



The Ugar Sugar Works Limited



72nd

ANNUAL REPORT
2011-2012

The Ugar Sugar Works Limited

72nd ANNUAL REPORT 2011-12

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

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

Company Secretary & Compliance Officer

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

Auditors

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

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Registered Office :

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

Registrar & Transfer Agent:

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

Administrative Office:

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

e-mail: helpdesk@ugarsugar.com

website: www.ugarsugar.com

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

Bankers:

Central Bank of India
Bank of Baroda
IDBI Bank Ltd.

Bank of India
Union Bank of India

Annual General Meeting

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

THE UGAR SUGAR WORKS LIMITED

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

NOTICE

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

Ordinary Business:

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

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

Place: Mumbai
Date: 15-05-2012

B. G. Kulkarni
Company Secretary

NOTES

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain Closed from 23rd July, 2012 to 03rd August, 2012 (both days inclusive).
3. Members are requested to notify promptly any change in their addresses to the RTA/ Company.
4. The members are requested to bring their copies of Annual Report along with them to the Annual General Meeting.
5.
 - i) The members who have not yet encashed their dividend warrants for the years 2004-05, 2005-06, 2007-08, and 2008-09 are advised to forward such warrants/ request to the Registered Office of the Company for obtaining cheques in lieu thereof. (The Company has not declared any dividend for the year 2006-07, 2009-10 and 2010-11.)
 - ii) Pursuant to the provisions of section 205-A and 205C, any dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. The unclaimed dividends for the financial year ended 2003-04 have been transferred to the Investor Education and Protection Fund.
6. Members are requested to quote their folio number/s or Client ID in all correspondence with the Company.
7. SEBI, vide its Circular dated 20th May, 2009, has clarified that, it shall be mandatory for the transferee (s) of shares of the Listed Companies, in physical form, to furnish copy of PAN Card to the Company/ RTA for registration of transfer of shares, for securities market transactions and off market / private transactions involving shares.
8. In response to the Green Environment Initiative taken by the Ministry of Corporate Affairs, Members who have not registered their e-mail addresses so far are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their email addresses with M/s. Bigshare Services Pvt. Ltd., Registrar and Share Transfer Agents of the Company.

DIRECTORS' REPORT**DEAR SHAREHOLDERS,**

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

GENERAL :

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

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

FINANCIAL RESULTS:

The financial results of the Company are as shown below:

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

*** Explanation on Exceptional items:**

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

DIVIDEND:

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

OPERATIONS:

SUGAR AT UGAR:

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

SUGAR AT JEWARGI:

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

DISTILLERY, IML PRODUCED & ELECTRICITY GENERATED :

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

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

ENVIRONMENTAL SAFETY:

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

FIXED DEPOSITS:

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

COST AUDIT:

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

DIRECTORS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

We confirm:

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

CORPORATE GOVERNANCE:

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

CO-GENERATION AT UGAR & JEWARGI:

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

DISTILLERY:

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

INDIAN MADE LIQUOR (IML) AT UGAR:

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

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

100% EXPORT ORIENTED UNIT (SUGAR SHIP):

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

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

UGAR QUALITY PACKAGING PVT. LTD., RATNANGIRI:

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

DEMATERIALIZATION OF SHARES:

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

CONSERVATION OF ENERGY AND PARTICULARS OF EMPLOYEES:

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

QUALIFYING REMARKS IN AUDITORS' REPORT:

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

AUDITORS:

You are requested to appoint auditors for the ensuing year and to fix their remuneration. Present auditors M/s. P.G. Bhagwat, Chartered Accountants, having Firm Registration No: 101118W, are eligible for re-appointment.

ACKNOWLEDGMENT:

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

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

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

R. V. Shirgaokar
Chairman & Mentor

Place: Mumbai
Date: 15-05-2012

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, 2012.

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. 25 CFL Lamps installed at various locations, office, bungalow and swimming pool.
2. 50 Nos. Fluroscnt Tubes 40 W installed at various locations, office, Inside Factory, in place of 60 Watt Incandescent Lamps.

FORM- A

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

Particulars	Units	31.03.2012 12 Months	31.03.2011 12 Months
A. Power and Fuel Consumption			
1 Electricity			
(a) Purchased Unit	Lakh KWH	0.11	2.07
Total Amount	Rs. Lakh	0.74	17.01
Rate /Unit	Rs./KWH	6.45	8.22
Import of Unit	Lakh KWH	53.02	64.98
(b) Own Generation			
i) Through Diesel Generator Units	Lakh KWH	2.16	3.62
Standard units /per Ltr. Of Diesel	KWH/Ltr	3.75	3.75
Actual units / per Ltr. Of Diesel	KWH/Ltr	3.17	3.70
ii) Through Steam Turbine / Generator Units	Lakh KWH	1,751.58	1,475.96
Standard kg Bagasse / KWH	3.00	3.00	3.00
Actual KG Fuel (Bagasse,Coal,Trash,etc.)/KWH	2.98	3.24	3.24
iii) Total units generated	Lakh KWH	1,753.74	1,479.58
Total Cost for Generation (Incl. Bagasse & Coal)	Rs. Lakh	7,304.84	6,926.41
Cost Per Unit	Rs.	4.17	4.68
B. Consumption per unit of production			
Total available electricity (Generation+ Purchase)	Lakh KWH	1,806.87	1,546.63
Less : Exported to TATA Power/HESCOM	Lakh KWH	1,068.36	855.56
Total electricity available for Consumption	Lakh KWH	738.51	691.07
Less : Consumption of electricity for Distillery, IML, Co-Gen, ETP,FSS, Pumping Stn. And Colony	Lakh KWH	291.88	250.75
Consumption for Sugar Factory	Lakh KWH	446.63	440.32
Electricity - KWH / MT of Sugar		198	227

Note: Above data comprises of Ugar & Jewargi. As depreciation amount is more in Jewargi unit average power cost per unit is on higher side.

TECHNOLOGY ABSORPTION

FORM – B

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

Research and Development (R and D)

Sugarcane :

Research is never ending process and there are no limits to the productivity of crops. Choosing the right variety and providing suitable environment is the key to success in agriculture. Our R and 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.

CoC – 671 (Q.63 x Co.775) has rendered yeoman’s service to sugar industry in general and to The Ugar Sugar Works Ltd., in particular for over two and half decades. CoC-671 seems to be suffering from dwindling popularity because of its drawback of poor ratoonability especially in the Adsali crop and hence it will have to be replaced by an equally versatile variety / varieties are in progress.

Co.86032 (Co.62198 x CoC-671) is right now playing the important role in varietal blending. Co.99004 Damodar (Co.62175 x Co.86250) gaining popularity both from the point of quality and quantity and most suited for Mechanical Cane Harvester. Salinization is another vexatious issue and CoM.0265 (Co.87044 GC) shown the great promise in the saline soils. Sub Surface Drainage Technique found more useful in reclamation of problematic soils and spreading like a wild fire in the command area.

The fertilizer prices are skyrocketed and increased tremendously. Hence use of Bacterial Cultures is regarded as sine-qua-non to reduce the fertilizer cost. We are continuing our experiments with Bio-fertilizers Viz. Azotobacter, Acetobacter, Azospirillum, Phosphate Solubilizing Microbial (PSB / PSM) Inoculants Viz / Vis chemical fertilizers and contribute significantly towards enhancing the productivity of land and application works out to be substantially less expensive.

We are actively involved in popularizing 120 Cm and 150 Cm row width with 75 to 100 Meters of cross bunds for Mechanical Cane Harvesting to reduce the human drudgery and enhance the agricultural productivity.

This is the 8th year of conducting varietal trials under the guidance of Sugarcane Breeding Institute, Coimbatore and we earmarked 4 promising genotypes such as CoU 09178, 09083 09076 and 09098 out of 8000 cultivars. Four genotypes will be tested for 2 plant and 3 ratoons and the varieties showing high cane yield, good recovery, drought tolerance, sparse flowering etc will be released in the name of CoU (Coimbatore Ugar) cane varieties.

One Time Controlled Land Application of Bio-Methanated Spent wash showing very heavy demand in our area due to its rich K nutrient value as also it contains N, P, S, Fe, Zn, Mn etc under the guidance of Dr.S.K. Gali, Professor and Head, Department of Environmental Sciences, Principal Investigator, College of Agriculture, University of Agricultural Sciences, Dharwad.

Short Duration Crops :

The work with Wheat, Soybean and Bengal-gram is reasonably successful as a rotation of crop to sugarcane and useful indications are likely to be obtained this year.

Wheat :

Our work on wheat is getting along well. Experiments under the guidance of CIMMYT (South America), ICARDA (Middle East), MACS, Pune, U.A.S., Dharwad and ICAR, New Delhi are laid on a big scale and we are extremely proud to state that a team of CIMMYT highly appreciated our work on wheat.

Soybean :

JS-335 and JS-9305 are Soybean varieties doing well in our area inspite of incidence of 'rust'. DSb-21 is earmarked as high yielding and rust resistance variety this year on our R and D Farm. It is gratifying to note that Directorate of Soybean Research, Indore sanctioned the Research grant of Rs.2,10,000/- (Rs.Two lakh ten thousand only) for screening a large number of Soybean varieties against rust and FLDs as a best rotation crop to sugarcane.

Appreciation :

Our work in R and D is welcomed by -

1. The Indian Council of Agriculture Research, New Delhi.
2. Dr. N.Vijayan Nair, Director, Sugarcane Breeding Institute, Coimbatore.
3. Dr. S.Soloman, Director, Indian Institute of Sugarcane Research, Lucknow.
4. Dr. R.R.Hanchinal, Vice Chancellor, University of Agricultural Sciences, Dharwad.
5. Department of Agriculture, Government of Karnataka.
6. Dr. C.D. Mayee, Chairman of QRT.
7. The Sugar Technologists' Association of India, New Delhi.
8. The South Indian Sugarcane and Sugar Technologists' Association, Chennai.
9. Deccan Sugar Technologists' Association, Pune.
10. S. Nijalingappa Sugar Institute, Belgaum.
11. Dr. S.K. Srivastava, Director DSR, Indore.
12. And more importantly by Dr. S.A.Patil, the Chairman of Agricultural Mission, Karnataka.

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 Co-generation 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 popularize the technique of fertilizer bricketing.
- f) Develop Sugarcane varieties for Mechanical Cane Harvester.
- g) Implementation of Sub Surface Drainage for reclamation of Saline soils.
- h) Application of Bio-Methanated Spent wash on larger scale as One Time Controlled land application due to its high nutrient status.

- i) To popularize Low Grade Potash which contains more than 14% K₂O & micronutrients such as Fe, Mn, Zn etc. It is derived from Bio-Methanated Distillery Spent Wash followed by Evaporation & Spray Drying system. MOP is 100% imported & thus LGP found replacement in place of K- fertilizer & crop response to LGP found better to chemical source.

3) Expenditure on R & D:

Sr.	Description	Rs. In Lakh
a.	Capital	0.00
b.	Recurring	120.70
c.	Total	120.70
d.	Total R & D expenditure as a Percentage of total turnover	0.15%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Sr.	Description	Rs. In Lakh
1.	Foreign Exchange Earnings	128.28
2.	Foreign Exchange Outgo	
	a. Travelling	5.58
	b. Machinery Purchases/spares	7.86
	c. IML Essence	0.07
	d. Subscriptions	0.08

ANNEXURE II TO THE DIRECTORS' REPORT

Information pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and amendments thereon and forming part of the Directors' Report for the period ended 31st March, 2012.

Sr. No.	Name	Age (Years)	Designation	Remuneration received (Rs. in Lakh)	Nature of Employment	Qualification (Experience in years)	Date of Commencement of Employment	Particulars of last employment held
1.	Shri. P.V. Shirgaokar *	74	Executive Vice Chairman	77.29	Contractual	M.Sc. (48)	01.01.1970	Nil
2	Shri. Shishir S. Shirgaokar **	68	Managing Director	76.64	Contractual	B.Sc. (38)	01.01.1970	Nil

Notes:

1. Remuneration includes all payments including commission on net profit, contribution to Provident Fund and 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, Chairman & Mentor of the Company and Shri. P. V. Shirgaokar, Executive Vice Chairman are related to each other as brothers and Shri. Shishir S. Shirgaokar, Managing Director of the Company and Shri. Niraj Shishir Shirgaokar, Joint Managing Director of the Company are related to each other as father and son.

Nature of duties:

- * Executive Vice Chairman, is entrusted with the overall supervision and office administration.
- ** Managing Director, is entrusted with the overall supervision and management.

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 516 sugar factories of various capacities operated this year. 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 maintained the levy, free sale sugar ratio @ 10:90 percent during the financial year.

All India Production of Sugar for the Season 2011-12 is expected to reach 26 million tonnes as a result of good monsoon and increase in sugar plantation area, as compared to the previous years production of 24.3 million tonnes. The government has permitted export of 3 million tonnes sugar during the year. The sugar production is likely to remain stable during the year 2012-13.

Opportunities and Threats:

Opportunities:

The long term outlook for sugar looks to be promising on account of:

- ◆ Sugar prices have stabilised looking at the overall world output.
- ◆ Environmental friendly power generation from co-generation units equipped with high pressure boiler and turbines is getting maximum energy output.
- ◆ Bio-composting processes and conversion of organic and in-organic matter into bio-manure to ensure zero discharge from distillery.
- ◆ Clean Development Mechanisms and expected flow of Carbon Credits.
- ◆ Ethanol blending programme of the Government of India, thereby additional blending of ethanol is expected to come into play but no further information available.
- ◆ Restriction on exports of sugar is withdrawn by the Government.

Threats:

The sugar industry presently is coming across the following threats:

- ◆ Shortage in availability of farm labour for harvesting and transportation, loading and unloading of sugarcane.
- ◆ Trend of farmers switching over to more remunerative cash crops thereby adversely affecting availability of sugarcane.
- ◆ Sudden rise in cane procurement prices which has been very volatile for the last 3 or 4 years.
- ◆ Continuous pressure due to various controls and administrative measures by both State and Central Governments.
- ◆ Cyclical nature of the industry affecting sugar production.

- ◆ Number of sugar factories are coming up in the country particularly in States of Uttar Pradesh, Maharashtra and Karnataka.
- ◆ Probable increase in interest rates on carrying of sugar stocks.

Segment wise Performance:

Sugar:

During the **Current Year** the Company has crushed 19.44 Lakh MT of sugar cane (**Previous Year** 17.16 Lakh MT) including Jewargi and **Current Year** sugar production was 22.51 Lakh Qtls. (**Previous Year** 19.41 Lakh Qtls.) including Jewargi at a recovery of 11.86% and 10.86% at Ugar and Jewargi respectively.

Industrial and Potable Alcohol:

The Company has produced Industrial and Potable Alcohol during the year 253.65 Lakh BLS (Previous Year 214.45 Lakh BLS). The sale of Potable Alcohol in Karnataka has increased due to the sales efforts put in by our sales team.

Co-generation (Ugar & Jewargi):

The generation during this year at Ugar and Jewargi was 1,753.74 Lakh KW (Previous Year 1,479.58 Lakh KW) and export 1,083.99 Lakh KW (Previous year 855.56 Lakh KW). With the improvement in power rates we have made special efforts to maximize the generation and export. The overall performance has improved a lot. We have supplied power through open access and through the exchange to M/s Tata Power Trading Company Ltd. / HESCOM. Company has made an application for Registration & Accreditation of Renewable Energy Certificates (REC) with State Load Despatch Centre which is the nodal agency in Karnataka appointed by KERC. The clear guidelines are yet to be framed by the Nodal Agency in Karnataka.

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, and College for the benefit of the workers and general public.

The Company has a dedicated workforce of 1,832 people (including Jewargi unit) comprising of 1,260 permanent, 500 seasonal and 72 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 six Promoter Directors (Chairman & Mentor, Executive Vice Chairman, Managing Director, two Joint Managing Directors and Non-executive Director) and six non-executive directors.

During the year, 5 (five) Board Meetings were held on 20th May, 23rd July, 23rd September, 20th October, 2011 and 02nd February, 2012.

B. The Composition of the Board of Directors, their attendance at the board meeting 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	5	Yes	2	—	—
2. Shri. P. V. Shirgaokar	Exc.VC	5	Yes	1	—	—
3. Shri. Shishir S. Shirgaokar	MD	5	Yes	2	—	—
4. Shri. Niraj S. Shirgaokar	Jt. MD	5	Yes	—	—	—
5. Shri. Chandan S. Shirgaokar	Jt. MD	5	Yes	—	—	—
6. Shri. Sanat K. Shirgaokar	NED	5	Yes	—	—	—
7. Shri. V. Balasubramanian	NEID	5	Yes	6	1	—
8. Shri. S. N. Inamdar	NEID	5	Yes	11	2	3
9. Shri. M. G. Joshi	NEID	5	Yes	1	—	—
10. Dr. M. R. Desai	NEID	5	Yes	2	—	—
11. Shri. A. B. Kage	NEID	5	Yes	—	—	—
12. Shri. D.B. Shah	NEID	5	Yes	—	—	—

C&M – Chairman & Mentor, **Exc.VC** – Executive Vice Chairman, **Jt. MD** – Joint Managing Director, **NED** - Non-Executive Director, **NEID** - Non-Executive Independent Director.

Except sitting fees, commission, if applicable, 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:

- ◆ Dr. Mallappa Rachappa Desai, is a qualified Doctor aged about 65 years, has joined the Board of the Company on 16th June 2000. He has a rich experience in the working of sugar industry. He was a Chairman of National Federation for Co-operative Sugar Industries. He holds 54,600 equity shares of the Company as on 31.03.2012. 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.	—	—
2. Sri Chamundeshwari Sugars Ltd.	—	—

- ◆ Shri. V. Balasubramanian, (Retd. IAS), aged about 71 years, is on the Board of the Company since 19th September, 1997. He is a retired Principal Secretary, Government of Karnataka. He is a knowledgeable person having vast experience in administration & many other fields. He holds 11,200 equity shares of the Company as on 31.03.2012. His directorship & committee membership in other public companies is given below.

Directorship in other Companies	Audit Committee	Shareholder's / Investor Grievances Committee
1. International Sericulture Alliance Ltd.	—	—
2. The Sandur Manganese and Iron Ores Ltd.	—	—
3. Gem Sugar Co. Ltd.	Member	—
4. Ugar Consultancy Ltd.	—	—
5. Shree Kedarnath Sugar & Agro Products Ltd.	—	—
6. Nirani Sugars Ltd.	—	—

- ◆ Shri. Sanat K. Shirgaokar, aged 49 years, joined the Board of the Company on 28th January, 2010. He is having the Bachelors Degree in Commerce. He has handled the administrative job with different type of Companies and Hotel business. He holds 3,83,171 shares of the Company as on 31.03.2012. His directorship & committee membership in other public companies is given below.

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

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 20th May, 23rd July, 20th October, 2011 and 01st February, 2012.
- ◆ 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	4
3. Shri. M.G. Joshi	Member	4	4
4. Shri. R. V. Shirgaokar	Member	4	4
5. Dr. M. R. Desai	Member	4	4

- ◆ 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 on 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:

- ◆ The Remuneration Committee comprises of four independent directors.
- ◆ During the year under review, no meeting of Remuneration Committee was held.
- ◆ 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 Executive Vice Chairman (Exc.VC)/ Managing Director (MD) / Joint Managing Directors (Jt.MD) for the year ended 31st March, 2012.**

(Rs. in Lakh)						
Particulars	Salary	Commission	Perquisites	Retirement Benefits	Stock Options	Total
Shri. P.V. Shirgaokar (Exc. VC)	40.50	27.38	2.92	6.49	—	77.29
Shri. Shishir S. Shirgaokar (MD)	40.50	27.38	2.27	6.49	—	76.64
Shri. Niraj S. Shirgaokar (Jt.MD)	27.09	27.38	1.07	4.05	—	59.59
Shri. Chandan S. Shirgaokar (Jt.MD)	27.09	27.38	0.22	4.05	—	58.74

V. Shareholders' / Investors' Grievance Committee:

- ◆ The Shareholders'/Investors' Grievance Committee comprises of three independent directors.
- ◆ During the year under review, Meeting of Shareholders'/ Investors' Grievance Committee was held on 01st February, 2012.
- ◆ **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

◆ **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 Balance Sheet, 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 6 complaints were received from investors out of which 6 were replied/ resolved to the satisfaction of the investors and as on 31st March, 2012. 1 (one) complaint pertaining to earlier year, in respect of which the matter has gone to the court is pending at SEBI.
- ◆ 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
2008- 09	AGM	Rajmati Bhavan, Sangli 416416	19-09-2009	11.00 a.m.
2009-10	AGM	- do -	25-09-2010	11.00 a.m.
2010-11	AGM	- do -	23-09-2011	11.00 a.m.

VII. Other Disclosures:

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

Name of the Directors	Commission Paid (Rs. in Lakh)	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 31/03/2012
1. Shri. R. V. Shirgaokar	5.25	0.90	—	—	—	10.50	5,07,000
2. Shri. Sanat K. Shirgaokar	1.87	0.50	—	—	—	—	3,83,171
3. Shri. V. Balasubramanian	3.37	0.90	—	—	—	—	11,200
4. Shri. S. N. Inamdar	4.88	0.90	—	—	—	—	18,750
5. Shri. M. G. Joshi	4.13	1.00	—	—	—	0.11	21,000
6. Dr. M. R. Desai	3.37	0.90	—	—	—	—	54,600
7. Shri. A. B. Kage	2.25	0.60	—	9.48	—	—	1,07,440
8. Shri. D.B.Shah	2.25	0.60	—	0.65	—	0.50	35,000

- ◆ 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 / half yearly / yearly compliance reports and returns are filed with stock exchanges within the prescribed time.

◆ Special Resolutions passed at the Annual/Extra Ordinary General Meetings in past 3 years:

71st Annual General Meeting:

- ◆ Appointment and payment of remuneration to Executive Vice Chairman pursuant to section 269, read with schedule XIII of the Companies Act, 1956.
- ◆ Appointment and payment of remuneration to Managing Director pursuant to section 269, read with schedule XIII of the Companies Act, 1956.

- ◆ Appointment and payment of remuneration to Joint Managing Director pursuant to section 269, read with schedule XIII of the Companies Act, 1956.
- ◆ Appointment and payment of remuneration to Joint Managing Director pursuant to section 269, read with schedule XIII of the Companies Act, 1956.

70th Annual General Meeting:

- ◆ Amendment to the Articles of Association of the Company.
- ◆ Payment of remuneration by way of commission to non-executive directors as per sections 198,309,310,349, 350 and other applicable provisions of the Companies Act, 1956.

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.

◆ **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.

D. Subsidiary Companies:

There are no subsidiary Companies.

VIII. Means of Communication:

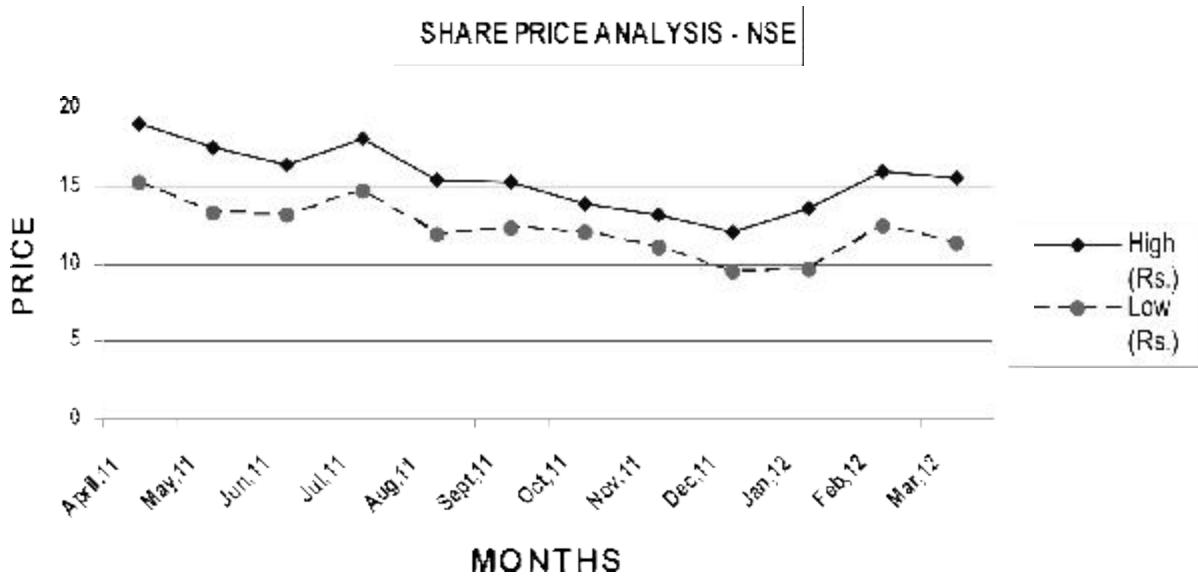
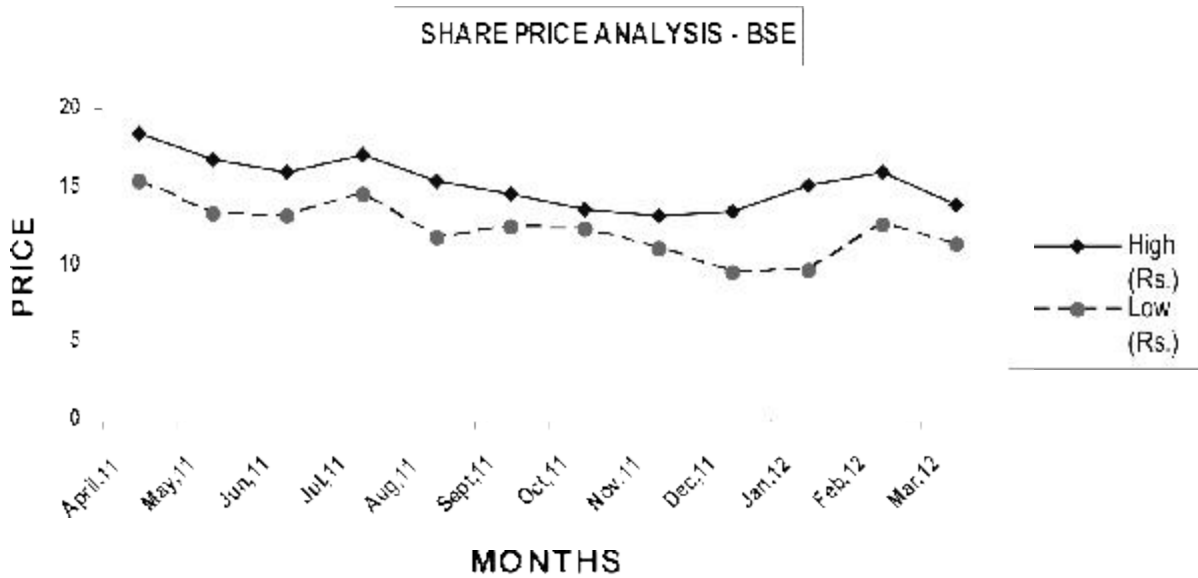
Company is publishing quarterly un-audited financial results and notice, advertisements in the Economic Times and/or Indian Express in English, Maharashtra Times and/or Kesari in Marathi, regularly. Additionally the results and other important information is also periodically updated on the Company's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

IX. General Shareholders Information:

i. AGM Date, Time and Venue	Saturday, the 04 th August, 2012 at 11.00 a.m. at Rajmati Bhavan, Neminath Nagar, Vishrambag, Sangli – 416416.
ii. Financial Calendar 2012-13	Probable Dates:
First quarterly un-audited results	Before 15 th of August, 2012
Second quarterly un-audited results	Before 15 th of November, 2012
Third quarterly un-audited results	Before 15 th February, 2013
Fourth & Final quarterly audited results	Before end of May, 2013
iii. Book Closure Date	23 rd July, 2012 to 03 rd August, 2012 (both days inclusive)
iv. Dividend payment date	On or after 06 th August, 2012
v. Listing on Stock Exchange.	Bombay Stock Exchange Ltd.(BSE), National Stock Exchange of India Ltd. (NSE)
vi. Stock Code:	530363, UGARSUGAR-EQ

vii. Market Price Data High/ Low during each month of Financial Year 2011-12 at BSE & NSE

BSE			NSE		
Months	High (Rs.)	Low (Rs.)	Months	High (Rs.)	Low (Rs.)
April,2011	18.50	15.40	April,2011	19.00	15.30
May, 2011	16.80	13.25	May, 2011	17.45	13.35
June, 2011	16.00	13.10	June, 2011	16.35	13.15
July, 2011	17.00	14.52	July, 2011	18.00	14.65
August, 2011	15.35	11.75	August, 2011	15.45	11.95
September, 2011	14.50	12.50	September, 2011	15.30	12.30
October, 2011	13.60	12.25	October, 2011	13.90	12.05
November, 2011	13.20	11.00	November, 2011	13.20	11.00
December, 2011	13.45	09.50	December, 2011	12.00	9.50
January, 2012	15.15	09.70	January, 2012	13.50	9.65
February, 2012	16.00	12.85	February, 2012	15.90	12.50
March, 2012	13.80	11.36	March, 2012	15.55	11.35



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, 2012

No. of equity shares held	No. of Folios / Shareholders	No. of Shares held	% of Share holding
Upto 5,000	22,967	2,35,63,877	20.95
5,001 to 10,000	1,496	1,09,96,657	9.77
10,001 to 20,000	556	76,66,907	6.82
20,001 to 30,000	140	34,23,316	3.04
30,001 to 40,000	39	13,47,013	1.20
40,001 to 50,000	36	16,23,058	1.44
50,001 to 1,00,000	53	37,82,899	3.36
More than 1,00,000	62	6,00,96,273	53.42
Total	25,349	11,25,00,000	100.00

x. Shareholding Pattern as on 31st March, 2012.

Category	No. of Share held	% of Share holding	*No. of Shares Pledged	% of Total Share holding
Promoter Group	5,24,65,268	46.64	10,00,000	1.91
Banks, Financial Institutions, Insurance Companies	60,880	0.05	0	0.00
Foreign Financial Institutions	0	0.00	0	0.00
Private Corporate Bodies	96,50,508	8.58	0	0.00
Indian Public	4,99,71,096	44.42	0	0.00
N. R. I.	3,26,253	0.29	0	0.00
Trust, Clearing Member	25,995	0.02	0	0.00
G. D. R. / A. D. R.	0	0.00	0	0.00
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:

<u>Dematerialization of shares</u>	Nearly 75.20% of total equity share capital (8,46,03,242 eq. shares) is held in dematerialized form with NSDL and CDSL as on 31 st March, 2012.
<u>Registrar and Share Transfer Agent:</u>	Big Share Services Pvt. Limited E-2, Ansa Ind. Estate, Sakivihar Rd, Saki Naka, Andheri (E), Mumbai – 400 072. Ph. No. 022-28470652
<u>Plant Locations:</u> Sugar, Distillery, Co-Generation & 100% EOU (Sugar Ship): Jewargi Unit –Sugar & Co-generation:	Ugarkhurd – 591 316. Tal. Athani Dist. Belgaum, Karnataka. Malli, Taluka – Jewargi, Dist- Gulbarga, Karnataka.
<u>Address for correspondence</u> Registered Office: Factory (Administrative Office)	The Ugar Sugar Works Limited. Mahaveernagar (Wakharbhag), Sangli 416416, Maharashtra State. Ph. No. 0233-2623717 Fax: 2623617 Email: usw.sangli@ugarsugar.com The Ugar Sugar Works Limited. 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

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

P. V. Shirgaokar
Exe. Vice Chairman

B. G. Kulkarni
Company Secretary

Shishir S. Shirgaokar
Managing Director

R. V. Desurkar
Manager- Finance

Place: Mumbai

Date: 15-05-2012

X. CEO/CFO Certificate:

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

We, Shishir S. 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, 2012 and Profit & Loss Account for the year ended as on that date along with all Notes to the Accounts and also the Cash Flow Statement for the year ended 31st March, 2012 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.

Shishir S. Shirgaokar
Managing Director

R. V. Desurkar
Manager Finance

Place: Mumbai

Date: 15-05-2012

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, 2012.

Place: Mumbai
Date: 15-05-2012

Shishir S. 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, 2012, 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.

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

Place: Mumbai
Date: 15-05-2012

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, 2012 and the Statement of Profit and Loss 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, Statement of Profit and Loss 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, Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012, 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, 2012;
 - b) in the case of the Statement of Profit and Loss, of the profit 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.

Place: Mumbai
Date: 15-05-2012

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

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

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)(e), (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 generally 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, Service Tax, Excise Duty, Cess and other material statutory dues applicable to it.
- (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	0.88	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
Central Excise	Central Excise Act	2010-11	8.82	Joint Commissioner of Central Excise, Belgaum
Central Excise	Central Excise Act	2009-10	2.78	Joint Commissioner of Central Excise, Belgaum
Service Tax	Central Excise Act	2008-09	21.11	Additional Commissioner of Central Excise, Belgaum
Central Excise	Central Excise Act	2010-11	3.42	Asst. 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.
- (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. However, as informed to us, in case of corporate guarantee for Rs. 726.14 lakh given to Bank of India, Ratnagiri, the Bank is likely to invoke the guarantee for the loan outstanding since the said company has defaulted in repayment of loans.
- (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.

Place: Mumbai
Date: 15-05-2012

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

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

Balance Sheet as at 31-03-2012

Particulars	Ref. to Notes	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share Capital	B - 1	1,125.00	1,125.00
b. Reserves & Surplus	B - 2	<u>9,026.96</u>	<u>7,644.60</u>
			10,151.96
2. Non-current Liabilities			
a. Long Term Borrowings	B - 3	4,104.94	6,032.17
b. Deferred Tax Liabilities (Net)	B - 4	1,306.08	824.35
c. Long Term Provisions	B - 5	<u>844.95</u>	<u>956.22</u>
			6,255.97
3. Current Liabilities			
a. Short Term Borrowings	B - 6	23,032.28	22,055.63
b. Trade Payables	B - 7	16,128.66	10,921.59
c. Other Current Liabilities	B - 8	9,999.56	11,140.72
d. Short Term Provisions	B - 9	<u>839.94</u>	<u>156.34</u>
			50,000.44
Total Equity & Liabilities		<u>66,408.37</u>	<u>44,274.28</u>
II. ASSETS			
1. Non-current Assets			
a. Fixed Assets			
i. Tangible Assets	B -10	15,014.61	16,811.03
ii. Intangible Assets	B -10	13.52	33.54
iii. Capital Work in Progress	-	<u>693.64</u>	<u>713.48</u>
		15,721.77	17,558.05
b. Non-current Investments	B - 11	8.54	138.98
c. Long Term Loans & Advances	B - 12	465.54	183.96
d. Other Non-current Assets	B - 13	<u>400.67</u>	<u>374.23</u>
			16,596.52
2. Current Assets			
b. Inventories	B -14	42,369.76	34,860.43
c. Trade Receivables	B -15	3,118.74	3,390.97
d. Cash & Bank Balances	B - 16	2,693.69	2,371.71
e. Short Term Loans & Advances	B - 17	1,028.94	1,071.86
f. Other Current Assets	B - 18	<u>600.72</u>	<u>906.43</u>
			49,811.85
Total Assets		<u>66,408.37</u>	<u>60,856.62</u>

Corporate Information, Basis of Information
and Significant Accounting Policies

A

Other Information and Disclosures

C

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

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

P. V. Shirgaokar
Executive Vice Chairman

Shishir S. Shirgaokar
Managing Director

M. K. Shevade
Partner

B. G. Kulkarni
Company Secretary

R. V. Desurkar
Manager Finance

Place: Mumbai
Date: 15-05-2012

Membership No. 18651
Firm Regn. No. 101118W

Statement of Profit & Loss for the year ended 31-03-2012

Particulars	Ref. to Notes	Financial Year 2011-12		Financial Year 2010-11	
		Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
I. Revenue from Operations	B - 19	80,893.71		73,679.89	
Less: Excise Duty		<u>15,051.40</u>		<u>14,124.29</u>	
			65,842.31		59,555.60
II. Other Income	B - 20		463.98		377.83
III. Total Revenue (I + II)			66,306.29		59,933.43
IV. Expenses					
a. Cost of Materials Consumed					
i. Raw Materials	B - 21	48,990.93		43,474.41	
ii. Stores, Spares, Chemicals, Packing Material & Others	—	<u>3,918.41</u>		<u>3,497.10</u>	
			52,909.34		46,971.51
b. Other Manufacturing Expenses	B - 22		2,548.47		2,231.86
c. Purchase of Stock-in-Trade & Others	—		2,123.46		2,001.35
d. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	B - 23		(7,103.43)		(3,396.59)
e. Employee Benefit Expense	B - 24		4,901.20		4,804.73
f. Finance Costs	B - 25		2,971.25		2,666.71
g. Depreciation & Amortisation Expense					
i. Deprecitaion	B - 10	2,477.43		2,816.29	
ii. Amortisation	B - 10	<u>39.15</u>		<u>50.15</u>	
			2,516.58		2,866.44
h. Other Expenses	B - 26		<u>2,261.96</u>		<u>1,401.97</u>
Total Expenses (IV)			63,128.83		59,547.98
V. Profit before exceptional Items and Tax (III - IV)			3,177.46		385.45
VI. Exceptional Items	B - 27		(431.16)		—
VII. Profit before Tax (VII - VIII)			2,746.30		385.45
VIII. Tax Expense					
a. Current Tax		650.00		80.00	
b. Deferred Tax		481.74		41.97	
c. Short / (Excess) Provision for earlier years		<u>(94.68)</u>		<u>(138.09)</u>	
			1,037.06		(16.12)
IX. Profit for the period after Tax (IX - X)			<u>1,709.24</u>		<u>401.57</u>
X. Basic & Diluted Earnings per Equity Share of Re. 1 (Refer Note No. C-8)			1.52		0.36
Corporate Information, Basis of Information and significant Accounting Policies	A				
Other Information and Disclosures	C				

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

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

P. V. Shirgaokar
Executive Vice Chairman

Shishir S. Shirgaokar
Managing Director

M. K. Shevade
Partner

B. G. Kulkarni
Company Secretary

R. V. Desurkar
Manager Finance

Place: Mumbai
Date: 15-05-2012

Membership No. 18651
Firm Regn. No. 101118W

Cash Flow Statement for the year ended 31-03-2012

Particulars	2011-2012		2011-2012	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Cash Flow from Operating Activities				
Net Profit before tax and extra-ordinary items		2,746.30		385.45
Adjustments for:				
Depreciation	2,477.43		2,816.29	
Amortisation of intangible assets	39.15		50.15	
Assets Written Off	36.50		25.99	
Impairment Loss	325.77		—	
Profit on sale of assets	(182.62)		(5.54)	
Finance Charges	2,971.25		2,666.71	
Investment Income	(47.05)		(48.33)	
		<u>5,620.43</u>		<u>5,505.27</u>
Operating Profit before working capital changes		8,366.73		5,890.72
Decrease / (Increase) in Trade & Other Receivables	465.96		694.62	
Decrease / (Increase) in Inventories	(7,509.32)		(2,838.18)	
Increase / (Decrease) in Trade & Other Payables	4,260.95		959.65	
		<u>(2,782.41)</u>		<u>(1,183.91)</u>
Cash generated from operations	5,584.32		4,706.81	
Direct Taxes	(293.68)		(8.22)	
Cash Flow before extra-ordinary items	<u>5,290.64</u>		<u>4,698.59</u>	
Extra-ordinary items	—		—	
NET CASH FROM OPERATING ACTIVITIES		5,290.64		4,698.59
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(1,261.21)		(719.76)	
Proceeds from Sale of Fixed Assets	189.75		6.05	
(Purchase) / Sale of Investments	(0.82)		(0.45)	
Interest & Dividend Received	<u>59.89</u>		<u>21.92</u>	
NET CASH FROM INVESTING ACTIVITIES		(1,012.39)		(692.24)
Cash Flow from Financing Activities				
Interest Paid	(2,995.92)		(2,631.81)	
Proceeds from issuance of Share Capital	—		—	
Proceeds from Borrowings	(950.57)		(1,664.24)	
Dividend paid	<u>(2.16)</u>		<u>(2.60)</u>	
NET CASH FROM FINANCING ACTIVITY		(3,948.65)		(4,298.65)
Net Increase / (Decrease) in Cash & Cash Equivalents		329.60		(292.30)
Opening Cash & Cash Equivalents		2,139.61		2,431.91
Closing Cash & Cash Equivalents		<u>2,469.21</u>		<u>2,139.61</u>

Notes to Cash Flow Statement

- Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3 of Companies (Accounting Standard) Rules, 2006.
- Purchase of Fixed Assets includes movement in Capital Work in Progress.
- Direct Taxes paid are treated as arising from Operating Activity and are not bifurcated between Investing & Financing Activity.
- Figures for the previous year have been regrouped where necessary.

As per our report attached

For M/s P. G. Bhagwat
Chartered Accountants

M. K. Shevade
Partner

Membership No. 18651
Firm Regn. No. 101118W

P. V. Shirgaokar
Executive Vice Chairman

B. G. Kulkarni
Company Secretary

Shishir S. Shirgaokar
Managing Director

R. V. Desurkar
Manager Finance

Place: Mumbai
Date: 15-05-2012

Notes to Financial Statements for the year ended 31-03-2012

NOTE A - 1: CORPORATE INFORMATION

Incorporated on 11-09-1939, The Ugar Sugar Works Ltd. is one of the leading sugar factories in Karnataka. Its shares are listed on BSE and NSE. The Company is engaged in manufacture and sale of sugar, industrial and potable alcohol, and generation and distribution of electricity. The Company's plants are located at Ugarkhurd in Belgaum District and at Malli-Nagarhalli Village in Gulbarga District in the state of Karnataka.

NOTE A - 2: BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, as amended, and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the conventional cost convention.

NOTE B - 3: SIGNIFICANT ACCOUNTING POLICIES

1. Presentation and disclosure of financial statements

The revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company from the accounting year ended 31-03-2012, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has reclassified the previous year's figures in accordance with the requirements applicable to current year.

2. Fixed Assets

- a. Tangible 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.
- b. Intangible Assets (Computer Software) are recorded at the consideration paid for acquisition.

3. Depreciation & Amortisation

- a. Depreciation on Tangible Assets is provided on "Written Down Value" Method, as per the provisions of Schedule XIV to the Companies Act, 1956.
- b. Intangible Assets are amortised over a period of three years.

4. Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If an indication exists, the Company estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognised impairment loss is changed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

5. Investments

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

Notes to Financial Statements for the year ended 31-03-2012

6. Valuation of Inventories

- a. Stores and Spares, Raw Material, Purchased Bagasse, Sugar in Process, Crops in progress, Petroleum Products and Finished Goods are valued at cost or net realisable value, whichever is less. Cost is generally arrived at on Weighted Average Method.
- b. Molasses, Molasses in process, Own Bagasse and Scrap are valued at net realisable value.

7. 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.

8. Retirement Benefits

Retirement benefits have been recognised in accordance with AS- 15 (revised 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.

9. 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.

10. Foreign Currency Transactions

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

11. Subsidies Received

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

12. Borrowing Costs

- a. 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.
- b. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

13. 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.

Notes to Financial Statements for the year ended 31-03-2012

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 1: SHARE CAPITAL				
1. Authorised:				
20,00,00,000 Equity Shares of Re. 1 each		2,000.00		2,000.00
2. Issued, Subscribed, Called up & Paid up				
11,25,00,000 Equity Shares of Re. 1 each		1,125.00		1,125.00
3. Reconciliation of No. of Shares	No. of Shares	Amount	No. of Shares	Amount
1. No. of Shares at the beginning of the Accounting Year	11,25,00,000	1,125.00	11,25,00,000	1,125.00
2. Add: Increase in No. of Shares due to Rights issue	—	—	—	—
3. Add: Increase in No. of Shares due to Bonus issue	—	—	—	—
	11,25,00,000	1,125.00	11,25,00,000	1,125.00
4. Less: Decrease in No. of shares	—	—	—	—
5. No. of Shares at the end of the Accounting Year	11,25,00,000	1,125.00	11,25,00,000	1,125.00

4. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares of face value of Re. 1 each, holder of equity share is entitled to one vote per share. Dividend recommended by the Board is subject to approval of the shareholders in the ensuing General Meeting.

For the year 2011-12, the Directors have recommended dividend @ 25% (i.e. Re. 0.25 per equity share of Re. 1) [Previous Year - Nil]. The amount of dividend including corporate dividend tax works out to Rs. 326.88 lakh [Previous Year - Nil].

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

5. Particulars of Shareholders having shareholding of 5% or more

Name	No. Of Shares	%age of Holding	No. Of Shares	%age of Holding
1. SB Reshellers Pvt. Ltd. Kolhapur	1,48,96,659	13.24%	1,56,96,659	13.95%

Notes to Financial Statements for the year ended 31-03-2012

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 2: RESERVES & SURPLUS				
1. General Reserve				
As per last Balance Sheet	7,066.74		7,066.74	
Additions during the year	180.00		—	
		7,246.74		7,066.74
2. Share Premium				
As per last Balance Sheet		1,575.00		1,575.00
3. Profit & Loss Account				
a. As per last Balance Sheet	(997.14)		(1,398.71)	
b. Profit / (Loss) carried from Statement of Profit & Loss	1,709.24		401.57	
c. Profit available for Appropriation	712.10		(997.14)	
d. Less: Appropriations:				
i. General Reserve	180.00		—	
ii. Proposed Dividend	281.25		—	
iii. Corporate Dividend Tax	45.63		—	
	506.88		—	
		205.22		(997.14)
Total		9,026.96		7,644.60

Note B - 3: LONG TERM BORROWINGS

	Non-Current Portion	Current Maturities	Non-Current Portion	Current Maturities
1. Term Loans				
a. From Banks				
Secured				
i. IDBI Bank Ltd.	—	—	—	1,462.71
ii. Bank of Baroda - Jewargi Project	1,604.55	696.00	2,535.95	928.00
iii. Central Bank of India - Jewargi Project	844.35	297.00	1,210.70	396.00
iv. Central Bank of India - Capital Expenditure	423.78	198.00	670.74	264.00
Total Long Term Loans from Banks	2,872.68	1,191.00	4,417.39	3,050.71

Notes to Financial Statements for the year ended 31-03-2012

Particulars	As at 31st March 2012		As at 31st March 2011		
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh	
Note B - 3: LONG TERM BORROWINGS					
		Non-Current Portion	Current Maturities	Non-Current Portion	Current Maturities
1. Term Loans					
b. From Others					
Secured					
v. Technology Development Board	16.40	33.40	49.80	33.40	
vi. Sugar Development Fund					
a. For Modernisation & Rehabilitation	—	114.18	114.18	114.18	
b. For Setting up Cogeneration Power Project -Jewargi Unit	1,215.86	—	1,215.86	—	
Sub-total	1,232.26	147.58	1,379.84	147.58	
Unsecured					
vii. Deferment of Cane Purchase Tax	—	234.94	234.94	—	
Total Long Term Loans from Others	1,232.26	382.52	1,614.78	147.58	
	4,104.94	1,573.52	6,032.17	3,198.29	
Less: Current Maturities shown under Note No. 12(1)	—	(1,573.52)	—	(3,198.29)	
Long Term Borrowings	4,104.94	—	6,032.17	—	

2. Principal terms, security and repayment schedule of long term secured loans

- i. Loan from IDBI Bank is availed for working capital, free of interest. The loan is secured by residual charge on fixed assets of the Company. The loan is obtained in the FY 2009-10., The loan is fully repaid on 14-03-2012.
- ii. Loan from Bank of Baroda is obtained for setting up sugar factory with cogeneration of power at Jewargi. The rate of interest is presently Base Rate (BR) + 2.5%, i.e. 13.25% p. a. The loan is secured by hypothecation of Plant & Machinery and Stores & Spares at the Jewargi Plant. The loan is repayable in quarterly instalments of Rs. 232.00 lakh, last instalment being due on 05-01-2015.
- iii. Loan from Central Bank of India is obtained for setting up sugar factory with cogeneration of power at Jewargi. The rate of interest is presently BR + 2.25% i.e. 13% p. a. The loan is secured by hypothecation of Plant & Machinery and Stores & Spares at the Jewargi Plant. The loan is repayable in monthly instalments of Rs. 33.00 lakh, last instalment being due on 01-05-2015.
- iv. Loan from Central Bank of India is obtained for installation of sugar machinery. The rate of interest is presently BR + 2.25% i.e. 13% p. a. The loan is secured by hypothecation of the said Machinery. The loan is repayable in monthly instalments of Rs. 22.00 lakh, last instalment being due on 01-12-2014.
- v. Loan from Sugar Development Fund is obtained for Ugar unit for Modernisation-cum-Expansion. The rate of interest is 4% p. a. The loan is secured by exclusive second charge on all movable assets of the Company. The Loan is repayable in five yearly instalments of Rs. 114.18 lakh; last instalment being due on 02-01-2013.
- vi. Loan from Sugar Development Fund is obtained for Jewargi unit for setting power project. The rate of interest is 4% p. a. The loan is secured by exclusive second charge on all movable and immovable assets of the Company. The Loan is repayable in ten six monthly instalments of Rs. 121.59 lakh commencing from 31-12-2013; last instalment being due on 30-06-2018.
- vii. Deferment of Cane Purchase Tax is granted by Government of Karnataka to encourage additional cane crushing. The Deferment is free of interest and fully repayable in June 2012.

3. There has been no continuing default as on the balance sheet date in repayment of any of the above borrowings & interest thereon.

Notes to Financial Statements for the year ended 31-03-2012

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 4: DEFERRED TAX LIABILITIES (NET)				
1. Deferred Tax Liabilities				
On account of timing differences in -				
a. Depreciation		1,717.65		2,006.86
2. Less: Deferred Tax Assets				
On account of timing differences in -				
a. Provision for doubtful debts & advances	32.52		78.03	
b. Provisions as per AS-15	379.05		369.56	
c. Tax on loss for the period	—		734.92	
		411.57		1,182.51
Total		1,306.08		824.35

NOTE B - 5: LONG TERM PROVISIONS

1. Provisions for Employee Benefits				
a. Provision for Gratuity	717.46		624.46	
b. Provision for Leave Salary	127.49		331.76	
Total		844.95		956.22

Note B - 6: SHORT TERM BORROWINGS

1. Secured				
Working Capital Loans - from Banks				
i. Cash Credit Hypothecation	1,305.06		73.11	
ii. Cash Credit Pledge	19,954.10		19,921.28	
		21,259.16		19,994.39
2. Unsecured				
Fixed Deposits (Other than unclaimed)		1,773.12		2,061.24
Total		23,032.28		22,055.63

3. i. Cash credit hypothecation is secured by hypothecation of stock of stores & spares, stock of molasses, stock in trade and book debts. The cash credit is repayable on demand and carries rate of interest at 12% p.a.
- ii. Cash credit pledge is secured by pledge of stock of sugar. The cash credit is repayable on demand and carries rate of interest at BR + 1% to 2%, i.e. 11.65% to 12.75% p.a.
- iii. Fixed Deposits are unsecured and are accepted from shareholders and public for a period of one year. The rate of interest for fixed deposits is 10% p.a. for senior citizens and 9.5% p.a. for others.
4. There has been no continuing default as on the balance sheet date in repayment of any of the above borrowings & interest thereon.

Note B - 7: TRADE PAYABLES

1. Creditors for Supplies		16,128.66		10,921.59
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Notes to Financial Statements for the year ended 31-03-2012

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 8: OTHER CURRENT LIABILITIES				
1. Current Maturities of Long Term Debts				
Secured				
a. From Banks	1,191.00		3,050.71	
b. Others	382.52		147.58	
		1,573.52		3,198.29
2. Interest Accrued but not due on Borrowings		61.30		69.25
3. Interest Accrued and due on Borrowings		45.32		62.07
4. Unpaid Dividend		25.63		27.79
5. Unpaid Matured Deposits and Interest Accrued thereon		4.28		15.17
6. Trade Deposits and Advances		219.19		167.49
7. Creditors for Machinery Supplies		25.32		6.56
8. Provision for Corporate Guarantee Loss		299.91		—
9. Payable to Banks for loans granted to Cane Growers and H&T Contractors		3,637.53		4,217.00
10. Provision for Excise Duty on Finished Goods		1,756.31		1,539.68
11. Outstanding Expenses		233.84		590.19
12. Salaries, Wages, Bonus & Commission, payable		570.50		417.57
13. Amounts payable to Customers		1,336.93		568.98
14. Other Payables				
Land Rent, Contractors' Retention, etc.	24.08		45.51	
Contribution to employees' funds	59.09		55.76	
Freight	23.06		6.37	
Profession tax, etc. deducted from salary	14.71		13.91	
Excise, Service Tax, Sales Tax, etc.	21.65		23.91	
Tax deducted at source	41.32		36.66	
Amounts payable to banks & other institutions	26.07		78.56	
		209.98		260.68
Total		9,999.56		11,140.72
Note B - 9: SHORT TERM PROVISIONS				
1. Provisions for Employee Benefits				
Provision for Gratuity	89.29		156.34	
Provision for Leave Salary	234.04		—	
		323.33		156.34
2. Others				
a. Provision for Taxation	730.00		453.00	
Less: Deducted from Advance Payment of taxes, as per contra	(540.27)		(453.00)	
		189.73		—
b. Provision for Proposed Dividend		281.25		—
c. Provision for Corporate Dividend Tax		45.63		—
Total		839.94		156.34

Notes to Financial Statements for the year ended 31-03-2012

Note B - 10: Fixed Assets and Depreciation & Amortisation

PARTICULARS	TANGIBLE ASSETS						INTANGIBLE ASSETS
	Land Rs. Lakh	Buildings Rs. Lakh	Plant and Machinery Rs. Lakh	Furniture and Fixtures Rs. Lakh	Vehicles Rs. Lakh	Total Rs. Lakh	Computer Software Rs. Lakh
GROSS BLOCK							
<i>Balance as on 01-04-2010</i>	232.85	2,825.92	34,476.60	175.76	362.83	38,073.96	157.88
<i>Additions during year 2010-11</i>	—	21.06	152.82	9.32	127.46	310.66	1.46
<i>Deletions during year 2010-11</i>	—	—	(3.11)	(0.43)	(13.60)	(17.14)	—
Balance as on 31-03-2011	232.85	2,846.98	34,626.31	184.65	476.69	38,367.48	159.34
<i>Additions during year 2011-12</i>	53.11	—	855.73	12.01	129.55	1,050.40	19.13
<i>Deletions during year 2011-12</i>	(5.03)	(1.21)	(117.08)	(1.23)	(10.07)	(134.62)	—
Balance as on 31-03-2012	280.93	2,845.77	35,364.96	195.43	596.17	39,283.26	178.47
ACCUMULATED DEPRECIATION / AMORTISATION							
<i>Balance as on 01-04-2010</i>	—	992.43	17,326.57	139.12	297.18	18,755.30	75.65
<i>Adjustment on Deletion - 2010-11</i>	—	—	(2.05)	(0.05)	(13.04)	(15.14)	—
<i>For the year 2010-11</i>	—	141.48	2,631.91	7.78	35.12	2,816.29	50.15
Balance as on 31-03-2011	—	1,133.91	19,956.43	146.85	319.26	21,556.45	125.80
<i>Adjustment on Deletion - 2011-12</i>	—	(1.09)	(82.55)	(0.72)	(6.64)	(91.00)	—
<i>For the year 2011-12</i>	—	130.23	2,290.11	7.32	49.77	2,477.43	39.15
Balance as on 31-03-2012	—	1,263.05	22,163.99	153.45	362.39	23,942.88	164.95
IMPAIRMENT LOSS							
<i>Balance as on 01-04-2010</i>	—	—	—	—	—	—	—
<i>Change for the year 2010-11</i>	—	—	—	—	—	—	—
Balance as on 31-03-2011	—	—	—	—	—	—	—
<i>Change for the year 2011-12</i>	—	—	325.77	—	—	325.77	—
Balance as on 31-03-2012	—	—	325.77	—	—	325.77	—
NET BLOCK							
<i>As on 31-03-2011</i>	232.85	1,713.07	14,669.88	37.80	157.43	16,811.03	33.54
<i>As on 31-03-2012</i>	280.93	1,582.72	12,875.20	41.98	233.78	15,014.61	13.52

Note: In the current year, the impairment loss of Rs. 325.77 lakh represents the write-down of certain plant and machinery. The loss has been recognised in the statement of profit and loss under the head "other expenses".

Notes to Financial Statements for the year ended 31-03-2012

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B -11: NON-CURRENT INVESTMENTS				
[At Cost, Fully Paid, Long Term]				
1. Trade Investments				
(Unquoted, Other than Government)				
a. Investment in Equity Instruments				
i. 24300 (24300) Equity Shares of Rs. 10 each of Ugar Consultancy Ltd., Sangli (Associate)	2.43		2.43	
ii. 896 (746) Equity Shares of Rs. 100 each of Ugar Theatres Pvt. Ltd. Ugarkhurd (Associate)	2.84		2.25	
iii. 312500 (312500) Equity Shares of Rs. 10 each of Ugar Quality Packaging Pvt. Ltd. Ratnagiri (Associate)	<u>31.25</u>		<u>31.25</u>	
	36.52		35.93	
b. Investment in Preference Shares				
i. 1000000(1000000) 8% Redeemable Cumulative Preference Shares of Rs. 10 each of Ugar Quality Packaging Pvt. Ltd. Ratnagiri (Associate)	<u>100.00</u>		<u>100.00</u>	
Total - Trade		136.52		135.93
2. Others				
a. Investment in Mutual Funds				
i. 23055(21945) Units of Rs. 10 each of UTI Balanced Fund	2.90			2.68
b. Other than Mutual Funds				
Unquoted				
i. Investment in Equity Instruments				
1. 24,999 (24,999) Equity Shares of Rs. 10 each, of Shakti Alloy Steels Ltd., Miraj	2.50		2.50	
2. 3,750 (3,750) Shares of Rs. 10 each of Sangli Urban Co-operative Bank Ltd. Sangli	<u>0.37</u>		<u>0.37</u>	
	2.87		2.87	
ii. Investment in Preference Shares				
1. 333 (333) 11% Redeemable Non-cumulative Preference Shares of Rs. 100 each, of Shakti Alloy Steels Ltd., Miraj	0.33		0.33	
2. 833 (833) 14% Redeemable cumulative Preference Shares of Rs. 100 each, of Shakti Alloy Steels Ltd., Miraj	<u>0.84</u>		<u>0.84</u>	
	1.17		1.17	
Total - Other than Mutual Funds	<u>4.04</u>		<u>4.04</u>	
Total - Others		6.94		6.72
Total - Non-current Investments		143.46		142.65
3. Provision for diminution in value of investments		<u>134.92</u>		<u>3.67</u>
Total		<u>8.54</u>		<u>138.98</u>
a. Aggregate amount of Quoted Investments		—		—
Market Value thereof		Not Applicable		Not Applicable
b. Aggregate amount of Unquoted Investments		143.46		142.65
c. Aggregate Provision for diminution in value of investments		<u>134.92</u>		<u>3.67</u>

Notes to Financial Statements for the year ended 31-03-2012

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 12: LONG TERM LOANS & ADVANCES				
1. Unsecured, Considered Good				
a. Capital Advances paid to related parties	50.00		—	
b. Capital Advances Paid to others	209.84		29.56	
c. Security Deposits	205.70		154.40	
Total		465.54		183.96
2. Capital advances paid to related parties include amounts due from private limited companies in which directors of the Company are directors / members	50.00		—	
Note B - 13: OTHER NON-CURRENT ASSETS				
1. Long Term Receivables (Unsecured, Considered Good)				
Interest Accrued on NSCs & Bank Deposits	25.12		20.24	
Levy Sugar Claim outstanding with Govt.	—		1.22	
VAT / Cane Purchase Tax, etc. receivable	106.25		115.57	
		131.37		133.03
2. Non-Current Trade Receivables (Unsecured, Considered Doubtful)	7.50		65.39	
Less: Provision for Doubtful Trade Receivables	(7.50)		(65.39)	
		—		—
3. Non-Current Loans & Advances (Unsecured, Considered Doubtful)				
Advances to Cultivators and Contractors	92.74		159.41	
Other Loans & Advances	—		10.09	
	92.74		169.50	
Less: Provision for Doubtful Trade Receivables	(92.74)		(169.50)	
		—		—
4. Non-current portion in Term Deposit with Banks with original maturity for more than 12 months		269.30		241.20
Total		400.67		374.23
Note B - 14: INVENTORIES				
[As taken, valued and certified by the Managing Director]				
1. Stock of Raw Material				
a. Crops in Progress	10.08		10.08	
b. Other Raw Material	271.45		199.46	
2. Work in Progress				
a. Sugar in Process	492.34		698.09	
b. Molasses in process	52.49		56.70	
3. Finished Goods				
a. Sugar, Molasses, Spirit, etc.	39,703.25		32,465.79	
b. Bagasse - Own	333.26		273.00	
4. Stock in Trade (Petroleum Products)	44.17		46.23	
5. Stores, Spares, Fuel, etc.				
a. Stores, Spare Parts and Others	1,349.00		1,077.86	
b. Bagasse (Purchased), Firewood & Coal	113.72		33.22	
Total		42,369.76		34,860.43

Notes to Financial Statements for the year ended 31-03-2012

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 15: TRADE RECEIVABLES				
[Unsecured, Considered Good]				
1. Outstanding for a period exceeding six months from the date they are due for payment		178.76		256.58
2. Others		<u>2,939.98</u>		<u>3,134.39</u>
Total		<u>3,118.74</u>		<u>3,390.97</u>
Note B - 16: CASH & BANK BALANCES				
1. Cash or Cash Equivalents				
1. Balances with Banks				
a. In Current Accounts				
i. Earmarked for Unpaid Dividends	25.63		27.79	
ii. Others	<u>2,289.92</u>		<u>2,075.93</u>	
b. In Cash Credit Hypothecation / Pledge Accounts		140.36		0.01
2. Cash on Hand		<u>13.30</u>		<u>35.88</u>
		2,469.21		2,139.61
2. In Term Deposit Accounts (With original maturity for more than 12 months)				
i. For issue of bank guarantees	68.73		39.64	
ii. As liquid asset for fixed deposits	415.28		411.25	
iii. Others	<u>9.77</u>		<u>22.41</u>	
	493.78		473.30	
Less: Non-current portion in above, disclosed under Non-current Assets	<u>(269.30)</u>		<u>(241.20)</u>	
		224.48		232.10
Total		<u>2,693.69</u>		<u>2,371.71</u>
Note B - 17: SHORT TERM LOANS & ADVANCES				
1. Unsecured, Considered Good				
a. Loans & Advances to Related Parties	43.16		28.70	
b. Advances to Cultivators and Contractors	657.53		753.13	
c. Advances to Suppliers of Machinery Spares, etc.	328.25		199.62	
d. Other Loans & Advances	<u>—</u>		<u>18.49</u>	
		1,028.94		999.94
2. Loans and advances paid to related parties include amounts due from private limited companies in which directors of the Company are directors / members	<u>43.16</u>		<u>28.70</u>	
3. Advance Payment of Taxes (including Fringe Benefit Tax)	540.27		524.92	
Less: Tax Provision, deducted as per contra	<u>(540.27)</u>		<u>(453.00)</u>	
		—		71.92
Total		<u>1,028.94</u>		<u>1,071.86</u>
Note B - 18: OTHER CURRENT ASSETS				
1. Cenvat Credits, Service Tax Receivable, etc.		541.59		770.74
2. Prepaid Expenses		39.96		35.91
3. Others				
Accrued Interest On Bank Deposits	19.17		36.89	
Amounts recoverable from other entities	<u>—</u>		<u>62.89</u>	
		19.17		99.78
		<u>600.72</u>		<u>906.43</u>

Notes to Financial Statements for the year ended 31-03-2012

Particulars	Financial Year 2011-12		Financial Year 2010-11	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 19: REVENUE FROM OPERATIONS				
1. Sales of Finished Goods				
Sugar	52,066.46		47,914.24	
Rectified Spirit	598.97		654.68	
Denatured Spirit	1,437.10		858.00	
Potable Alcohol	17,162.06		16,114.91	
Electricity	5,884.81		4,264.70	
		77,149.40		69,806.53
2. Sale of Traded Goods				
Petroleum Products		2,159.95		2,038.16
3. Sale of Bye-products and others		1,434.34		1,723.92
4. Other Operating Revenues				
Sale of Scrap	163.20		67.72	
Profit/ (Loss) on sale of potable alcohol & others	(13.18)		43.56	
		150.02		111.28
		<u>80,893.71</u>		<u>73,679.89</u>
Note B - 20: OTHER INCOME				
1. Dividend on Non Trade Investments		0.58		1.66
2. Interest on Loans, Bank Deposits and Others (Gross)		120.67		137.14
3. Non-operating Revenues				
a. Sale of Services				
Machinery / Bullock Cart Hire Charges	—		1.09	
b. Bad Debts Recovered	2.63		—	
c. Insurance Claims Received	1.06		3.12	
d. Profit on sale of fixed assets	182.62		5.54	
e. Excess Provisions & Unclaimed Credit Balances written back	118.45		196.58	
f. Foreign Currency Fluctuations	—		6.81	
g. Miscellaneous Receipts	37.97		25.89	
		342.73		239.03
		<u>463.98</u>		<u>377.83</u>
Note B - 21: RAW MATERIAL CONSUMED				
1. Sugarcane				
Purchased	40,564.69		36,796.63	
Harvesting and Transport	8,020.34		6,367.39	
Cane Purchase and Development	127.98		71.86	
Research and Development	120.70		103.42	
		48,833.71		43,339.30
2. Other Raw Material				
Molasses	1,258.19		1,052.72	
Sugar (for repacking)	1,000.83		—	
Malt	2.08		12.63	
Rectified Spirit	981.97		894.74	
Absolute Alcohol	63.13		—	
Others	18.82		51.48	
	3,325.02		2,011.57	
Less: Intersegment transfers	(3,167.80)		(1,876.46)	
		157.22		135.11
		<u>48,990.93</u>		<u>43,474.41</u>
Note B - 22: OTHER MANUFACTURING EXPENSES				
1. Power, Fuel and Water	1,188.36		1,403.00	
2. Repairs and Maintenance of Plant & Machinery	1,360.11		828.86	
		2,548.47		2,231.86

Notes to Financial Statements for the year ended 31-03-2012

Particulars	Financial Year 2011-12		Financial Year 2010-11	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 23: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
1. Opening Stock				
a. Finished Goods				
i. Sugar, Molasses, Spirit, etc.				
Sugar	30,699.66		26,747.50	
Rectified Spirit	192.58		355.91	
Potable Alcohol	286.59		498.95	
Molasses	1,259.29		1,596.45	
Others	27.67		40.72	
	<u>32,465.79</u>		<u>29,239.53</u>	
ii. Bagasse - Own	<u>273.00</u>		<u>219.94</u>	
		32,738.79		29,459.47
b. Work-in-progress				
i. Sugar in Process	698.09		468.49	
ii. Molasses in Process	<u>56.70</u>		<u>62.10</u>	
		754.79		530.59
c. Stock in Trade				
Petroleum Products		<u>46.23</u>		<u>45.96</u>
	Opening Stock	<u>33,539.81</u>		<u>30,036.02</u>
2. Closing Stock				
a. Finished Goods				
i. Sugar, Molasses, Spirit, etc.				
Sugar	37,732.80		30,699.66	
Rectified Spirit	183.01		192.58	
Potable Alcohol	188.65		286.59	
Molasses	1,368.66		1,259.29	
Others	230.13		27.67	
	<u>39,703.25</u>		<u>32,465.79</u>	
ii. Bagasse - Own	<u>333.26</u>		<u>273.00</u>	
		40,036.51		32,738.79
b. Work-in-progress				
i. Sugar in Process	492.34		698.09	
ii. Molasses in Process	<u>52.49</u>		<u>56.70</u>	
		544.83		754.79
c. Stock in Trade				
Petroleum Products		<u>44.17</u>		<u>46.23</u>
	Closing Stock	<u>40,625.51</u>		<u>33,539.81</u>
Changes in Inventory - (Increase)/ Decrease		(7,085.70)		(3,503.79)
3. Adjustment for Excise Duty Differentials*				
*Excise Duty Differentials refer to Difference in Excise Duty on Opening and Closing Stock of Finished Goods		<u>(17.73)</u>		<u>107.20</u>
Total		<u>(7,103.43)</u>		<u>(3,396.59)</u>
Note B - 24: EMPLOYEE BENEFIT EXPENSE				
1. Salaries, Bonus and Commission		3,742.04		3,454.22
2. Remuneration to employees employed by contractors		618.78		540.01
3. Contribution to Provident, Gratuity and other funds		489.35		730.07
4. Workmen and Staff Welfare		51.03		80.43
Total		<u>4,901.20</u>		<u>4,804.73</u>

Notes to Financial Statements for the year ended 31-03-2012

Particulars	Financial Year 2011-12		Financial Year 2010-11	
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Note B - 25: FINANCE COSTS				
1. Interest		2,920.87		2,609.74
2. Finance Charges		50.38		56.97
Total		<u>2,971.25</u>		<u>2,666.71</u>
Note B - 26: OTHER EXPENSES				
1. Administrative Expenses				
1 Repairs to & Maintenance of Buildings		107.32		111.79
2 General Repairs & Maintenance		198.02		114.41
3 Insurance		28.22		20.12
4 Rent		18.26		5.39
5 Rates and Taxes		172.61		148.65
6 Printing and Stationery		17.65		23.39
7 Travelling		74.10		60.73
8 Motor Car /Other Vehicle Expenses		63.06		56.55
9 Donations		2.69		5.40
10 Bad Debts & Sundry Advance Written Off	314.22		12.01	
Less: Provision therefor	<u>(176.49)</u>		<u>(1.95)</u>	
		137.73		10.06
11 Assets Written Off		36.50		25.99
12 Impairment Loss		325.77		—
13 Provision for Doubtful Debts and Advances		41.83		49.43
14 Foreign Currency Fluctuations		1.56		—
15 Directors' Fees		6.30		9.20
16 Commission to Non-Executive Directors		27.38		—
17 Payment to Auditors				
a. Statutory Auditors				
i. As Auditors	3.50		3.50	
ii. Other Services (Such as Tax Audit, SAP Audit, Certification, etc.)	3.34		1.75	
iii. For Reimbursement of Expenses	<u>0.68</u>		<u>0.43</u>	
	7.52		5.68	
b. Cost Auditors				
i. As Auditors	1.38		1.15	
ii. For Reimbursement of Expenses	<u>0.10</u>		<u>0.04</u>	
	1.48		1.19	
18 Miscellaneous		9.00		6.87
		<u>252.18</u>		<u>172.32</u>
		1,520.18		820.30
2. Selling & Distribution Expenses				
1 Freight, Insurance, etc. on outward consignments	481.25		398.34	
2 Commission to selling agents & representatives	143.96		93.63	
3 Advertisements	<u>116.57</u>		<u>89.70</u>	
		741.78		581.67
Total		<u>2,261.96</u>		<u>1,401.97</u>
Note B - 27: EXCEPTIONAL ITEMS				
1 Provision for loss on Investments	131.25		—	
2 Provision for Corporate Guarantee Loss	<u>299.91</u>		—	
Total		<u>431.16</u>		—

Notes to Financial Statements for the year ended 31-03-2012

Particulars	Financial Year 2011-12 Rs. Lakh	Financial Year 2010-11 Rs. Lakh
NOTE C: OTHER INFORMATION		
1. Contingent Liabilities not provided for		
a. Claims against the Company not acknowledged as debts	—	41.00
b. Excise Duty / Service Tax, Liability Disputed	207.22	179.92
c. Cane Purchase Tax, Liability Disputed	72.84	72.84
d. Corporate Guarantees given to the Bankers	426.24	726.14
2. Commitments		
Estimated amounts of contracts remaining to be executed on capital account	94.24	14.17
3. Trade Receivables in Note 18 include amount due from a private limited company in which directors of the Company are directors	—	0.14
4. Value of imports calculated on CIF basis		
Machinery Spares	7.86	11.88
5. Expenditure in foreign currency		
a. Travelling	5.58	2.18
b. Service Charges	—	0.34
c. IML Essences	0.07	—
d. Subscription	0.08	—
e. Interest on Loan	—	2.11
6. Earnings in foreign currency		
FOB Value of Exports	128.28	46.10
7. Amount of borrowing costs capitalised during the period	—	24.36
8. Earning per share		
a. Profit after tax as per the Profit & Loss Account	1,709.24	401.57
b. Weighted average of No. of Shares	11,25,00,000	11,25,00,000
c. Earnings per share of Re. 1	1.52	0.36
9. Future Minimum Lease Rentals in respect of Buildings		
a. Given on operating lease		
i. Receivable within one year	3.50	2.16
ii. Receivable between one year and five years	10.21	3.46
iii. Receivable after five years	19.05	—
b. Taken on operating lease		
i. Payable within one year	6.22	—
ii. Payable between one year and five years	—	—
iii. Payable after five years	—	—
10. Value of Imported and Indigenous Raw Material Consumed and percentage thereof to total consumption		
a. Value		
Imported	0.07	0.09
Indigenous	48,990.86	43,474.32
b. Percentage of Imported and Indigenous Raw Material consumed to total consumption		
Imported	Negligible	Negligible
Indigenous	Nearly 100%	Nearly 100%

Notes to Financial Statements for the year ended 31-03-2012

Particulars	Financial Year 2011-12 Rs. Lakh	Financial Year 2010-11 Rs. Lakh
11. Segment Reporting		
I. Primary report under Business Segments		
Revenue		
External Sales		
Sugar	53,850.95	49,766.79
Electricity	5,886.72	4,264.70
Industrial Alcohol	1,900.60	1,446.87
Potable Alcohol	<u>4,054.02</u>	<u>3,965.96</u>
Total	65,692.29	59,444.32
Inter-segment Sales		
Sugar	6,868.33	5,184.55
Electricity	5,409.49	5,032.62
Industrial Alcohol	<u>993.73</u>	<u>1,248.45</u>
Total	13,271.55	11,465.62
Total Revenue		
Sugar	60,719.28	54,951.34
Electricity	11,296.21	9,297.32
Industrial Alcohol	2,894.33	2,695.32
Potable Alcohol	<u>4,054.02</u>	<u>3,965.96</u>
Total	<u>78,963.84</u>	<u>70,909.94</u>
Segment Results (Gross)		
Sugar	3,959.81	3,287.10
Electricity	3,917.40	1,032.64
Industrial Alcohol	106.18	204.04
Potable Alcohol	<u>422.59</u>	<u>724.38</u>
Total	8,405.98	5,248.16
Unallocated Corporate Expenses	2,721.25	2,573.83
Operating Profit	5,684.73	2,674.33
Finance Charges	2,971.25	2,666.71
Other Income	463.98	377.83
Profit from Ordinary Activities	3,177.46	385.45
Exceptional Items	(431.16)	-
Profit before tax	2,746.30	385.45
Segment Assets		
Sugar	50,587.08	47,451.80
Electricity	8,377.07	7,601.28
Industrial Alcohol	1,746.41	1,541.67
Potable Alcohol	<u>2,064.98</u>	<u>1,914.06</u>
Total	62,775.54	58,508.81
Add: Unallocated Corporate Assets	<u>3,104.94</u>	<u>2,448.29</u>
	<u>65,880.48</u>	<u>60,957.10</u>
Segment Liabilities		
Sugar	18,129.20	17,206.63
Electricity	422.75	789.80
Industrial Alcohol	22.83	28.86
Potable Alcohol	<u>276.45</u>	<u>314.81</u>
Total	18,851.23	18,340.10
Add: Unallocated Corporate Liabilities	<u>36,877.29</u>	<u>33,847.40</u>
	<u>55,728.52</u>	<u>52,187.50</u>

Notes to Financial Statements for the year ended 31-03-2012

Particulars	Financial Year 2011-12 Rs. Lakh	Financial Year 2010-11 Rs. Lakh
11. Segment Reporting		
Capital Expenditure		
Sugar	496.38	259.02
Electricity	297.54	491.04
Industrial Alcohol	190.59	5.58
Potable Alcohol	22.80	0.92
Total	<u>1,007.31</u>	<u>756.56</u>
Depreciation and Amortisation		
Sugar	1,182.00	1,357.57
Electricity	1,048.30	1,181.14
Industrial Alcohol	115.43	134.99
Potable Alcohol	16.08	16.37
Total	<u>2,361.81</u>	<u>2,690.07</u>
Non-cash expenses other than depreciation		
Sugar	342.00	—
Electricity	—	—
Industrial Alcohol	20.26	—
Potable Alcohol	—	—
Total	<u>362.26</u>	<u>—</u>

II. The Company does not have any Secondary Business Segments.

III. Significant Accounting Policies relating to Segment Reporting

- a. Business Segments are determined on the basis of the goods manufactured and in accordance with Accounting Standard 17.
- b. 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.
- c. Segment report is prepared in conformity with accounting policies adopted for preparing and presenting financial statements.

Notes to Financial Statements for the year ended 31-03-2012

NOTE C: OTHER INFORMATION

12. 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.

	<u>2011-12</u> Rs. Lakh	<u>2010-11</u> Rs. Lakh
Defined Contribution Plan		
Contribution to Defined Contribution Plan, recognised and charged off for the year are as under:		
Employer's contribution to Provident Fund	189.01	180.02
Employer's contribution to Superannuation Fund	31.52	30.52
Employer's contribution to Pension Scheme	101.78	123.58
Defined Benefit Plan:		
The Employees' Gratuity Fund Scheme managed by Life Insurance Corporation of India is a defined benefit plan.		
I. Assumptions: Mortality		
Interest / Discount Rate	8.17%	8.17%
Rate of increase in compensation	6.00%	6.00%
Rate of return (expected) on Plan Assets	9.30%	9.30%
Expected average remaining service	13.51	13.80
II. Changes in present value of obligations (PVO):		
PVO at the beginning of the period	1,694.80	1,404.15
Interest Cost	132.65	108.26
Current Service Cost	181.38	176.44
Past Service Cost (non vested cost)	—	—
Past Service Cost (vested cost)	—	94.09
Benefits Paid	(142.40)	(101.69)
Actuarial (gain) / loss on obligation	(105.11)	13.55
PVO at the end of the period	1,761.32	1,694.80

Notes to Financial Statements for the year ended 31-03-2012

NOTE C: OTHER INFORMATION

12. Disclosure with respect to AS-15

	2011-12 Rs. Lakh	2010-11 Rs. Lakh
III. Change in fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the period	914.00	824.00
Adjustment to Opening Balance	—	(0.01)
Expected Return on Plan Assets	83.04	77.25
Contributions	100.22	114.94
Benefit Paid	142.40	(101.69)
Actuarial gain / (loss) on Plan Assets	(0.28)	(0.48)
Fair Value of Plan Assets at the end of the period	954.57	914.00
IV. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the period	914.00	824.00
Adjustment to Opening Balance	—	(0.01)
Actual Return on Plan Assets	82.76	76.76
Contributions	100.22	114.94
Benefit Paid	142.40	(101.69)
Fair Value of Plan Assets at the end of the period	954.57	914.00
Funded Status	(806.75)	(780.80)
Excess of actual over estimated return on Plan Assets	(0.28)	(0.48)
V. Experience History.		
(Gain) / Loss on obligation due to change in Assumption	(55.79)	(4.92)
Experience (Gain) / Loss on obligation	(49.31)	18.46
Actuarial Gain / (Loss) on Plan of Assets	(0.28)	(0.48)
VI. Actuarial Gain / (Loss) Recognized		
Actuarial Gain / (Loss) for the period (Obligation)	105.11	(13.55)
Actuarial Gain / (Loss) for the period (Plan Assets)	(0.28)	(0.48)
Total Gain / (Loss) recognized for the period	104.83	(14.03)
Actuarial Gain / (Loss) recognized for the period	104.83	(14.03)
Unrecognized Gain / (Loss) at the end of the period	—	—

Notes to Financial Statements for the year ended 31-03-2012

NOTE C: OTHER INFORMATION	2011-12	2010-11
12. Disclosure with respect to AS-15	<u>Rs. Lakh</u>	<u>Rs. Lakh</u>
VII. Past Service Cost Recognised		
Past Service Cost (vested benefits)	—	94.09
Past Service Cost (non vested benefits)	—	—
Average remaining future service till vesting the benefit	—	—
Recognized Past Service Cost (non vested benefits)	—	—
Recognized Past Service Cost (vested benefits)	—	94.09
Unrecognized Past Service Cost (non vested benefits)	—	—
VIII. Amounts to be recognized in the Balance Sheet and statement of Profit and Loss		
PVO at the end of the period	1,761.32	1,694.80
Fair Value of Plan Assets at the end of the period	954.57	914.00
Funded Status	(806.75)	(780.80)
Unrecognized Actuarial Gain / (Loss)	—	—
Unrecognized Past Service Cost (non vested benefits)	—	—
Net Asset / (Liability) recognized in the Balance Sheet	(806.75)	(780.80)
IX. Expense recognized in the statement of Profit & Loss		
Current Service Cost	181.38	176.44
Interest Cost	132.65	108.26
Past Service Cost (non vested benefits)	—	—
Past Service Cost (vested benefits)	—	94.09
Unrecognized Past Service Cost (non vested benefits)	—	—
Expected Return on Plan Assets	(83.04)	(77.25)
Net Actuarial (Gain) / Loss recognized for the period	(104.83)	14.03
Expense recognized in the statement of Profit and Loss	126.16	315.58
X. Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	780.80	580.15
Adjustment to Opening Balance	—	0.01
Expenses as above	126.16	315.58
Contribution Paid	(100.22)	(114.94)
Closing Net Liability	806.75	780.80

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.

Notes to Financial Statements for the year ended 31-03-2012

NOTE C: OTHER INFORMATION

13. Disclosure of Related Parties and Related Party Transactions

I. Name of the Related Party over which control exists Nature of Relationship

- | | |
|---------------------------------------|-------------------|
| i. Ugar Consultancy Ltd. | Associate Company |
| ii. Ugar Theatres Private Limited | Associate Company |
| iii. Ugar Quality Packaging Pvt. Ltd. | Associate Company |

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

- | | |
|---|---|
| 1. Key Management Personnel (KMP) | Designation |
| i. Shri Prafulla Vinayak Shirgaokar | Executive Vice Chairman (Exc. VC) |
| ii. Shri Shishir Suresh Shirgaokar | Managing Director (MD) |
| iii. Shir Niraj Shishir Shirgaokar | Joint Managing Director (Jt. MD) |
| iv. Shri Chandan Sanjeev Shirgaokar | Joint Managing Director (Jt. MD) |
| 2. Relatives of Key Management Personnel | Nature of Relationship |
| i. Shri. Rajendra Vinayak Shirgaokar | Chairman & Mentor (C&M) & Brother of Exc. VC |
| ii. Sou. Smita Prafulla Shirgaokar | Wife of Exc. VC |
| iii. Sou. Vinita Mahesh Samant | Daughter of Exc.VC |
| iv. Sou. Shilpa Naval Kumar | Daughter of Exc.VC |
| v. Sou. Sindhu Vijay Dalvi | Sister of C&M & Exc.VC |
| vi. Sou. Savita Shishir Shirgaokar | Wife of MD |
| vii. Sou. Asawari Niraj Shirgaokar | Wife of Jt. MD -Shri. Niraj Shishir Shirgaokar |
| viii. Shri. Arjun Niraj Shirgaokar | Son of Jt. MD -Shri. Niraj Shishir Shirgaokar |
| ix. Sou. Puja Hrishikesh Pusalkar | Daughter of MD |
| x. Sou. Rekha Rajnikant Khedekar | Sister of MD |
| xi. Sou. Chitra Arun Dalvi | Sister of MD |
| xii. Smt. Radhika Sanjeev Shirgaokar | Mother of Jt.MD-Shri. Chandan Sanjeev Shirgaokar |
| xiii. Shri. Sohan Sanjeev Shirgaokar | Brother of Jt.MD-Shri. Chandan Sanjeev Shirgaokar |
| xiv. Sou. Geetali Chandan Shirgaokar | Wife of Jt.MD-Shri. Chandan Sanjeev Shirgaokar |

Notes to Financial Statements for the year ended 31-03-2012**NOTE C: OTHER INFORMATION****13. Disclosure of Related Parties and Related Party Transactions****3. Enterprises over which KMP or Relatives of KMP are able to exercise significant influence**

Name of the transacting related party	Nature of Relationship
i S. B. Reshellers Pvt. Ltd.	C&M,Exc.VC,MD, Jt.MD's & Brother of Jt.MD (Chandan Shirgaokar) are Directors
ii Shantaram Machineries Pvt. Ltd.	Exc.VC, MD & Brother of Jt.MD (Chandan Shirgaokar) are Directors
iii Sangli Fabricators Pvt Ltd	MD & Jt.MD (Chandan Shirgaokar) are Directors
iv Tara Tiles Pvt Ltd.	Exc.VC & MD are Directors
v Ugar Pipe Industries Pvt. Ltd.	Exc.VC,MD & Jt.MD (Chandan Shirgaokar) are Directors
vi Vinayak Shirgaokar Investments Pvt. Ltd.	Exc.VC & Jt.MD (Chandan Shirgaokar) are Directors
vii D.M. Shirgaokar Investments Pvt. Ltd.	Exc.VC, MD & Brother of Jt.MD (Chandan Shirgaokar) are Directors
viii Prafulla Shirgaokar Investments Pvt. Ltd.	Exc.VC, Wife of Exc.VC & Brother of Jt.MD (Chandan Shirgaokar) are Directors
ix Mohan Shirgaokar Investments Pvt. Ltd.	C&M, Exc.VC, MD, Wife of MD & Wife of Jt.MD(Niraj Shirgaokar) are Directors
x Shishir Shirgaokar Investments Pvt. Ltd.	MD, Wife of MD and MD's sons wife are Directors
xi Prabhakar Shirgaokar Investments Pvt. Ltd.	Exc.VC & MD are Directors
xii Suresh Shirgaokar Investments Pvt. Ltd.	C&M, MD & Jt.MD (Chandan Shirgaokar) are Directors
xiii Sanjeev Shirgaokar Investments Pvt. Ltd.	Jt.MD (Chandan Shirgaokar) & his Mother are Directors
xiv Synergy Green Industries Pvt. Ltd.	C&M,Exc.VC, Jt.MD's & Brother of Jt.MD (Chandan Shirgaokar) are Directors
xv M/s. Shirgaokar Brothers	MD, Exc.VC and Son of MD are Partners

Notes to Financial Statements for the year ended 31-03-2012

NOTE C: OTHER INFORMATION

13. Disclosure of Related Parties and Related Party Transactions

Sr. No.	Nature of Transaction	Associate Companies		Key Management Personnel		Relatives of KMP		Related parties referred to in 3 above		Total	
		2011-12 Rs. Lakh	2010-11 Rs. Lakh	2011-12 Rs. Lakh	2010-11 Rs. Lakh	2011-12 Rs. Lakh	2010-11 Rs. Lakh	2011-12 Rs. Lakh	2010-11 Rs. Lakh	2011-12 Rs. Lakh	2010-11 Rs. Lakh
1.	Remuneration Paid / Commission	—	—	272.28	68.76	5.25	18.43	—	—	277.53	87.19
2.	Sitting Fees	—	—	—	—	0.90	0.90	—	—	0.90	0.90
3.	Purchase of Sugarcane	—	—	8.72	8.89	7.83	—	—	—	16.55	8.89
4.	Purchase of Plant and Machinery	—	—	—	—	—	—	62.12	76.15	62.12	76.15
5.	Purchase of Other Items	16.64	47.26	—	—	—	—	—	—	16.64	47.26
5.	Sales - Others / Consultancy	3.02	3.25	—	—	—	—	43.37	10.42	46.39	13.67
6.	Deposits Received	—	—	33.02	33.02	134.83	150.83	1.30	1.30	169.15	185.15
7.	Deposits Refunded	—	—	33.02	33.02	134.83	134.90	1.30	17.30	169.15	185.22
8.	Interest Paid	—	—	3.30	3.57	13.42	13.30	0.12	0.97	16.84	17.84
9.	Dividend Received	0.36	1.22	—	—	—	—	—	—	0.36	1.22
10.	Dividend Paid	—	—	—	—	—	—	—	—	—	—
11.	Consultancy / Repairs / Others	20.27	24.12	—	—	—	—	87.23	31.18	107.50	55.30
12.	Rent Received	0.60	0.60	—	—	—	—	—	—	0.60	0.60
13.	Warehousing Charges/ Rent Paid	3.57	3.84	—	—	6.70	—	—	—	10.27	3.84
14.	Provision for Corporate Guarantee	299.90	—	—	—	—	—	—	—	299.90	—
15.	Advance against Capital Orders	—	—	—	—	—	—	50.00	—	50.00	—
16.	Advances given Written off	38.10	—	—	—	—	—	—	—	38.10	—
17.	Outstanding Balances as on 31-03-2012										
	Payables	8.48	6.85	154.38	36.70	140.69	154.19	1.30	1.30	304.85	199.04
	Receivables	—	20.88	—	—	—	—	93.16	7.82	93.16	28.70

Notes to Financial Statements for the year ended 31-03-2012

NOTE C: OTHER INFORMATION

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

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

Name of the Company	Loans & Advances		Investments	
	Outstanding as at 31-03-2012	Maximum Balance Outstanding during the year	(in Equity Shares) Amount Outstanding as at 31-03-2012	(in Preference Shares)
	Rs. Lakh	Rs. Lakh	Rs. Lakh	Rs. Lakh
Associates				
i. Ugar Theatres Private Limited	2.64	6.12	2.84	—
ii. Ugar Consultancy Ltd.	5.84	10.85	2.43	—
iii. Ugar Quality Packaging Pvt. Ltd.	—	38.10	31.25	100.00

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

16. Figures of the previous year have been regrouped / rearranged / recast where necessary.

17. Figures in the brackets pertain to previous year.

Signatures to Note C-1 to C-17

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

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

P. V. Shirgaokar
Executive Vice Chairman

B. G. Kulkarni
Company Secretary

Shishir S. Shirgaokar
Managing Director

R. V. Desurkar
Manager Finance

Place: Mumbai

Date: 15-05-2012

	2011-12	<i>2010-11</i>
KEY FINANCIAL RATIOS		
1. Debt Equity Ratio	1 : 0.40	1 : 0.69
2. Current Ratio	1 : 1	1 : 0.96
3. Revenue from Operations (Net of Excise) to Fixed Asset	1 : 1.64	1 : 1.52
4. Revenue from operations (Net of Excise) to Total Asset	1 : 0.72	1 : 0.72
5. PBIT to Revenue from Operations / Gross income		
a. PBIT to Revenue from Operations	8.68%	5.12%
b. PBIT to Gross Income	8.62%	5.09%
6. PAT to Revenue from Operations / Gross Income		
a. PAT to Revenue from Operations	2.60%	0.67%
b. PAT to Gross Income	2.58%	0.67%
7. Interest to Revenue from Operations / Gross Income		
a. Interest to Revenue from Operations	4.51%	4.48%
b. Interest to Gross Income	4.48%	4.45%

The Progress of Your Company for last 25 Years

Year Ending	Total Income Rs. Lakh	Reserves and Surplus Rs. Lakh	Fixed Assets Rs. Lakh	Rate of Dividend %	Cane Crushed MT	Sugar Produced Qtls
30th September						
1987	3,736.56	136.80	294.50	15%	566,521	629,375
1988	4,613.16	149.83	957.44	15%	682,555	733,310
31st March						
1990	8,453.19	319.69	763.30	18%	1,040,925	1,161,910
1991	7,816.78	313.62	737.07	20%	898,218	1,038,51
1992	10,085.33	348.17	816.27	20%	1,017,008	1,231,045
1993	10,232.46	402.13	835.98	20%	876,537	1,087,222
1994	11,978.27	427.93	797.40	20%	761,186	956,730
30th September						
1995	19,870.41	631.03	1,578.93	30%	1,178,846	1,446,350
1996	18,768.07	1,079.24	1,579.08	22.5%	1,393,790	1,537,975
1997	16,651.47	1,308.91	2,477.41	22.5%	947,340	1,105,039
1998	20,254.77	1,476.68	5,351.66	22.5%	1,130,355	1,310,645
1999	22,895.62	1,931.81	6,064.17	25%	1,399,603	1,551,260
2000	26,681.52	2,714.81	6,519.12	30%	1,425,023	1,716,100
2001	25,464.73	4,113.77	5,818.56	35%	1,189,443	1,482,057
2002	23,511.06	3,609.39	8,666.63	10%	1,222,416	1,432,455
2003	24,575.99	3,489.30	7,968.82	Nil	1,467,798	1,724,490
2004	20,287.75	4,201.60	8,043.91	30%	837,383	876,430
2005	29,822.75	4,815.51	7,402.30	20%	1,046,480	1,163,180
2006	48,197.14	5,402.95	10,664.00	20%	1,876,166	2,187,595
31st March						
2007	30,569.86	5,579.49	16,762.13	Nil	1,668,394	1,940,351
2008	38,257.74	6,513.81	21,241.75	20%	1,949,390	2,211,445
2009	41,556.72	9,246.67	21,581.40	25%	1,319,427	1,468,445
2010	56,651.44	7,243.02	19,615.01	Nil	1,575,618	1,786,430
2011	59,933.43	7,644.60	17,558.05	Nil	1,716,325	1,940,680
2012	66,306.29	9,026.96	15,721.77	25%	1,943,592	2,251,160

Notes:

1. 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 capitalization of reserves.
2. 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.
3. Dividend for the year ended 30-09-1995 includes interim dividend.
4. 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.
5. Figures relating to FY ended 2005-06, 2006-07 includes figures of Tasgaon and Phaltan and 2008-09, 2009-10, 2010-11 and 2011-12 includes figures of Jewargi unit.

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THE UGAR SUGAR WORKS LIMITED

Regd. Office: Mahaveernagar, Sangli-416 416

ATTENDANCE SLIP FOR 72ND ANNUAL GENERAL MEETING

Held on Saturday, the 4th day of August, 2012 at 11.00 a. m., at Rajmati Bhavan, 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 72nd Annual General Meeting of the Company to be held on Saturday, the 4th day of August, 2012 at 11.00 a. m., at Rajmati Bhavan, Sangli- 416 416.

Shareholder/Proxy's Signature: _____



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THE UGAR SUGAR WORKS LIMITED

Regd. Office: Mahaveernagar, Sangli- 416 416

PROXY FORM FOR 72ND ANNUAL GENERAL MEETING

Held on Saturday, the 4th day of August, 2012 at 11.00 a. m., at Rajmati Bhavan, 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 72nd Annual General Meeting of the Company
to be held on Saturday. the 4th day of August, 2012 at 11.00. a. m., at Rajmati Bhavan, Sangli- 416 416, and at any
adjournment thereof.

Signed this _____ day of _____ 2012.

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.

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