investments		
a Quoted, Government		
1. 19,700 (19,700) Units of Rs. 10 each of Unit Trust of India, issued under UTI Balanced Fund [NAV Rs. 4.42 lakh (Rs. 3.24 lakh)]	2.23	2.23
b Unquoted, Other than Government		
2. 24,999 (24,999) Equity Shares of Rs. 10 each, of Shakti Alloy Steels Ltd., Miraj	2.50	2.50
3. 333 (333) 11% Redeemable Non-cumulative Preference Shares of Rs. 100 each, of Shakti Alloy Steels Ltd., Miraj	0.33	0.33
4. 833 (833) 14% Redeemable Cumulative Preference Shares of Rs. 100 each, of Shakti Alloy Steels Ltd., Miraj	0.84	0.84
5. 3,750 (3,750) Shares of Rs. 10 each of Sangli Urban Co-operative Bank Ltd. Sangli	0.37	0.37
6. 0 (2,23,35,400) Equity Shares of Rs. 10 each of Sadashiva Sugars Ltd. Bagalkot	0.00	2,233.54
b.	4.04	2,237.58
Total Non-trade Investments	6.27	2,239.81
B. Trade Investments		
Unquoted, Other than Government		
7. 24,300 (24,300) Equity Shares of Rs. 10 each of Ugar Consultancy Ltd., Sangli	2.43	2.43
8. 746 (746) Equity Shares of Rs. 100 each of Ugar Theatres Pvt. Ltd. Ugarkhurd	2.25	2.25
9. 3,12,500 (62,500) Equity Shares of Rs. 10 each of Ugar Quality Packaging Pvt. Ltd., Ratnagiri	31.25	6.25
10. 9,87,500 (7,50,000) 8% Redeemable Cumulative Preference Shares of Rs. 10 each of Ugar Quality Packaging Pvt. Ltd., Ratnagiri	98.75	75.00
	134.68	85.93
11. Ugar Quality Packaging Pvt. Ltd. Share Application Money	1.25	48.75
	135.93	134.68
	142.20	2,374.49
Less: Provision for diminution in the value of investments	3.67	3.67
Schedule Total	138.53	2,370.82

Schedules Forming Part of the Balance Sheet

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
Schedule G: INVENTORIES		
[As taken, valued and certified by the Managing Director]		
Stores, Spare Parts and Others	899.51	1,005.52
Bagasse (Own)	219.94	46.51
Bagasse (Purchased), Firewood and Coal	120.08	231.73
Raw Materials	947.46	374.63
Crops in Progress	19.18	21.05
Sugar in Process	468.49	39.19
Molasses in process	62.10	8.06
Finished Goods	29,285.49	17,444.70
Schedule Total	<u>32,022.25</u>	<u>19,171.39</u>
Schedule H: SUNDRY DEBTORS		
[Unsecured]		
Outstanding for a period exceeding six months		
Considered Good	142.49	195.67
Considered Doubtful	67.63	62.94
	210.12	258.61
Others		
Considered Good	2,815.98	2,803.87
	3,026.10	3,062.48
Less: Provision for Doubtful Debts	67.63	62.94
Schedule Total	<u>2,958.47</u>	<u>2,999.54</u>
Schedule I: CASH AND BANK BALANCES		
Cash on hand	2.83	5.52
With Scheduled Banks in:		
Current Accounts	2,221.10	1,229.01
Cash Credit Hypothecation / Pledge Accounts	188.01	163.77
Term Deposits	233.28	227.50
	2,642.39	1,620.28
With Non-Scheduled Banks in Current Accounts:		
The Belgaum District Central Co-op. Bank Ltd.	0.00	40.69
[Maximum Balance outstanding at any time during the year Rs.457.14 lakh (Rs.542.50 lakh)]		
Shri Shantappa Mirji Urban Co-op. Bank Ltd.	8.28	5.55
[Maximum Balance outstanding at any time during the year Rs.33.62 lakh (Rs.20.12 lakh)]		
Janata Co-op. Bank Ltd. Harugeri	11.68	256.04
[Maximum Balance outstanding at any time during the year Rs.256.38 lakh (Rs.256.38 lakh)]		
	19.96	302.28
Schedule Total	<u>2,665.18</u>	<u>1,928.08</u>

Schedules Forming Part of the Balance Sheet

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
Schedule J: OTHER CURRENT ASSETS		
Deposits with Excise, etc.	1,189.83	1,295.13
Prepaid Expenses	33.41	41.22
Claims and other recoverables	844.04	2,014.18
	<u>2,067.28</u>	<u>3,350.53</u>
Schedule K: LOANS AND ADVANCES		
[Unsecured]		
Advances to Cultivators and Contractors		
Considered Good	1,055.14	329.44
Considered Doubtful	108.77	257.30
Advances to Suppliers of Machinery, Stores, etc.		
Considered Good	571.64	1,228.88
Considered Doubtful	9.07	8.54
	<u>1,744.62</u>	<u>1,824.16</u>
Less: Provision for Doubtful Advances	<u>117.84</u>	<u>265.84</u>
	1,626.78	1,558.32
Advance Payment of Taxes including		
Fringe Benefit Tax	563.80	333.19
Less: Adjustment against Provision for		
Taxation as per contra	<u>558.20</u>	<u>333.19</u>
	5.60	0.00
Schedule Total	<u>1,632.38</u>	<u>1,558.32</u>
Schedule L: CURRENT LIABILITIES		
Sundry Creditors	16,144.21	11,120.82
Amounts to be credited to Investors Education and		
Protection Fund, on respective due dates:		
Unclaimed Dividends	30.39	25.00
Interest accrued but not due on loans	72.03	38.96
Trade Deposits and Advances	58.82	31.50
Schedule Total	<u>16,305.45</u>	<u>11,216.28</u>
Schedule M: PROVISIONS		
Taxation	558.20	575.70
Less: Adjustment against Advance Payment of		
Taxes as per contra	<u>558.20</u>	<u>333.19</u>
	0.00	242.51
Proposed Dividend	0.00	281.25
Corporate Dividend Tax	0.00	47.80
Gratuity	580.15	632.45
Leave Salary	293.34	277.87
Schedule Total	<u>873.49</u>	<u>1,481.88</u>

Schedules Forming Part of the Profit and Loss Account

Particulars	2009-10 Rs. Lakh	2008-09 Rs. Lakh
Schedule N: INCREASE / (DECREASE) IN STOCKS		
Closing Stock		
Sugar in Process	468.49	39.19
Bagasse - Own	219.94	46.51
Molasses in process	62.10	8.06
Finished Goods	<u>29,285.49</u>	<u>17,444.70</u>
	30,036.02	17,538.46
Less: Opening Stock		
Sugar in Process	39.19	140.64
Bagasse - Own	46.51	25.00
Molasses in process	8.06	26.23
Finished Goods	<u>17,444.70</u>	<u>16,749.17</u>
	17,538.46	16,941.04
Increase / (Decrease) in value of Stocks of Finished Goods	12,497.56	597.42
Adjustment for Excise Duty Differentials*	<u>(734.11)</u>	<u>254.46</u>
* Excise Duty Differentials refer to difference in Excise Duty on Closing and Opening Stock of Finished Goods		
Schedule Total	<u>11,763.45</u>	<u>851.88</u>

Schedule O: OTHER INCOME

Dividend on Non-trade Investments	1.21	0.97
Interest on Loans, Bank Deposits and Others (Gross)		
[Tax deducted at source Rs. 14.02 lakh (Rs. 4.07 lakh)]	101.62	69.52
Machinery / Bullock Cart Hire Charges	1.70	6.47
Insurance Claims Received	0.32	10.64
Profit on sale of fixed assets	0.00	4.47
Excess Provisions & Unclaimed Credit Balances written back	66.10	545.11
Excess Provision for Doubtful Debts & Advances	0.00	44.83
Refund of Sales Tax	0.00	0.36
Foreign Currency Fluctuations	16.12	0.00
Buffer Stock Subsidy for Insurance, Storage, etc.	0.00	22.13
Transport Subsidy for Export Sugar	0.00	442.23
Low Recovery Cane Subsidy	0.00	2.84
Miscellaneous Receipts	<u>237.73</u>	<u>145.29</u>
Schedule Total	<u>424.80</u>	<u>1,294.86</u>

Schedules Forming Part of the Profit and Loss Account

Particulars	2009-10 Rs. Lakh	2008-09 Rs. Lakh
Schedule P: COST OF RAW MATERIAL CONSUMED AND PURCHASE OF TRADING GOODS		
<i>Cost of Raw Material Consumed</i>		
Sugarcane		
Purchased	36,020.52	19,860.04
Harvesting and Transport	4,935.02	3,240.07
Cane Purchase and Development	46.71	153.71
Research and Development	69.94	66.44
	41,072.19	23,320.26
Other Raw Materials	201.45	24.06
	41,273.64	23,344.32
<i>Purchase of Trading Goods</i>		
Petroleum Products	1,614.10	1,610.00
Schedule Total	42,887.74	24,954.32
Schedule Q: MANUFACTURING, SELLING AND ADMINISTRATION EXPENSES		
<i>Manufacturing and Administration Expenses</i>		
Consumption of Stores, Chemicals and Spare Parts	3,124.90	2,437.70
Power, Fuel and Water	1,639.29	1,809.14
Repairs and Maintenance		
Plant and Machinery	878.82	1,032.94
Buildings	84.45	85.93
General	74.09	36.90
	1,037.36	1,155.77
Insurance	23.81	18.77
Rent	7.22	7.68
Rates and Taxes	167.33	126.62
Printing and Stationery	26.50	22.44
Travelling	66.04	74.23
carried over	6,092.45	5,652.35

Schedules Forming Part of the Profit and Loss Account

Particulars	2009-10 Rs. Lakh	2008-09 Rs. Lakh
Schedule Q: MANUFACTURING, SELLING AND ADMINISTRATION EXPENSES (contd)		
brought over	6,092.45	5,652.35
<i>Manufacturing and Administration Expenses (contd)</i>		
Motor Car Expenses	47.71	64.23
Donations	60.39	10.42
Loss on sale of IML & Others	15.61	38.68
Bad Debts & Sundry Advances Written Off	39.45	322.35
Less: Provision	(38.68)	(322.35)
	0.77	0.00
Assets Written Off	4.20	0.00
Loss on Sale / Transfer of Fixed Assets	18.12	0.00
Provision for Doubtful Debts and Advances	22.43	0.00
Foreign Currency Fluctuations	0.00	51.89
Miscellaneous	192.58	260.24
sub-total (a)	6,454.26	6,077.81
<i>Selling Expenses</i>		
Freight, Insurance, etc. on outward consignments	246.88	233.42
Commission to selling agents and representatives	87.58	146.94
Advertisements	135.42	103.58
sub-total (b)	469.88	483.94
<i>Salaries, Wages and other employee-benefits</i>		
Salaries, Wages, Bonus and Commission	3,345.84	2,940.31
Contribution to Provident, Gratuity and other funds	427.93	487.60
Workmen and Staff Welfare	47.44	75.09
sub-total (c)	3,821.21	3,503.00
Directors' Fees	4.85	4.86
Payment to Auditors	6.77	6.98
Schedule Total	10,756.97	10,076.59
Schedule R: INTEREST AND FINANCE CHARGES		
<i>Interest</i>		
On Fixed Loans	1,114.85	642.28
Others	1,153.18	1,108.71
Finance Charges	102.60	101.61
Schedule Total	2,370.63	1,852.60

Schedule S: Significant Accounting Policies**A. Fixed Assets and Intangible Assets**

1. Fixed Assets are carried at cost of acquisition or construction (inclusive of freight, duties, taxes and expenses related to acquisition and installation and commissioning) less accumulated depreciation.
2. Intangible Assets are recorded at the consideration paid for acquisition.

B. Depreciation and Amortisation.

1. Depreciation on Fixed Assets is provided on "Written Down Value" Method, as per the provisions of Schedule XIV to the Companies Act, 1956.
2. Computer Software (Intangible Asset) is amortised over a period of three years.

C. Investments

Investments are carried at cost of acquisition. A provision for diminution is made to recognise decline other than temporary, in the value of investments.

D. Valuation of Inventories

<u>Category of Inventory</u>	<u>Basis of valuation</u>
1. Stores and Spares, Raw Material (other than Molasses), Purchased Bagasse, Molasses in process, Sugar in Process, Crops in progress, Petroleum Products and Finished Goods	At cost or net realisable value, whichever is less. Cost is generally arrived at on Weighted Average Method.
2 Molasses, Own Bagasse and Scrap	At net realisable value.

E. Research and Development

Revenue Expenditure on Research and Development is charged off as an expense in the year in which incurred and the Capital Expenditure is grouped with fixed assets under appropriate heads and depreciation is provided at the applicable rates.

F. Retirement Benefits

Retirement benefits have been recognized in accordance with AS- 15 (revised in 2005) and accordingly,

- a. liability for balance of leave as on the last date of the year is fully provided on actuarial basis;
- b. liability on account of retirement benefits such as provident fund and superannuation fund are administered through separate funds. Contributions to provident fund and superannuation fund are accounted for at respective specified rates.
- c. gratuity is accounted on the basis of actuarial valuation and funded through a trust, which has taken out a policy with Life Insurance Corporation of India.

Schedule S: Significant Accounting Policies (contd)**G. Revenue Recognition**

- a. Revenue in respect of insurance / other claims, interest, subsidy, Carbon Emission Reduction Units, etc. is recognised only when it is reasonably certain that the ultimate collection will be made.
- b. Sales Value is inclusive of Excise Duty and net of sales tax, where applicable.

H. Foreign Currency Transactions

All foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. The exchange differences on settlement / conversion are adjusted to Profit & Loss Account.

In respect of amount payable in foreign currency covered by forward contracts, the premium is recognised over the period of contract.

I. Subsidies Received

1. Subsidies received towards fixed assets are reduced from gross book value of the concerned fixed assets.
2. Subsidies received relating to revenue expenditure are deducted from related expense.

J. Borrowing Costs

1. Borrowing costs that are attributable to acquisition, construction or erection of qualifying assets incurred during the period of acquisition or construction, are capitalised as part of the cost of the asset.
2. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

K. Taxation

Tax on income for the current period is made in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing differences between the accounting income and the taxable income for the period. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on the prevailing enacted regulations or those that may be subsequently enacted.

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
Schedule T: NOTES FORMING PART OF THE ACCOUNTS		
1. Contingent Liabilities not provided for		
Claims against the Company not acknowledged as debts	41.00	41.00
Excise Duty, liability disputed	168.31	144.44
Cane Purchase Tax, Liability Disputed	72.84	0.00
Corporate Guarantees given to Bankers	3,618.00	4,282.00
2. Estimated amounts of contracts remaining to be executed on capital account	262.48	148.47
3. Remuneration to Directors (included under various heads of accounts)		
a. <u>Chairman (Previous Year: Chairman & Managing Director)</u>		
i) Salary	0.00	25.80
ii) Commission on Profit	0.00	28.12
iii) Contribution to Provident Fund	0.00	3.10
iv) Contribution to Superannuation Fund	0.00	3.87
v) Electricity, insurance, reimbursement of medical expenses, leave travel, etc.	0.00	0.16
vi) Other perquisites	0.00	0.31
	0.00	61.36
b. <u>Managing Director (Previous Year: Executive Director)</u>		
i) Salary / Allowances	25.20	25.20
ii) Commission on Profit	0.00	28.12
iii) Contribution to Provident Fund	2.88	2.88
iv) Contribution to Superannuation Fund	3.87	3.60
v) Electricity, insurance, reimbursement of medical expenses, leave travel, etc.	0.15	0.22
vi) Other perquisites	0.00	0.00
	32.10	60.02
b. <u>Executive Director (Previous Year: Wholetime Director)</u>		
i) Salary / Allowances	25.20	25.20
ii) Commission on Profit	0.00	28.12
iii) Contribution to Provident Fund	2.88	2.88
iv) Contribution to Superannuation Fund	3.60	3.60
v) Electricity, insurance, reimbursement of medical expenses, leave travel, etc.	6.16	9.69
vi) Other perquisites	0.49	0.22
	38.33	69.71
4. Details of Payments to Auditors, appearing in Schedule Q		
a. Statutory Auditors		
Audit Fees	3.50	3.00
In other capacity*	1.77	2.54
For Expenses	0.44	0.59
	5.71	6.13
b. Cost Auditors		
Audit Fees	0.95	0.85
For Expenses	0.11	0.00
	1.06	0.85
	6.77	6.98
* Tax Audit, Certification of Miscellaneous Statements, etc.		

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
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Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)

5. Sundry Debtors in Schedule H include amount due from a private limited company in which directors of the Company are directors	0.25	0.45
6. Advances to suppliers, etc. in Schedule K include:		
i) Amount due from private limited companies in which directors of the Company are directors / members	20.76	236.21
ii) Advances on capital account	59.04	285.16

7. Licensed and Installed Capacities and Production

a. Licensed & Installed Capacities

Product	Unit	Licensed Capacity	Installed Capacity*	Licensed Capacity	Installed Capacity*
Sugar	TCD	@	12,500	@	12,500
Rectified Spirit	BL per year	**	2,43,69,000	**	2,43,69,000
Denatured Spirit	BL per year	**	Not Applicable	**	Not Applicable
Potable Alcohol	BL per year	**	96,00,000	**	81,00,000
Electricity	KW per day	14,16,000	14,16,000	14,16,000	14,16,000

*Installed Capacities - As certified by the Managing Director and accepted by the Auditors

@ Licence Not Required

** Licence from licensing authority (State Excise) obtained, but quantity to be produced is not restricted.

b. Production (Quantity)

Product	Unit	Quantity	Quantity
Sugar*	Quintals	17,86,430	14,68,445
Rectified Spirit	Bulk Litres	85,93,550	98,86,833
Denatured Spirit	Bulk Litres	16,95,330	38,33,230
Potable Alcohol	Bulk Litres	82,25,107	53,87,045
Electricity	KW	13,58,60,687	12,47,71,470

* Includes production from remelted sugar of earlier seasons

Quintals	7,730	38,129
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8. Quantitative Breakup in respect of Opening and Closing Stock of each class of goods

	Unit	Quantity	Value	Quantity	Value
(a) Opening Stock					
a. <i>Goods manufactured</i>					
Sugar	Quintals	8,58,386	15,535.13	13,93,878	15,718.36
Rectified Spirit	Bulk Litres	12,73,132	297.38	3,73,574	31.09
Potable Alcohol	Bulk Litres	2,96,213	445.53	1,32,789	19.16
Molasses	MT	31,899	1,086.92	30,667	904.84
Others	--		61.11		36.16
b. <i>Goods Traded</i>					
Potable Alcohol	Bulk Litres	0.00	0.00	5,226	8.02
Petroleum Products	--	---	18.63	---	31.54
			17,444.70		16,749.17

Particulars		31-03-2010		31-03-2009	
		Rs. Lakh		Rs. Lakh	
Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)					
8. Quantitative Breakup in respect of Opening and Closing Stock of each class of goods					
	Unit	Quantity	Value	Quantity	Value
(b) Closing Stock					
a. Goods manufactured					
Sugar	Quintals	13,07,822	26,747.50	8,58,386	15,535.13
Rectified Spirit	Bulk Litres	14,25,906	355.91	12,73,132	297.38
Potable Alcohol	Bulk Litres	5,17,016	498.95	2,96,213	445.53
Molasses	MT	39,400	1,596.45	31,899	1,086.92
Others	--		40.72		61.11
b. Goods Traded					
Potable Alcohol	Bulk Litres	0.00	0.00	0.00	0.00
Petroleum Products	--	---	45.96	---	18.63
			29,285.49		17,444.70
9. Purchase of Trading Goods					
Petroleum Products	--	--	1,614.10	--	1,610.00
10. Consumption of Raw Material					
Sugarcane (Net)* @	MT	15,75,618	41,072.19	13,19,527	23,320.26
Molasses	MT	30,191	1,341.00	38,118	1,044.55
Malt	MT	54	11.62	29	4.71
Rectified Spirit	Bulk Litres	37,10,595	1,104.93	23,20,000	525.29
Others	--	--	56.48	--	19.35
			43,586.22		24,914.16
Less: Intersegment Transfers			2,312.58		1,569.84
			41,273.64		23,344.32
@ Value of sugarcane consumed includes additional cane price for an earlier year					
			3,458.67		1,620.32
11. Value of Imported and Indigenous Raw Material consumed and percentage thereof to the total consumption					
		Value	%age	Value	%age
a. Imported	Rs. Lakh	0.04	Negligible	0.02	Negligible
b. Indigenous	Rs. Lakh	41,273.60	Nearly 100%	23,344.30	Nearly 100%
12. Turnover					
Sugar	Quintals	13,26,234	34,753.33	19,63,868	30,974.43
Rectified Spirit	Bulk Litres	60,52,871	729.80	50,12,610	671.88
Denatured Spirit	Bulk Litres	16,95,330	432.77	38,33,230	888.67
Potable Alcohol	Bulk Litres	79,21,603	14,388.22	51,51,657	8,323.77
Electricity	KW	7,72,57,000	2,968.47	6,97,11,000	4,795.50
Bye Products & Others	--	--	2,089.00	--	1,491.46
Petroleum Products	--	--	1,651.74	--	1,648.46
			57,013.33		48,794.17
13. Captive Consumption (Quantity)					
Rectified Spirit	Bulk Litres	23,75,309		39,58,604	
Electricity	KW	5,86,03,687		5,50,60,470	

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)		
14. Value of imports calculated on CIF basis		
Machinery Spares	1.96	3.64
15. Expenditure in foreign currency		
Travelling	1.77	8.97
Service Charges	0.00	6.26
Rent	0.00	5.33
Sales Promotion	9.56	11.15
Interest on Loan	22.27	66.53
Repayment of Term Loan	536.66	517.66
16. Earnings in foreign currency FOB Value of Exports	193.66	58.87
17. Amount of borrowing costs capitalised during the period	13.04	524.13
18. Fixed deposits accepted from directors	144.19	13.63
19. Earning per share		
a. Profit after tax as per the Profit & Loss Account	(2,003.64)	1,486.91
b. Weighted average of No. of Shares	11,25,00,000	9,63,49,315
c. Earnings per share of Re.1/-	(1.78)	1.54
20. As required by Accounting Standard 22 on "Accounting of Taxes on Income", Deferred Taxes have been recognised in respect of the following		
Deferred Tax Liability		
On account of timing differences in depreciation	2,297.30	2,007.99
Deferred Tax Asset		
On account of timing difference in		
Provision for doubtful debts & advances	60.69	111.75
Provisions as per AS-15	296.90	309.42
Loss for the year	1,157.34	0.00
	1,514.93	421.17
Net Amount of Deferred Taxation	782.37	1,586.82
21. Subsidies Received		
a. Subsidies received towards expenditure, reduced from respective expenditure		
Interest on holding buffer stock of sugar	0.00	153.59
b. Subsidies received, credited to income		
Insurance & storage charges on holding buffer stock of sugar	0.00	22.13
Subsidy for export of sugar	0.00	442.23
Subsidy for Low Recovery Cane	0.00	2.83
22. Future Minimum Lease Rentals in respect of assets		
(a) Given on operating lease		
(i) Receivable within one year	0.87	2.06
(ii) Receivable between one year and five years	2.25	2.64
(iii) Receivable after five years	0.00	0.00
(b) Taken on operating lease		
(i) Payable within one year	0.00	0.00
(ii) Payable between one year and five years	0.00	0.00
(iii) Payable after five years	0.00	0.00

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)		
23. Segment Reporting		
<u>I. Primary report under Business Segments</u>		
<u>Revenue</u>		
<u>External Sales</u>		
Sugar	36,747.84	30,991.34
Electricity	2,989.09	4,970.87
Industrial Alcohol	1,155.96	1,447.82
Potable Alcohol	3,570.31	1,999.95
Total	44,463.20	39,409.98
<u>Inter Segment Sales</u>		
Sugar	5,329.23	2,966.69
Electricity	5,439.83	3,558.86
Industrial Alcohol	1,104.93	525.29
Total	11,873.99	7,050.84
<u>Total Revenue</u>		
Sugar	42,077.07	33,958.03
Electricity	8,428.92	8,529.73
Industrial Alcohol	2,260.89	1,973.11
Potable Alcohol	3,570.31	1,999.95
Total	56,337.19	46,460.82
<u>Segment Results (Gross)</u>		
Sugar	383.77	921.12
Electricity	(7.55)	3,505.83
Industrial Alcohol	380.40	294.49
Potable Alcohol	455.41	91.28
Total	1,212.03	4,812.72
Unallocated Corporate Expenses	2,072.54	1,272.17
Operating Profit	(860.51)	3,540.55
Interest and Finance Charges	2,370.63	1,852.60
Other Income	424.80	1,294.86
Profit from ordinary activities	(2,806.34)	2,982.81
Extra-ordinary items	0.00	0.00
Profit before tax	(2,806.34)	2,982.81
<u>Segment Assets</u>		
Sugar	45,220.25	35,348.80
Electricity	9,069.16	9,669.42
Industrial Alcohol	1,983.14	2,014.09
Potable Alcohol	2,108.14	1,904.58
Total	58,380.69	48,936.89
Add: Unallocated Corporate Assets	2,800.64	4,130.37
	61,181.33	53,067.26

Particulars	31-03-2010 Rs. Lakh	31-03-2009 Rs. Lakh
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Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)**23. Segment Reporting (continued)***Segment Liabilities*

Sugar	12,303.59	9,060.79
Electricity	870.23	380.09
Industrial Alcohol	30.53	29.62
Potable Alcohol	786.92	774.52
Total	13,991.27	10,245.02
Add: Unallocated Corporate Liabilities	38,822.03	28,410.60
	52,813.30	38,655.62

Capital Expenditure

Sugar	889.76	407.37
Electricity	353.69	184.64
Industrial Alcohol	130.28	149.31
Potable Alcohol	71.80	0.00
Total	1,445.53	741.32

Depreciation and Amortisation

Sugar	1,698.17	1,111.32
Electricity	1,373.12	354.78
Industrial Alcohol	165.57	142.17
Potable Alcohol	17.61	12.36
Total	3,254.47	1,620.63

Non-cash expenses other than depreciation

Sugar	0.03	0.00
Electricity	0.00	0.00
Industrial Alcohol	0.13	0.00
Potable Alcohol	0.05	0.00
Total	0.21	0.00

II. The Company does not have any Secondary Business Segments**Significant Accounting Policies relating to Segment Reporting**

1. Business Segments are determined on the basis of the goods manufactured and in accordance with Accounting Standard 17.
2. Inter-segment transfers are recorded at cost except for own generated Bagasse and Molasses, cost of which is unascertainable and which are recorded at prevalent purchase price.
3. Segment report is prepared in conformity with accounting policies adopted for preparing and presenting financial statements.

Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)

24. Discontinued Operations (Disclosure as per Accounting Standard - 24)

The Company has discontinued sugar manufacturing activity at leased units at Tasgaon and Phaltan from the crushing season 2007-08. The decision to discontinue the lease operations was taken on 29-09-2007. Final settlement is in progress. The following statement shows the position of liabilities and assets and of revenue and expenses of continuing and discontinued operations:

Particulars	Continuing Operations		Discontinued Operations relating to				Total	
	Rs. Lakh	Rs. Lakh	Tasgaon Unit		Phaltan Unit		Rs. Lakh	Rs. Lakh
			Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh		
A. Liabilities & Assets	31-03-2010	31-03-2009	31-03-2010	31-03-2009	31-03-2010	31-03-2009	31-03-2010	31-03-2009
1. Fixed Assets	19,658.67	21,579.20	25.95	25.95	12.62	83.43	19,697.24	21,688.58
2. Investments	138.53	2,370.82	0.00	0.00	0.00	0.00	138.53	2,370.82
3. Current Assets, Loans and Advances	41,132.42	28,752.11	15.69	62.37	197.45	193.38	41,345.56	29,007.86
4. Current Liabilities and Provisions	17,178.94	12,641.03	0.00	14.59	0.00	42.54	17,178.94	12,698.16
B. Revenue & Expenses	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1. Turnover (Net of Excise)	44,463.20	39,405.43	0.00	3.64	0.00	0.91	44,463.20	39,409.98
2. Adjustment of Stocks	11,763.45	855.62	0.00	(3.64)	0.00	(0.10)	11,763.45	851.88
3. Other Income	407.73	1,278.53	11.34	11.28	5.73	5.05	424.80	1,294.86
4. Total Revenue	56,634.38	41,539.58	11.34	11.28	5.73	5.86	56,651.45	41,556.72
5. Operating Expenses	57,062.34	36,700.56	0.00	1.38	24.82	19.37	57,087.16	36,721.31
6. Pre-tax Profits / (Loss) from Operating Activities	(427.96)	4,839.02	11.34	9.90	(19.09)	(13.51)	(435.71)	4,835.41
7. Interest and Finance Charges	2,370.52	1,852.43	0.00	0.16	0.11	0.01	2,370.63	1,852.60
8. Profit / (Loss) before tax	(2,798.48)	2,986.59	11.34	9.74	(19.20)	(13.52)	(2,806.34)	2,982.81
9. Income Tax Expense	(802.70)	1,495.90	0.00	0.00	0.00	0.00	(802.70)	1,495.90
10. Profit / (Loss) after tax	(1,995.78)	1,490.69	11.34	9.74	(19.20)	(13.52)	(2,003.64)	1,486.91

Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)**25. Disclosure with respect to AS-15**

The Company has implemented Revised Accounting Standard - 15 on Employee Benefits and made the provisions accordingly. The disclosure as per revised AS-15 are produced below:

Gratuity

In accordance with the applicable laws, the Company provides for gratuity, a defined retirement plan (Gratuity Plan) covering all staff, workers and officers. The Gratuity Plan provides for, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a Gratuity Trust which in turn mainly contributes to Life Insurance Corporation of India (LIC) for this purpose. Under this plan, the settlement obligation remains with the Gratuity Trust. LIC administers the plan and determines the contribution premium required to be paid by the Trust. The Company has also obtained an independent actuarial valuation of the Trust's Assets and Liabilities, and accordingly, the difference has been provided by the Company. The gratuity liability has been paid by the Company in case of employees, who left during the current period.

Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognised and charged off for the year as under:

	2009-10	2008-09
	(Rs. Lakh)	(Rs. Lakh)
Employer's contribution to Provident Fund	127.77	154.33
Employer's contribution to Superannuation Fund	40.00	38.34
Employer's contribution to Pension Scheme	105.13	115.11

Defined Benefit Plan:

The Employees' Gratuity Fund Scheme managed by Life Insurance Corporation of India is a defined benefit plan.

Mortality LIC (1994-96) Ult

I. Assumptions:

Interest / Discount Rate	7.00%	7.00%
Rate of increase in compensation	6.00%	6.00%
Rate of return (expected) on plan assets	9.50%	9.25%
Expected average remaining service	15.63	15.65

II. Changes in present value of obligations (PVO):

PVO at the beginning of the period	1,353.71	1,132.68
Interest Cost	90.38	90.00
Current Service Cost	168.89	154.99
Benefits Paid	(125.12)	(15.43)
Actuarial (gain) / loss on obligation	83.72	(8.52)
PVO at the end of the period	1,404.15	1,353.71

III. Change in fair value of plan assets

Fair Value of Plan Assets at the beginning of the period	721.26	634.58
Adjustment to Opening Balance	(0.33)	-
Expected Return on Plan Assets	70.19	59.97
Contributions	160.95	43.09
Benefit Paid	(125.12)	(15.43)
Actuarial gain / (loss) on plan assets	(2.95)	(0.96)
Fair Value of Plan Assets at the end of the period	824.00	721.26

Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)**25. Disclosure with respect to AS-15**

	2009-10 (Rs. Lakh)	2008-09 (Rs. Lakh)
IV. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the period	721.26	634.58
Adjustment to Opening Balance	(0.33)	
Actual Return on Plan Assets	67.23	59.02
Contributions	160.95	43.09
Benefit Paid	(125.12)	(15.43)
Fair Value of Plan Assets at the end of the period	824.00	721.26
Funded Status	580.15	(632.45)
Excess of actual over estimated return on Plan Assets	(2.95)	(0.96)
V. Actuarial Gain / (Loss) Recognized		
Actuarial Gain / (Loss) for the period (Obligation)	83.72	8.52
Actuarial Gain / (Loss) for the period (Plan Assets)	(2.95)	(0.96)
Total Gain / (Loss) recognized for the period	80.76	7.56
Actuarial Gain / (Loss) recognized for the period	80.76	7.56
Unrecognized Gain / (Loss) at the end of the period	0.00	0.00
VI. Amounts to be recognized in the balance sheet and statement of profit and loss		
PVO at the end of the period	1,404.15	1,353.71
Fair Value of Plan Assets at the end of the period	824.00	721.26
Funded Status	(580.14)	(632.45)
Unrecognized Actuarial Gain / (Loss)	0.00	0.00
Net Asset / (Liability) recognized in the balance sheet	(580.14)	(632.45)
VII. Expense recognized in the statement of profit & loss		
Current Service Cost	168.90	154.99
Interest Cost	90.38	90.00
Expected Return on Plan Assets	(70.19)	(59.97)
Net Actuarial (Gain) / Loss recognized for the period	(80.76)	(7.56)
Expense recognized in the statement of profit and loss	108.32	177.45
VIII. Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	632.45	498.09
Adjustment to Opening Balance	0.33	0.00
Expenses as above	108.32	177.45
Contribution Paid	(160.95)	(43.09)
Closing Net Liability	580.15	632.45

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the actuary.

Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)**26. Disclosure of Related Parties and Related Party Transactions**

I. <u>Name of the Related Party over which control exists</u>	<u>Nature of Relationship</u>
i. Ugar Consultancy Ltd.	..... Associate Company
ii. Ugar Theatres Private Limited	..... Associate Company
iii. Ugar Quality Packaging Pvt. Ltd.	..... Associate Company
iv. Sadashiva Sugars Ltd.	..... Associate Company (till October 2009)

II. Names of the Related Parties with whom transactions were carried out during the year and description of relationship

1. <u>Key Management Personnel (KMP)</u>	<u>Designation</u>
i. Shri Prafulla Vinayak Shirgaokar	..... Managing Director (MD)
ii. Shri Shishir Suresh Shirgaokar	..... Executive Director (ED)

2. Relatives of Key Management Personnel

<u>Name of the transacting related party</u>	<u>Nature of Relationship</u>
i. Shri Rajendra Vinayak Shirgaokar	..... Brother of MD
ii. Sau. Smita Prafulla Shirgaokar	..... Wife of MD
iii. Sau. Vinita Mahesh Samant	..... Daughter of MD
iv. Sau. Shilpa Naval Kumar	..... Daughter of MD
v. Sau. Savita Shishir Shirgaokar	..... Wife of ED
vi. Shri Niraj Shishir Shirgaokar	..... Son of ED
vii. Sau. Puja Hrishikesh Pusalkar	..... Daughter of ED
viii. Sau. Sindhu Vijay Dalvi	..... Sister of MD
ix. Sau. Rekha Rajanikant Khedekar	..... Sister of ED
x. Sau. Chitra Arun Dalvi	..... Sister of ED

3. Enterprises over which KMP or Relatives of KMP are able to exercise significant influence

<u>Name of the transacting related party</u>	<u>Nature of Relationship</u>
i. S. B. Reshellers Pvt. Ltd.	..... MD is a director
ii. Shantaram Machineries Pvt. Ltd.	..... MD and ED are directors
iii. Sangli Fabricators Pvt. Ltd.	..... ED is a director
iv. Tara Tiles Pvt. Ltd.	..... MD and ED are directors
v. Ugar Pipe Industries Pvt. Ltd.	..... MD and ED are directors
vi. Vinayak Shirgaokar Investments Pvt. Ltd.	..... MD is a director
vii. D. M. Shirgaokar Investments Pvt. Ltd.	..... MD and ED are directors
viii. Prafulla Shirgaokar Investments Pvt. Ltd.	..... MD and Wife of MD are directors
ix. Mohan Shirgaokar Investments Pvt. Ltd.	..... MD and ED are directors
x. Shishir Shirgaokar Investments Pvt. Ltd.	..... ED, Wife of ED and ED's Son's Wife are directors
xi. Prabhakar Shirgaokar Investments Pvt. Ltd.	..... MD and ED are directors
xii. M/s Shirgaokar Brothers	..... MD, ED and Son of ED are partners

Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)**26. Disclosure of Related Parties and Related Party Transactions (contd)**

Sr. No.	Nature of Transactions	Associate Companies		Key Management Personnel		Relatives of KMP		Related Parties referred to in 3 above		Total	
		2009-10 Rs. Lakh	2008-09 Rs. Lakh	2009-10 Rs. Lakh	2008-09 Rs. Lakh	2009-10 Rs. Lakh	2008-09 Rs. Lakh	2009-10 Rs. Lakh	2008-09 Rs. Lakh	2009-10 Rs. Lakh	2008-09 Rs. Lakh
1	Remuneration Paid	0.00	0.00	70.42	191.07	17.69	41.27	0.00	0.00	88.11	232.34
2	Purchase of Sugarcane	0.00	0.00	9.49	6.52	0.00	1.00	0.00	0.00	9.49	7.52
3	Purchase of Plant and Machinery	0.00	0.00	0.00	0.00	0.00	0.00	126.75	64.59	126.75	64.59
4	Purchase of Other Items	88.88	19.37	0.00	0.00	0.00	0.00	0.09	0.00	88.97	19.37
5	Sales - Others / Consultancy	3.69	1.84	0.00	0.00	0.00	0.00	19.76	17.04	23.45	18.88
6	Deposits Received	0.00	0.00	33.02	13.02	134.90	26.10	17.30	1.30	185.22	40.42
7	Deposits Refunded	0.00	0.00	13.02	13.02	24.58	22.63	1.30	1.30	38.90	36.95
8	Interest Paid	0.00	0.00	1.43	1.31	12.48	2.15	0.14	0.13	14.05	3.59
9	Dividend Received	1.21	0.97	0.00	0.00	0.00	0.00	0.00	0.00	1.21	0.97
10	Dividend Paid	0.00	0.00	4.41	3.31	3.82	3.85	87.75	54.11	95.98	61.27
11	Consullancy / Repairs / Others	19.43	42.57	0.00	0.00	0.00	0.00	35.33	83.94	54.76	126.51
12	Rent Received	0.28	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.28	0.07
13	Warehousing Charges Paid	3.48	4.56	0.00	0.00	0.00	0.00	0.00	0.00	3.48	4.56
14	Outstanding Balances as on 31-03-2010										
	Payables	0.00	17.15	71.42	125.37	170.73	55.02	17.30	1.30	259.45	198.84
	Receivables	49.87	147.67	0.00	0.00	0.00	0.12	5.90	286.84	55.77	434.63

Schedule T: NOTES FORMING PART OF THE ACCOUNTS (contd)

27. Based on available information, presently, there are no amounts payable to parties mentioned in the Micro, Small and Medium Enterprises Development Act, 2006.

28. Disclosure required as per clause 32 of the Listing Agreement:

Name of the Company	Loans & Advances		Investments (in Equity Shares)	Investments (in Preference Shares)
	Amount Outstanding as at 31-03-2010 Rs. Lakh	Maximum Balance Outstanding during the year Rs. Lakh	Amount Outstanding as at 31-03-2010 Rs. Lakh	Amount Outstanding as at 31-03-2010 Rs. Lakh
Associates				
i. Ugar Theatres Pvt.Ltd.	0.91	7.53	2.24	0.00
ii. Ugar Consultancy Ltd.	2.03	21.58	2.43	0.00
iii. Ugar Quality Packaging Pvt. Ltd.	15.28	67.65	31.25	98.75
iv. Sadashiva Sugars Ltd.	31.58	195.32	0.00	0.00

Note: There are no loans and advances in the nature of loans to firms / companies in which Directors of the Company are interested.

29. Figures for the previous year are regrouped / recast where necessary.

30. Figures in the brackets pertain to previous year.

Signatures to Schedules A to T

As per our report attached
For M/s P. G. Bhagwat
Chartered Accountants

M. K. Shevade

Partner

Membership No. 18651

Firm Registration No. 101118W

P. V. Shirgaokar

Managing Director

B. G. Kulkarni

Company Secretary

S. S. Shirgaokar

Executive Director

R. V. Desurkar

Manager Finance

Place: Pune

Date: 28-05-2010

Balance Sheet Abstract and Company's General Business Profile

I. *Registration Details:*

Registration No. / CIN L15421PN1939PLC006738
State Code: 11

Balance Sheet Date: **31st March, 2010**

	Rs. '000		Rs. '000
II. <i>Capital issued during the year:</i>			
Public Issue	0	Rights Issue	0
Bonus Issue	0	Private Placement	0

III. *Position of mobilisation and deployment of funds:*

	Rs. '000		Rs. '000
Total Liabilities	<u>44,00,239</u>	Total Assets	<u>44,00,239</u>

Sources of Funds

Paid up Capital	1,12,500
Reserves and Surplus	7,24,303
Secured Loans	31,45,293
Unsecured Loans	3,39,906
Deferred Tax Liability (Net)	78,237
	<u>44,00,239</u>

Application of Funds

Net Fixed Assets	19,69,724
Investments	13,853
Net Current Assets	24,16,662
Accumulated Losses	0
Miscellaneous Expenditure	0
	<u>44,00,239</u>

IV. *Performance of the Company:*

Turnover (net of excise duty)	56,65,145	Profit / (Loss) before tax	(2,80,634)
Total Expenditure	59,45,779	Profit / (Loss) after tax	(2,00,364)
Rate of Dividend	0%	Earning per share of Re.1	Rs. (1.78)

V. *Generic names of principal products / services
(as per monetary terms)*

<u>Item Code No.</u>	<u>Product</u>
<u>ITC Code</u>	
170199.02	Cane sugar refined
220720.00	Industrial Alcohol
--	Potable Alcohol
--	Electricity

As per our report attached
For M/s P. G. Bhagwat
Chartered Accountants

M. K. Shevade

Partner

Membership No. 18651

Firm Registration No. 101118W

P. V. Shirgaokar

Managing Director

B. G. Kulkarni

Company Secretary

S. S. Shirgaokar

Executive Director

R. V. Desurkar

Manager Finance

Place: Pune

Date: 28-05-2010

THE PROGRESS OF YOUR COMPANY FOR LAST 25 YEARS

	Year Ending	Total Income	Reserves and Surplus	Fixed Assets	Rate of Dividend	Cane Crushed	Sugar Produced
		Rs. Lakh	Rs. Lakh	Rs. Lakh	%	MT	Qtls
	30th September						
1	1985	2,976.27	86.65	260.10	15.0%	4,42,362	4,87,440
2	1986	3,086.84	112.57	285.24	15.0%	4,30,315	4,86,690
3	1987	3,736.56	136.80	294.50	15.0%	5,66,521	6,29,375
4	1988	4,613.16	149.83	957.44	15.0%	6,82,555	7,33,310
	31st March						
5	1990	8,453.19	319.69	763.30	18.0%	10,40,925	11,61,910
6	1991	7,816.78	313.62	737.07	20.0%	8,98,218	10,38,510
7	1992	10,085.33	348.17	816.27	20.0%	10,17,008	12,31,045
8	1993	10,232.46	402.13	835.98	20.0%	8,76,537	10,87,222
9	1994	11,978.27	427.93	797.40	20.0%	7,61,186	9,56,730
	30th September						
10	1995	19,870.41	631.03	1,578.93	30.0%	11,78,846	14,46,350
11	1996	18,768.07	1,079.24	1,579.08	22.5%	13,93,790	15,37,975
12	1997	16,651.47	1,308.91	2,477.41	22.5%	9,47,340	11,05,039
13	1998	20,254.77	1,476.68	5,351.66	22.5%	11,30,355	13,10,645
14	1999	22,895.62	1,931.81	6,064.17	25.0%	13,99,603	15,51,260
15	2000	26,681.52	2,714.81	6,519.12	30.0%	14,25,023	17,16,100
16	2001	25,464.73	4,113.77	5,818.56	35.0%	11,89,443	14,82,057
17	2002	23,511.06	3,609.39	8,666.63	10.0%	12,22,416	14,32,455
18	2003	24,575.99	3,489.30	7,968.82	Nil	14,67,798	17,24,490
19	2004	20,287.75	4,201.60	8,043.91	30.0%	8,37,383	8,76,430
20	2005	29,822.75	4,815.51	7,402.30	20.0%	10,46,480	11,63,180
21	2006	48,197.14	5,402.95	10,664.00	20.0%	18,76,166	21,87,595
	31st March						
22	2007	30,569.86	5,579.49	16,762.13	Nil	16,68,394	19,40,351
23	2008	38,257.74	6,513.81	21,241.75	20.0%	19,49,390	22,11,445
24	2009	41,556.72	9,246.67	21,581.40	25.0%	13,19,427	14,68,445
25	2010	56,651.45	7,243.03	19,615.01	0.0%	15,75,618	17,86,430

Notes:

- Bonus shares of the value of Rs. 7.47 lakh, Rs. 10.65 lakh, Rs. 16.82 lakh, Rs. 50.00 lakh, Rs. 75.00 lakh and Rs. 337.50 lakh were issued as fully paid bonus shares, respectively in the years 1950-51, 1966-67, 1973-74, 1994-95, 1997-98 and 2004-05, by capitalisation of reserves.
- Sugar production prior to the year ended 30-09-1985, includes sugar produced from jaggery and/or raw sugar and/or cane syrup.
- Accounting year ended 30-09-1985 comprised of 15 months and those ended on 31-03-1990, 30-09-1995 comprised of 18 months and those ended on 31-03-2007 comprised of 6 months only.
- Dividend for the year ended 30-09-1995 includes interim dividend.
- Total Income includes value of sales, income from bye-products and other income, and adjustments in the value of opening and closing stocks of finished goods.
- Figures relating to FY ended 2008-09 and 2009-10 includes Jewargi unit.

THE UGAR SUGAR WORKS LIMITED

Regd. Office: Mahaveernagar, Sangli-416 416

ATTENDANCE SLIP FOR 70th ANNUAL GENERAL MEETING

Held on Saturday, the 25th day of September, 2010 at 11.00 a. m., at Rajmati Bhavan, Neminath Nagar, Sangli- 416 416.

Ledger Folio/ Client ID No: _____

Full Name of the Shareholder/Proxy: _____
(in block letters)

I, certify that, I am a registered Shareholder/ Proxy for the registered Shareholder of the Company.

I, hereby record my presence at the 70th Annual General Meeting of the Company to be held on Saturday, the 25th day of September, 2010 at 11.00 a. m.. at Rajmati Bhavan, Neminath Nagar, Sangli- 416 416.

Shareholder/ Proxy's Signature: _____

THE UGAR SUGAR WORKS LIMITED

Regd. Office: Mahaveernagar, Sangli-416 416

PROXY FORM FOR 70th ANNUAL GENERAL MEETING

Held on Saturday, the 25th day of September, 2010 at 11.00 a. m., at Rajmati Bhavan, Neminath Nagar, Sangli- 416 416.

Ledger Folio/ Client ID No: _____ No. of Shares held: _____

I/ We _____ of _____

_____ in the District of _____ being the member/s of the
abovementioned Company, hereby appoint _____ of

_____ in the District of _____ as my/ our proxy

_____ to vote for me/us on my/our behalf at the 70th Annual General Meeting of the
Company to be held on Saturday, the 25th day of September, 2010 at 11.00 a.m., at Rajmati Bhavan,
Neminath Nagar, Sangli- 416 416 and at any adjournment thereof.

Witness: _____

Signed this _____ day of _____ 2010.

Revenue
Stamp of
Re. 1
(Signature)

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. A Revenue Stamp of Re. 1 should be affixed to this form and then signed by the Member.
In case of Joint Holders, the proxy form should be signed by all the Joint Holders.