UTTAM SUGAR MILLS LIMITED

The Desire

To Excel

The Determination

To Deliver

15th Annual Report 2009-10

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Raj Kumar Adlakha	*(Managing Director)*
Rajan Adlakha	
Ranjan Adlakha	
Pasha Biswas	*(Whole time Director)*
V.S. Tandon	
R. Vasudevan	
P.S. Lalli	
G. S. Matta	
K. G. Sharma	*(Nominee Director-PNB)*
Satish Chandra	*(Nominee Director-IDBI Bank Ltd.)*

REGISTERED OFFICE

Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand - 247667
Tel. : 01332 - 229445
Fax : 01332 - 229194

CORPORATE OFFICE

A-2E, 3rd Floor, C.M.A. Tower, Sector – 24,
Noida - 201 301 (U.P.)
Tel. : 0120 - 4525000
Fax : 0120 - 4525015
E-mail : uttamsugarnoida@gmail.com
uttamnoida@gmail.com

AUDITORS

B.K. Kapur & Co.
Chartered Accountants

CHIEF - LEGAL AND CORPORATE AFFAIRS & COMPANY SECRETARY

G. Ramarathnam

BANKERS

Punjab National Bank
IDBI Bank Ltd.
Indian Overseas Bank
State Bank of India
Oriental Bank of Commerce

FACTORIES

Unit - 1 :
Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand - 247667

Unit – 2 :
Village Barkatpur,
Tehsil Nazibabad
District Bijnor (U.P.)

Unit – 3 :
Village Khaikheri,
Tehsil & District Muzaffarnagar (U.P.)

Unit – 4 :
Village Shermau,
Tehsil Nakur,
District Saharanpur (U.P.)

NOTICE OF 15TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 15th Annual General Meeting of the Members of Company will be held at the Registered office of the Company at Village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand on Wednesday, the 18th day of August, 2010 at 11.30 a.m. to transact the following business(s):-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, Profit & Loss Account for the financial year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram Singh Tandon, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Prabhkaran Singh Lalli, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s B. K. Kapur & Company, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**-

   "RESOLVED THAT Mr. Gurbachan Singh Matta, who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 12th September, 2009 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**-

   "RESOLVED THAT Mr. Satish Chandra, who was appointed under Section 260 of the Companies Act, 1956 as an additional cum Nominee Director of IDBI Bank Limited on the Board of the Company w.e.f. 15th April, 2010 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is not liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**-

   "RESOLVED THAT Mr. Krishan Gopal Sharma, who was appointed under Section 260 of the Companies Act, 1956 as an Additional cum Nominee Director of Punjab National Bank on the Board of the Company w.e.f. 15th April, 2010 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is not liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**-

   "RESOLVED THAT pursuant to section 255 of the Companies Act, 1956 the period of office of Mr. Pasha Biswas, Whole Time Director will be rotational and shall be liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**-

   "RESOLVED THAT pursuant to section 94 and all other applicable provisions, if any, of the Companies Act, 1956, and Articles of Association of the Company, the Authorised Share Capital of the Company be increased from Rs. 90,00,00,000 (Rupees Ninety Crores Only) to Rs. 1,15,00,00,000 (Rupees One hundred Fifteen Crores only) divided into:

   (a) 4,00,00,000 (Four Crores) Equity Shares of Rs. 10/- (Rupees Ten) each; and

   (b) 75,00,000 (Seventy Five Lacs) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each, by creation of 25,00,000 Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each."

   "RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be substituted by the following clause:-

'*V. The Authorised Share Capital of the Company is Rs. 1,15,00,00,000/- (Rupees One Hundred Fifteen Crores only) divided into 4,00,00,000 (Four Crores) Equity Share of Rs. 10/- (Rupees Ten) each and 75,00,000 (Seventy Five Lacs) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each*."

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

"RESOLVED THAT pursuant to section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the provisions of Memorandum and Articles of Association of the Company, the Board of Directors of the Company be and is hereby authorised to offer, issue and allot, in parts or in full 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs. 100/- each, either in one or more tranches for cash at par or premium, on such terms and conditions and to such persons, whether shareholders of the Company or not, as may be determined by the Board in its absolute discretion."

"FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things and accept any alteration(s) or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to the issue and allotment of the said preference shares, in such manner as may appear to the Board of Directors to be most beneficial to the Company."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:-

"RESOLVED THAT in partial modification of the previous resolution dated 22nd March, 2002 , 18th October, 2004, 8th July 2005 and 29th February, 2008 passed in this behalf, consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company (hereinafter called "The Board" and which term shall be deemed to include any committee, which the Board may constitute to exercise its power) of all the immovable and/or movable properties of the Company, wheresoever situate both present and future and/or whole or substantially the whole of the undertaking(s) of the Company to or in favour of any public financial institutions, Banks, Central Government, State Government or any other Lending Institutions participating in extending financial assistance, to secure any term loans, working capital facilities, debentures or any other type of financial assistance, not exceeding Rs. 1500 Crores (Rupees One Thousand Five Hundred Crores Only) lent and advanced/agreed to be lent and advanced by them, together with interest, compound interest, additional interest, liquidated damages, premia on pre-payment or on redemption, costs, charges, expenses or monies payable by the Company to them under loan agreements/letters of sanction/debenture trust deed etc".

"RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank pari passu with the mortgages and/or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the company and the Lending Institutions/ Banks."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalize and execute any and all agreements and documents, necessary for creating mortgages and/or charges as aforesaid and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board to be in the best interests of the Company".

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:-

"RESOLVED THAT in partial modification of the earlier resolutions passed by the Company in its Extraordinary General Meetings of the Members of the Company held on 7th November, 2000, 1st September, 2001, 18th October 2004, 8th July 2005 and 29th February, 2008 consent of the company be and is hereby accorded to the Board of Directors of the company (hereinafter called "The Board" and which term shall be deemed to include any committee, which the Board may constitute to exercise its power) pursuant to Sec. 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money, from time to time, at its discretion either from the Company's Bank or any other Banks, Financial Institution, Central Government, State Government, Body Corporate, Person, or any other Lending Institution, Public Deposits and/ or other deposits on such terms and conditions as may be considered suitable by the Board, notwithstanding that the money(s) to be borrowed together with the moneys already borrowed by the company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes provided however, the total amount so borrowed shall not exceed Rs. 1250 Crores (Rupees One Thousand Two Hundred Fifty Crores Only)."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as

may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board to be in the best interests of the Company".

By Order of the Board of Director of the Company
For UTTAM SUGAR MILLS LTD.

(G. RAMARATHNAM)
Chief – Legal and Corporate Affairs & Company Secretary

Place : Noida
Date : 29th June, 2010

NOTES:

1. Explanatory Statement setting out all material facts relating to special businesses contained in item Nos. 5, 6, 7, 8, 9, 10, 11 & 12 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of this meeting. A proxy shall not vote except on a poll. A proxy form is appended with the admission slip.
3. Corporate Members intending to send their authorized representatives to attend this General Meeting are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at this Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 17th August, 2010 to 18th August, 2010 (both days inclusive).
5. Members are requested to bring their copies of Annual Report to the Meeting.
6. Any query relating to Accounts must be sent to Company's Corporate Office A-2E IIIrd Floor, C.M.A. Tower Sector –24, Noida (U.P.) at least 10 days before the date of the meeting.
7. Members are informed that in the case of joint holders attending the meeting; only such joint holder whose name appears first in the order will be entitled to vote.
8. Members / Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
9. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Company's RTA.
10. Members who hold shares in physical form in multiple folios in identical name or joint holding in the same order of names are requested to send their share certificates to our RTA, for consolidation into a single folio.
11. Members are requested to always quote their Folio No. / Client ID & DP ID in all correspondence with the Company's Registrars and the Company. Members are also requested to notify any change of address to their Depository Participants. Members are requested to send all communications relating to shares to the Registrar and Share Transfer Agent of the Company at the following address :-

    Link Intime India Private Limited
    (Formerly Intime Spectrum Registry Limited)
    A-40, 2nd Floor, Naraina Industrial Area,
    Phase – II, New Delhi – 110 028.
    Tel.:- 011-41410592-93

Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment or re-appointment at the forthcoming Annual General Meeting

1. Mr. Vikram Singh Tandon

(a) Brief Resume and Nature of Expertise

Mr. Vikram Singh Tandon, aged 56 years, is a Chartered Accountant. He has an overall experience of over 26 years in the field of Finance, Accounts and Taxation. His core strengths are financial analysis and management and statutory and internal audit. He has worked on several financial feasibility reports for Sugar Development Fund

and Sugar Technology Mission. He was a member of Expert Committee constituted by the Government of India for rehabilitation of sick sugar units of Bihar State co-operative mills in 1997 and a member of the Expert Committee constituted by STM for rehabilitation of Khalilabad Sugar Mill in Uttar Pradesh in 2002. He has visited Fiji in January 2004 as a member of the expert team sent by GOI for revival of sugar industry in that country.

(b) Directorship held in other Companies

(i) Mukul Computer Services Private Limited

(c) Membership in committees in other Companies

Nil

(d) Shareholding in the Company

NIL

(e) Relationships between Directors Inter-Se

Mr. Vikram Singh Tandon is not related to any other directors of the Company.

2. Mr. Prabhkaran Singh Lalli

(a) Brief Resume and Nature of Expertise

Mr. Prabhkaran Singh Lalli aged 30 Years, is a partner in Lalli and Kakkar, Solicitors & Advocates, a legal firm based in New Delhi. He pursued Masters in Law at Oxford University with specialization in areas like Competition Law, Banking and Finance, International dispute settlement, WTO Dispute settlement etc. He is practicing in various Courts including High Court and appears in the Supreme Court of India and other Quasi - Judicial Bodies / tribunals like D.R.T., B.I.F.R., A.A.I.F.R., C.A.T. etc.

(b) Directorship held in other Companies

Nil

(c) Membership in committees in other Companies

Nil

(d) Shareholding in the Company

Nil

(e) Relationships between Directors Inter-Se

Mr. Prabhkaran Singh Lalli is not related to any other directors of the Company.

3. Mr. Gurbachan Singh Matta

(a) Brief Resume and Nature of Expertise

Mr. Gurbachan Singh Matta aged 62 years, is B.Sc (Hons.) and CAIIB. He is an ex-banker with over 39 years of experience. He was associated with Indian Overseas Bank since 1968 till 2005. In August 2005, he joined Punjab and Sind Bank and was promoted as Executive Director of the Bank in March 2006. He has also headed various committees for implementation of Basel II, Core Banking Solutions and Risk Management. He is also a visiting faculty at NIBSCOM (National Institute of Bank Studies and Corporate Management), Noida for lectures on various topics on the Banking Industry like Risk Management, Corporate Governance, Basel II norms, etc.

(b) Directorship held in other Companies

Solitaire Capital Trustees Private Limited

(c) Membership in committees in other Companies

Nil

(d) Shareholding in the Company

Nil

(e) Relationships between Directors Inter-Se

Mr. Gurbachan Singh Matta is not related to any other directors of the Company.

4. Mr. Satish Chandra

(a) Brief Resume and Nature of Expertise

Mr. Satish Chandra, aged 52 years, is B.Com. He is working with IDBI Bank Limited w.e.f. 05.02.1979 and presently designated as General Manager of IDBI Bank Limited. He has been appointed as Nominee Director on the Board of the Company as Nominee of IDBI Bank Ltd w.e.f. 15.04.2010.

(b) Directorship held in other Companies

Nil

(c) Membership in committees in other Companies

Nil

(d) Shareholding in the Company

Nil

(e) Relationships between Directors Inter-Se

Mr. Satish Chandra is not related to any other directors of the Company.

5. Mr. Krishan Gopal Sharma

(a) Brief Resume and Nature of Expertise

Mr. Krishan Gopal Sharma, aged 59 years, is B.Com (Hons), LL.B. & CA IIB. He started his carrier with Punjab National Bank in 1971 and he has worked in various branches and administrative office prominently as (i) Chief Manager of Industrial Finance Branch, Mumbai, (ii) Sr. Regional Manager, Banglore and (iii) Chief Representative of Shangai office of PNB. He has handled credit portfolio in Branches, Credit offices, Head office for more than 25 years. He is presently working as General Manager of Punjab National Bank. He has been appointed as Nominee Director on the Board of the Company as Nominee of Punjab National Bank w.e.f.15.04.2010.

(b) Directorship held in other Companies

Nil

(c) Membership in committees in other Companies

Nil

(d) Shareholding in the Company

Nil

(e) Relationships between Directors Inter-Se

Mr. Krishan Gopal Sharma is not related to any other directors of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED AND FORMING PART OF THE NOTICE

Item No. 5

Mr. Gurbachan Singh Matta was appointed on 12.09.2009 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. Gurbachan Singh Matta as Director of the Company.

None of the Director except Mr. Gurbachan Singh Matta is concerned or interested in this resolution.

Item No. 6

Mr. Satish Chandra has been nominated by IDBI Bank Ltd. as a Nominee Director on the Board as per CDR terms and conditions and has been appointed w.e.f. 15.04.2010 as an Additional cum Nominee Director of IDBI Bank Limited on the Board of the Company under Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. Satish Chandra as Director cum Nominee Director on the board of the Company.

None of the Director except Mr. Satish Chandra is concerned or interested in this resolution.

Item No. 7

Mr. Krishan Gopal Sharma has been nominated by Punjab National Bank as a Nominee Director on the Board as per CDR terms and conditions and has been appointed w.e.f. 15.04.2010 as an Additional cum Nominee Director of Punjab National Bank on the Board of the Company under Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. Krishan Gopal Sharma as Director cum Nominee Director on the board of the Company.

None of the Director except Mr. Krishan Gopal Sharma is concerned or interested in this resolution.

Item No. 8

As per section 255 of the Companies Act, 1956, not less than two-third of the total number of the Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation. Consequent upon appointment of Nominee Directors on the Board of the Company it has become necessary to change the period of office of Mr. Pasha Biswas, Whole Time Director of the Company from Non-rotational to Rotational Director of the Company in compliance of the section 255 of the Companies Act, 1956.

This Explanatory Statement together with the accompanying Notice may be regarded as an abstract of terms of contract or variations and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

None of the Director is concerned or interested in this resolution.

Item No. 9 & 10

In view of the cash losses incurred by the Company during the last three financial years, there will be fund requirement not only to finance the cash losses but also for other corporate needs of the company including redemption of existing Preference Shares. In order to meet this situation the Board is proposing to increase the Authorised Capital by creation of 25 Lacs Redeemable Preference Shares of Rs. 100/- each. These Redeemable Preference Shares will be issued to Promoter Group entities including their associates as and when required.

Accordingly, in the Item No. 9 it is proposed to increase the authorized share capital by creation of 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs. 100/- each and in the Item No. 10 authorization to Board of Directors of the Company to issue and allot Redeemable Preference Shares.

Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha and Mr. Ranjan Adlakha, Directors of the Company may be deemed to be concerned or interested in the said resolutions to the extent of Redeemable Preference Shares issued/allotted to them or their relatives/ other entities in which they are interested. No other Director of the Company is, in any way, concerned or interested the said resolutions.

Item No. 11

The shareholders of the Company have already authorised the Board of Directors under section 293(1)(a) of the Companies Act, 1956 to mortgage and/or charge the assets for various credit facilities upto limit of Rs. 1250 Crores. In view of the likely increase of the borrowings from the Banks/ Financial Institutions/ Sugar Development Fund and other lenders which would be required to be secured by way or mortgaging / charging in favour of the lenders over the Company's movable and immovable properties, present and future, the said limits need to be increased to Rs. 1500 Crores (Rupees One Thousand Five Hundred Crores Only). The consent of the members is, therefore, required by way of an Ordinary Resolution under section 293(1)(a) for mortgaging/ charges the assets of the Company.

None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 12

The shareholders of the Company have already authorised the Board of Directors under section 293(1)(d) of the Companies Act, 1956 to borrow monies upto Rs. 1000 Crores. In view of the cash losses incurred by the Company during the last three Financial Years and fund requirement for on going expansion/ diversification plan in respect ethanol project, co-generation of power it is felt that the total borrowings of the Company could exceed the limit fixed by the shareholders. The consent of the members is, therefore, required by way of an Ordinary Resolution under section 293(1)(d) of the Companies Act, 1956 to modify the authorisation to borrow monies to the extent of Rs. 1250 Crores (Rupees One Thousand Two Hundred Fifty Crores Only).

None of the Directors of the Company is concerned or interested in the said resolution.

By Order of the Board of Director of the Company
For UTTAM SUGAR MILLS LTD.

(G. RAMARATHNAM)
Chief – Legal and Corporate Affairs & Company Secretary

Place : Noida
Date : 29th June, 2010

Registered Office:
Village Libberheri, Tehsil Roorkee,
Distt. Haridwar, Uttarakhand

DIRECTORS' REPORT

The Shareholders of the Company,

Your Directors take pleasure in presenting their Fifteenth Annual Report together with the audited accounts for the period ended 31st March 2010.

FINANCIAL RESULTS

The financial results of the Company for the period ended on 31st March 2010 are as under:-

Details	*(Rs. in Lacs)* Period ended	
	31.03.2010 (15 Months)	31.12.2008 (15 Months)
Net Sales	**49,169.31**	37,508.21
Profit/ (Loss) before Depreciation and Tax	**(1,021.66)**	(786.09)
Less:		
Depreciation	**3,182.44**	2,962.27
Prior period items (Net)	**60.51**	5.11
Exceptional Items	-	2,556.51
Profit/ (Loss) before Tax	**(4,264.61)**	(6,309.98)
Less: Provision for taxation		
Current Tax	**6.49**	167.07
MAT credit	**(4.38)**	(137.27)
Deferred Tax (Credit) / Charge	**136.33**	(1,999.35)
Fringe Benefit Tax	**3.94**	35.31
Profit/ (Loss) after taxation	**(4,406.99)**	(4,375.74)
Add: Balance brought forward from Previous Year	**(1,662.59)**	2,713.15
Deficit transferred to Balance Sheet	**(6,069.58)**	(1,662.59)

REVIEW OF OPERATIONS

The financial results for the year 2009-10 and for the year 2007-08 are for a period of 15 months. During the period under review, your Company crushed 252.51 lacs quintals of sugarcane and produced 24.34 lacs quintals of Sugar at an average recovery rate of 9.64% as compared to 260.82 lacs quintals of sugarcane crushed and 24.87 lacs quintals of sugar produced at an average recovery rate of 9.54% in 2007-08. The production of molasses during 2009-10 was 13.01 lacs quintals as compared to 11.92 lacs quintals produced in 2007-08.

Your Company produced 1246.47 lacs KWH units of power. Out of total production your company exported 316.79 lacs KWH units to UPPCL/UPCL for a total amount of Rs. 1176.94 lacs.

CORPORATE DEBT RESTRUCTURING

As already mentioned in the last Annual Report, your company had approached the Banks for re-scheduling/ re-structuring of loans on account of losses suffered during the previous years. The re-structuring proposal under CDR Mechanism was referred to CDR Empowered Group and the same was approved. The restructuring package has been given effect in accordance with the approvals / sanctions received.

DIVIDEND

In the absence of profits during the current financial year, your Directors are unable to recommend any dividend for the period under review.

SUGAR SCENARIO

Sugarcane and sugar production in India follow a 6 to 8 year cycle, wherein 3 to 4 years of higher production are followed by 2 to 3 years of lower production.

In the current season due to lower availability of cane, sugar factories had to pay farmers substantially higher price of more than Rs. 250 per quintal — higher than the fair and remunerative price (FRP) of Rs. 129.80 per quintal and the state-administered price (SAP) of Rs 165 per quintal. Last year, the Government of India announced a new system of fair and remunerative Price (FRP) that would link the sugarcane prices with sugar price realization by the sugar mills. However, this was not accepted by the State Government which fixed their own SAP which was more than MSP/FRP due to political compulsions rather than market considerations. However, high sugar prices coupled with fears of lower cane crop compelled the sugar mill to pay much higher prices than the FRP or SAP. Although the sugar industry have been advocating for rationalization of cane pricing policy by linking it with domestic sugar prices, there is unlikely to be any action due to political compulsions.

On February 17, 2009, the Central Government relaxed the norms for duty free imports of raw sugar under the Advance Licensing Scheme (ALS) exempting future export commitments from actual user conditions for raw sugar imports during February 17, 2009 to September 30, 2009. However, on April 17, 2009, the Central Government allowed mills to import raw sugar at zero duty under the OGL. The Central Government also allowed select State Trading Enterprises (STEs) to import white sugar at zero duty. Subsequently, on July 31, 2009, the government further allowed duty free imports of white sugar by traders and processors till November 30, 2009. Through a series of notifications the Government of India extended the duty free imports of raw sugar and white sugar up to December 31, 2010. The Government of India has also exempted imported sugar both raw sugar and white sugar from the levy sugar obligation and market quota release system which is applicable to domestic industry.

AUDIT COMMITTEE

The Board of Directors has re-constituted the Audit Committee on 31st October, 2009 consisting of Mr. Ranjan Adlakha, Mr. G. S. Matta, Mr. V.S. Tandon and Dr. R. Vasudevan satisfying the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange.

ISSUE OF FURTHER CAPITAL

During the period under review, the Company obtained shareholders' approval in its Extra-Ordinary General Meeting held on 13.08.2009 for increase in Authorized Share Capital by creation of 50,00,000 Preference Shares of Rs. 100 each. Consequently, the Authorised Capital increased from Rs. 40 Crores to Rs. 90 Crores. Your Company allotted 41,60,000 6.50% Cumulative Redeemable Preference shares to entities forming part of Promoter group during the financial year.

Your company further proposes to increase the Authorised Capital from Rs. 90 Crores to Rs. 115 Crores by creation of 25 Lacs Redeemable Preference Shares of Rs. 100/- each for which Resolution has been proposed in the Notice.

RIGHTS ISSUE

Your Company has filed a Draft Letter of Offer with Securities Exchange Board of India (SEBI) for issue of 42,94,833 Equity Shares of Face Value of Rs. 10/- each (at a premium) to be offered to exiting equity shareholders on a rights basis in the ratio of 1(one) Equity Share for every 6(six) Equity Shares held. Your Company has received SEBI Observation letter dated 23rd December, 2009. The matter is under consideration of the Board of Directors.

DIRECTORS

Mr. Vikram Singh Tandon and Mr. Prabhkaran Singh Lalli, Directors of the Company are retiring by rotation at this forthcoming Annual General Meeting of the Company and are eligible for reappointment.

Mr. Gurbachan Singh Matta was appointed as an Additional Director of the Company during the period under review and holds office till this forthcoming Annual General Meeting. However, the Company has received requisite notice u/s 257 of the Companies Act, 1956 from a Shareholder proposing his candidature for the office of Director.

Mr. Satish Chandra and Mr. Krishan Gopal Sharma have been appointed as Nominee Directors of IDBI Bank Limited and Punjab National Bank respectively on 15.04.2010 as per CDR terms and conditions. Both directors were appointed as Additional-cum-Nominee Directors and hold office upto the date of ensuing Annual General Meeting. However, the Company has received requisite notices u/s 257 of the Companies Act, 1956 from two Shareholders proposing their candidature for the office of Director.

Mr. R. K. Agrawal was appointed as an Additional Director on the Board of the Company on 15.07.2009. However, Mr. Agrawal resigned w.e.f. 25.02.2010. The Board places on record its appreciation for the services rendered and valuable guidance provided by him during his tenure.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that:-

(i) in the preparation of annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies consulted the Statutory Auditors and have applied them consistently, and, made judgments 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 losses of the Company for that period;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

AUDITORS' OBSERVATIONS

Your Directors wish to clarify the various points as under :-

a) With reference to Managerial Remuneration it is clarified that the Company has paid Minimum Managerial Remuneration as per Schedule XIII Part II Section II(b) of the Companies Act, 1956. The payment of remuneration has been approved by the Remuneration Committee and also by the Shareholders in General Meeting. There have been delays in respect of repayment of installment/ payment of interest to Banks for continuous period of more than 30 days in some cases. Because of delays in some cases approval of the Central Govt. is being sought for payment of minimum remuneration.

b) Observation in Para 9(a) of annexure to report on statutory dues of Income Tax outstanding, it is clarified that the liability arose consequent to retrospective amendment relating to MAT provisions of Income Tax Act, 1961. In view of the cash losses incurred by the company in the last three financial years there has been liquidity problems. However, this outstanding dues will be paid as early as possible.

c) Observation in para 11 of annexure to the report relating to delays in the repayment of installment/ interest to the Banks, there has been liquidity problems due to cash losses incurred by the company during the last three financial years which resulted in the delays.

d) Observation in para 17 of the annexure to the report that short term funds have been used for long term investment viz. capital expenditure and repayment of loans, these are temporary phenomenon due to cash losses incurred by the company during the last three financial years.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance together with Certificate from a Practising Company Secretary forms part of the Annual report.

The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company has already paid the Listing fees for the Financial Year 2009-10 to both the Stock Exchanges.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT COST AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars in respect of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and out-go u/s 217(1)(e) of the Companies Act, 1956 are given in a separate Annexure "A" attached hereto and form a part of this Report.

EMPLOYEES

As required by the provisions of sub-section (2A) of Section 217 of the Companies Act, 1956 as amended, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are set out in Annexure "B" to the Director's Report.

AUDITORS

M/s B.K. Kapur & Co., Chartered Accountants, Ghaziabad Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from Auditors to the effect that their appointment if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

Industrial relations continued to remain cordial throughout the period under review.

PUBLIC DEPOSITS

The Company has not accepted any public deposits during the period under review.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the support received from the Shareholders, Central Government, Government of Uttarakhand and U.P., IDBI Bank Ltd., Indian Overseas Bank, Punjab National Bank, State Bank of India, Oriental Bank of Commerce and customers for their support and co-operation. Finally, your Directors acknowledge the dedicated services rendered by all the employees of the Company.

By Order of the Board
for UTTAM SUGAR MILLS LTD.

Place: Noida **(RAJ KUMAR ADLAKHA)**
Date : 29th June, 2010 Chairman of the Board

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE "A"

(A) CONSERVATION OF ENERGY

ENERGY CONSERVATION MEASURES

1) CIGAR was installed for utilize flash heat recovery.
2) The melt thickner (F.F.E.) was introduced for concentration of raw melt resulting saving in steam consumption.
3) Flash steam heat recovery from Blow down water of Boiler.
4) Installation of timers on mill rollers lubrication pumps operation resulting in saving lube oil pumping power and load on ETP.
5) Exhaust steam condensate collection and recycling which helped in saving of heat energy.
6) Installation of dosing pumps for effective process control.
7) Various drains are provided with steam trap to avoid steam wastage.
8) Installation of VFD at refinery section.
9) Juice Flow Stabilization – This system helps to control the juice flow according juice tank level, decide flow rate control the tank overflow and reduces the power consumption.
10) Spray and Injection VFD Control - This system controls the injection pressure and spray level automatically by variable frequency drive which resulted in energy saving measure.
11) V.F.D in refinery section at new reaction vessel motor with capacity of 7.5 KW instead of traditional starters this has resulted in energy saving.
12) Insulation of about 3500sq.meter provided in left over boiler area, 2100 HSA Body Evaporator, Exhaust and Vapour Lines, has reduced condensation losses and saved steam consumption and Bagasse.

The above measures have resulted in reduction in steam and power consumption

FORM A

Disclosure of particulars with respect to conservation of energy

I. Power and fuel consumption

Particulars	Period ended	
	31.03.2010 (15 Months)	31.12.2008 (15 Months)
1. Electricity		
a) Purchased units		
Units (KWH)	484182	800578
Total amount (Rs. Lakhs)	32.42	28.64
Rate per unit (Rs.)	6.69	3.58

Particulars	Period ended	
	31.03.2010 (15 Months)	31.12.2008 (15 Months)
b) Own generation		
i) Through diesel generator sets		
Units (KWH)	2013033	2283820
Units per ltr. of Diesel Oil	2.68	2.89
Total amount (Rs. Lakhs)	253.15	263.22
Cost/ unit (Rs)	12.58	11.53
ii) Through steam turbine		
Units (KWH)	124646665	90084925
Units per quintal of bagasse (cost/unit)	Steam produced by use of own bagasse	
2. Coal		
Quantity	NIL	NIL
Total Cost & Average Rate	NIL	NIL
3. Furnace oil (KL.)	NIL	NIL
Total Amount/Average Rate	NIL	NIL
4. Other / internal Generation (MT)		
Fire Wood		
Quantity (Qtls)	1037.45	940.70
Total Cost (Rs. Lacs)	3.39	2.18
Average Rate (Rs./Qtls)	326.99	231.37
Baggase (Purchased)		
Quantity (Qtls)	NIL	7515.45
Total Cost (Rs. Lacs)	NIL	7.85
Average Rate (Rs./Qtls)	NIL	104.45

II. Consumption per unit of production of sugar

Sugar Production (in Qtls.)	2433945	2487105
Electricity (KWH per Qtls. of Sugar)	37.89	36.22
Furnace Oil	NIL	NIL
Coal	NIL	NIL
Fire Wood (Per Qtls of Sugar)	0.0008	0.0007
Bagasse (Purchased) (KG. Per Ton of Sugar)	NIL	12.99

(B) TECHNOLOGY ADAPTATION & INNOVATION

The Company has not imported any technology for its plant. The Company is using well proved indigenous technology.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO (Rs. in Lacs)

Earnings	NIL	NIL
Outgo:-		
(i) Foreign Traveling	18.04	9.38
(ii) Capital Goods Advance	NIL	1660.32

By Order of the Board
for UTTAM SUGAR MILLS LTD.

Place: Noida
Date : 29th June, 2010

(RAJ KUMAR ADLAKHA)
Chairman of the Board

ANNEXURE "B"

Statement Pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Sl. No.	Name	Designation	Remuneration Received (Rs. in thousands)	Qualification	Age in Years	Experience in years	Date of commencement of employment	Particulars of last employment
1	Sh. Raj Kumar Adlakha	Managing Director	5415	B.E. (Mech)	54	30	01.09.2001	Whole Time Director-Uttam Industrial Engg. Ltd.

NOTES :

1. The appointment of Managing Director is contractual. Other Terms & Conditions are as per rules of the Company.
2. Sh. Raj Kumar Adlakha is related to Sh. Rajan Adlakha and Sh. Ranjan Adlakha, Directors.
3. Remuneration comprises salary and monetary value of perquisites.
4. Subject to the superintendence, control and direction of the Board of Directors of the Company, the Managing Director shall have substantial powers of the management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated / assigned to him by the Board of Directors/Committee of Directors from time to time.

By Order of the Board
for UTTAM SUGAR MILLS LTD.

Place: Noida
Date : 29th June, 2010

(RAJ KUMAR ADLAKHA)
Chairman of the Board

CORPORATE GOVERNANCE REPORT 2009 - 2010

1. Company's Philosophy on Corporate Governance

Uttam Sugar Mills Limited is committed to produce quality sugar and value added by-products and strives for continuous improvement in all its activities. Uttam Management strives to create long term value for its Shareholders. We also believe in good Corporate Governance which is essential for achieving long term corporate goals.

Your Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges. The details of compliance are as follows:-

2. Board of Directors

A. Composition of the Board: -

Name of Director(s)	Designation	Category
Sh. Raj Kumar Adlakha	Managing Director	Promoter / Executive
Sh. Rajan Adlakha	Director	Promoter / Non-Executive
Sh. Ranjan Adlakha	Director	Promoter / Non-Executive
Sh. Pasha Biswas	Whole Time Director	Non-Promoter / Executive
Sh. V.S. Tandon	Director	Independent
Dr. R. Vasudevan	Director	Independent
Sh. P.S. Lalli	Director	Independent
Sh. G. S. Matta[2]	Director	Independent
Sh. Satish Chandra[2]	Nominee-Director	Independent
Sh. Krishan Gopal Sharma[2]	Nominee-Director	Independent

B. Attendance at Board Meeting and last AGM and details of membership of Directors in other Boards and Board Committees:-

Name of Director(s)	No. of Board Meetings Attended	Last AGM Attended	No. of Other Directorships[1] and Committee Memberships/Chairmanships		
			Other Directorships	Committee Memberships	Committee Chairmanships
Sh. Raj Kumar Adlakha	12	Yes	4	2	2
Sh. Rajan Adlakha	10	No	4	—	—
Sh. Ranjan Adlakha	10	Yes	5	3	—
Sh. Pasha Biswas	10	No	—	—	—
Sh. V.S. Tandon	12	Yes	—	3	1
Dr. R. Vasudevan	12	Yes	—	3	2
Sh. P.S. Lalli	10	No	—	2	—
Sh. R. K. Agrawal[3]	7	N.A.	—	—	—
Sh. G. S. Matta[2]	2	N.A.	—	1	—
Sh. Satish Chandra[2]	—	N.A.	—	—	—
Sh. Krishan Gopal Sharma[2]	—	N.A.	—	—	—

1. Excludes viz. Private / Overseas Companies.

2. Sh. G. S. Matta has been appointed as Additional Director w.e.f. 12.09.2009. On 15.04.2010, Mr. Satish Chandra & Mr. Krishan Gopal Sharma have been appointed as Nominee Directors of IDBI Bank Limited and Punjab National Bank respectively.

3. Sh. R. K. Agrawal was appointed as Additional Director w.e.f. 15.07.2009, however, he ceased to be a Director w.e.f. 25.02.2010.

C. Details of the sitting fees paid to the Independent Directors for the year ended March 31, 2010:-

The Company paid sitting fees to all the Independent Directors for attending the meetings of the Board and / or committees thereof amounting to Rs. 5,60,000/-. The details are as under:-

S.No.	Name	Sitting Fee (Rs.)
1.	Sh. V. S. Tandon	1,80,000
2.	Dr. R. Vasudevan	1,80,000
3.	Sh. P.S. Lalli	1,00,000
4.	Sh. G. S. Matta	30,000
5.	Sh. R. K. Agrawal	70,000

D. Details of Board Meetings held during the year ended 31st March, 2010 :-

Date of Meeting	No. of Directors Present
27.02.2009	7
31.03.2009	7
30.04.2009	7
25.05.2009	4
22.06.2009	7
18.07.2009	8
31.07.2009	8
28.08.2009	7
05.09.2009	7
22.09.2009	9
31.10.2009	7
28.01.2010	7

- The time gap between any two meetings did not exceed four months.
- The last AGM was held on 25.05.2009.

E. Details of shareholding of Directors are as under:-

S.No.	Name of Director	Shareholding (Eq. Shares)
1.	Sh. Raj Kumar Adlakha	16,24,610
2.	Sh. Rajan Adlakha	3,67,010
3.	Sh. Ranjan Adlakha	14,92,550
4.	Sh. Pasha Biswas	Nil
5.	Sh. V. S. Tandon	Nil
6.	Dr. R. Vasudevan	Nil
7.	Sh. P.S. Lalli	Nil
8.	Sh. G. S. Matta	Nil
9.	Sh. Satish Chandra	Nil
10.	Sh. Krishan Gopal Sharma	Nil

3. AUDIT COMMITTEE

(I) TERM OF REFERENCE:-

The scope of functions and terms of references of the Audit Committee are as prescribed under section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

(II) COMPOSITION, NAME OF MEMBERS AND CHAIRMAN:-

The committee was re-constituted with effect from 31st October, 2009 by inducting Mr. G.S. Matta as a Member. The following Directors are the present members:-

S.No.	Name		
1.	Mr. V.S. Tandon	–	Chairman (Independent Director)
2.	Dr. R. Vasudevan	–	Independent Director
3.	Mr. G. S. Matta	–	Independent Director
4.	Mr. Ranjan Adlakha	–	Non-Executive/Promoter Director

(III) MEETING AND ATTENDANCE:-

During the Financial Year 2009-2010, 6 (Six) audit committee meetings were held on 27.02.2009, 30.03.2009, 30.04.2009, 29.07.2009, 30.10.2009 and 27.01.2010. The attendance of the members is as follows:-

S.No.	Name	Attendance
1.	Mr. V.S. Tandon	6
2.	Dr. R. Vasudevan	6
3.	Mr. Ranjan Adlakha	4
4.	Mr. G. S. Matta	1

Chief Financial Officer is a permanent invitee of the Audit Committee Meetings and representative of the Statutory Auditors of the Company is also invited to the Audit Committee Meetings.

The Company Secretary acts as secretary to the committee.

4. Remuneration of Directors

The Board of the Company has constituted a Remuneration Committee comprising the following Directors:

S.No.	Name		
1.	Dr. R. Vasudevan	–	Chairman (Independent Director)
2.	Mr. Prabhkaran Singh Lalli	–	Independent Director
3.	Mr. Ranjan Adlakha	–	Non-Executive / Promoter Director

During the Financial Year 2009-10, 1 (One) remuneration committee meeting was held.

Details of remuneration paid to Managing Director and Whole Time Director are given in Schedule 19(B) Serial No. 21 – Notes forming part of the Accounts.

5. Shareholders / Investors Grievance Committee

The Board constituted a Shareholders/ Investors Grievance Committee to look into redressal of Shareholders / Investors complaints regarding transfer and transmission of shares, non receipt of Balance Sheet and dematerialisation of shares and matters relating to issue of share certificates etc.

The committee comprised of three members viz. Dr. R. Vasudevan, Chairman; Mr. Ranjan Adlakha and Mr. Prabhkaran Singh Lalli. The Board of Directors has delegated the power of approving transfer of securities to the aforesaid Committee of Directors. The attendance of the members is as follows:-

S.No.	Name	Attendance
1.	Dr. R. Vasudevan	9
2.	Mr. Ranjan Adlakha	17
3.	Mr. Prabhkaran Singh Lalli	17

During the year 2009-10, 2 complaints were received from Shareholders / Investors, all of which were replied / resolved to the satisfaction of the Shareholders/ Investors. There was no outstanding complaint as at 31.03.2010.

Mr. G. Ramarathnam – Chief –Legal and Corporate Affairs & Company Secretary acts as Compliance Officer.

6. CEO/CFO Certification

Mr. Raj Kumar Adlakha, Managing Director and Mr. Sanjay Bhandari, Chief Financial Officer, have furnished a certificate relating to financial statements and internal controls and systems as per the format prescribed under Clause 49 of the Listing Agreement and the Board took the same on record.

7. General Body Meeting

Details of last three Annual General Meetings:

Meeting	Date	Venue of AGM	Time	Special Resolution Passed
12th AGM	28.03.2007	Air Force Auditorium, Subroto Park, New Delhi	10.00 a.m.	• Reappointment of Managing Director for a period of 3 years w.e.f. 1st September, 2006. • Revision in the Remuneration of Whole Time Director.
13th AGM	29.02.2008	Vill. Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand	12.00 Noon	• Further Issue of 1,40,00,000 Equity Shares of Rs. 10/- each.
14th AGM	25.05.2009	Vill. Libberheri,Tehsil Roorkee, Distt. Haridwar, Uttarakhand	12.00 Noon	• Reappointment of Managing Director for a period of 3 years w.e.f. 1st September, 2009.

8. Resolution passed through Postal Ballot

The Company has passed following two resolutions through Postal Ballot for the Preference Shareholders :-

(a) Regarding change in the terms & conditions of 6.5% Redeemable Cumulative Preference Shares providing for early redemption.

(b) Again by changing the terms & conditions of 6.5% Redeemable Cumulative Preference Shares to original terms & conditions.

Both the Postal Ballot exercises for the Pref. Shareholders were conducted by Sh. Naveen Kumar Rastogi, Company Secretary in Practice as a scrutinizer in a fair and transparent manner. The resolutions were passed in terms of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules 2001. On both the occasions, out of the total valid Postal Ballot received, 100% of the total votes were in favour of the resolutions.

9. Disclosure

a) There have been no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. which may have potential conflict with the interests of the Company at large.

b) There have been no instances of non -compliance with any of the legal provisions of law been made by the Company nor any penalty or strictures imposed by the stock exchange or SEBI or any other statutory authority on any matter related to the capital markets during the last 3 years.

c) The Company does not have a Whistle Blower Policy at present. No personnel have been denied access to the Audit Committee.

d) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Constitution of Remuneration Committee as per the Non-mandatory requirement has been complied with.

10. Means of Communication

The Company is publishing quarterly unaudited / annual audited financial results and notice advertisement in the “The Financial Express” and “Himachal Times” (vernacular language) regularly.

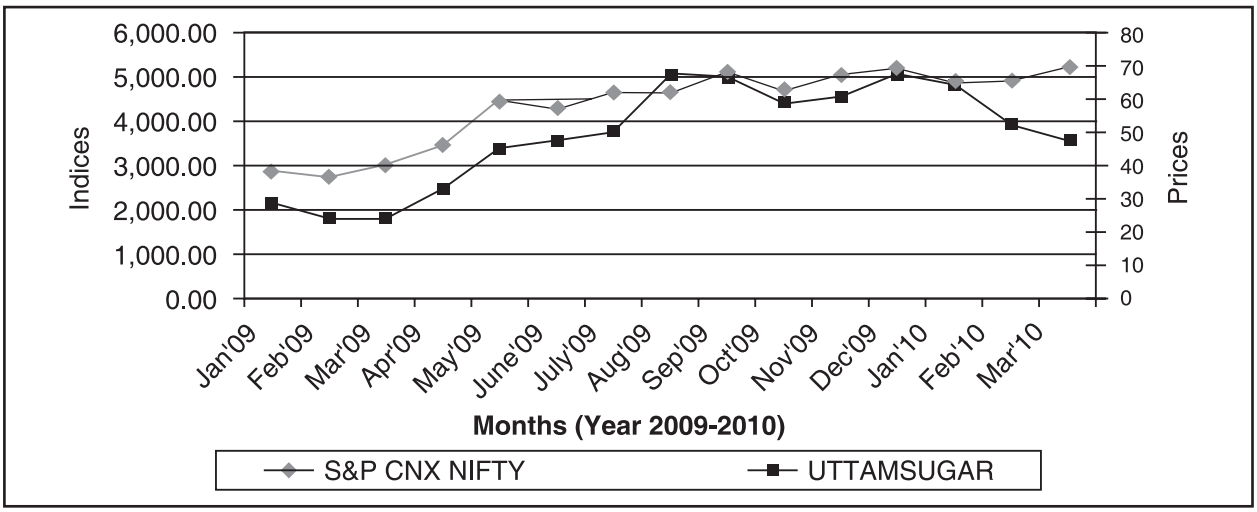
11. General Shareholder Information

i.	AGM Date, time and venue	18th day of August, 2010 at 11:30 a.m. Village Libberheri, Tehsil Roorkee,District Haridwar, Uttarakhand
ii.	Financial calendar 2010-11 **Results for quarter ending :** (a) 30th June 2010 (b) 30th September 2010 (c) 31st December 2010 (d) 31st March 2011 **Audited yearly results**	 On or before 14th day of August , 2010 On or before 14th day of November, 2010 On or before 14th day of February, 2011 On or before 15th day of May, 2011 Before end of 30th June, 2011
iii.	Book Closure Date	17th August, 2010 to 18th August, 2010
iv.	Dividend Payment Date	N.A.
v.	Listing on Stock Exchange	Bombay Stock Exchange Limited (BSE) 1st Floor, Phiroze, Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Note : Your Company has already paid the Listing fees to both the Stock Exchange for the F.Y. 2009-10 & F.Y. 2010-11
vi.	Stock Code Bombay Stock Exchange Limited National Stock Exchange of India Ltd	 532729 UTTAMSUGAR

vii. Market Price Data High/ Low during each month of the Financial Year 2009-10 (Bombay Stock Exchange)

Month	High (Rs.)	Low (Rs.)
January'09	36.45	26.05
February'09	29.95	23.90
March'09	25.50	20.20
April'09	36.95	24.45
May'09	47.80	33.60
June'09	56.00	42.10
July'09	52.60	37.10
August'09	80.20	48.05
September '09	78.50	62.20
October' 09	69.50	57.75
November' 09	66.00	53.55
December' 09	67.80	57.35
January'10	85.10	63.00
February'10	71.10	51.65
March'10	59.70	46.25

viii. Relative performance of Uttam Sugar's Share versus NSE Index



ix.	Registrars and Share Transfer Agents (for physical & demat shares)	Link Intime India Private Limited (Formerly Intime Spectrum Registry Ltd.) A-40, 2nd Floor, Naraina Industrial Area, Phase – II, New Delhi – 110 028. Tel. : 011-41410592-94 Telefax : 011-41410591, Email: delhi@linkintime.co.in
x.	Share transfer system	Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are complete in all respects.

xi. Distribution of Equity Shareholding as on 31st March, 2010

(i) Category of Equity Shareholders as on 31st March, 2010

S. No	Category of Shareholder	Total Number of Equity Shares	% of shares
(A)	**Shareholding of Promoter and Promoter Group**		
(1)	Indian		
(a)	Individuals/ Hindu Undivided Family	5673700	22.02
(b)	Bodies Corporate	14443451	56.05
(2)	Foreign	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)	**20117151**	**78.07**
(B)(1)	**Public Shareholding Institutions**		
(a)	Mutual Funds/ UTI	0	0.00
(b)	Financial Institutions/ Banks	560723	2.18
(c)	Central Government/ State Government(s)	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	0	0.00
(f)	Foreign Institutional Investors	60052	0.23
(g)	Foreign Venture Capital Investors	0	0.00
	Sub-Total (B)(1)	**620775**	**2.41**

S. No	Category of Shareholder	Total Number of Equity Shares	% of shares
(B)(2)	**Non-Institutions**		
(a)	Bodies Corporate	859746	3.34
(b)	Individuals :		
(i)	Individual Shareholders holding nominal share capital up to Rs. 1 lakh	3309818	12.84
(ii)	Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	652445	2.53
(c)	Any others :		
(i)	Trust	20	0.00
(ii)	HUF	117837	0.46
(iii)	Non Resident Indians	65579	0.25
(iv)	Clearing Members	25629	0.10
	Sub-Total (B)(2)	**5031074**	**19.52**
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**5651849**	**21.93**
	TOTAL (A) + (B)	**25769000**	**100.00**

(ii) Distribution of Equity Shareholding as on the 31.03.2010

Sl. No.	No. of Equity Shares held	Shareholders holding shares in each category		No. of shares held in each category		% of Equity Capital held in each category	
		No.	%	Physical Form	Demat Form	Physical Form	Demat Form
01.	1 to 2500	22023	88.001	835	13860250	0.003	5.379
02.	2501 to 5000	1674	6.689	–	644351	–	2.500
03.	5001 to 10000	759	3.033	–	594796	–	2.308
04.	10001 to 20000	295	1.179	–	426604	–	1.655
05.	20001 to 30000	93	0.372	–	229652	–	0.891
06.	30001 to 40000	35	0.140	–	123221	–	0.478
07.	40001 to 50000	28	0.112	–	129453	–	0.502
08.	50001 to 100000	58	0.232	–	428576	–	1.663
09.	100001 and above	61	0.244	1621320	20184167	6.292	78.327
	TOTAL	**25026**	**100.000**	**1622155**	**24146845**	**6.295**	**93.705**
	Net Total both columns				**25769000**		**100.000**

xii. Dematerialization of shareholding and liquidity	93.705% of total equity share capital is held in dematerialized form with NSDL and CDSL.
xiii. Plant locations	**Unit - I** Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand **Unit - II** Village Barkatpur, Tehsil Nazibabad,District Bijnor, U.P. **Unit - III** Village Khaikheri, Tehsil & District Muzzafarnagar, U.P. **Unit - IV** Village Shermau, Tehsil Nakur, Distt: Saharanpur, U.P.
xiv. Address for correspondence	**Registrar & Share Transfer Agent** (For Dematerialisation in Share Transfer related query) Link Intime India Private Limited (Formerly Intime Spectrum Registry Ltd.) A-40, 2nd Floor, Naraina Industrial Area, Phase – II, New Delhi – 110 028. Tel. :- 011-41410592-94 Telefax :- 011-41410591 **Company** (For Annual Report and any other related matters) Company Secretary Uttam Sugar Mills Ltd. A-2E, IIIrd Floor, C.M.A. Tower, Sector – 24, Noida (U.P.)

12. Disclosure regarding shares in suspense account

(a)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	*No of Shareholder* : 08, *No of outstanding Shares* : 199 Equity Shares
(b)	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	Nil
(c)	Number of shareholders to whom shares were transferred from suspense account during the year	Nil
(d)	aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	*No of Shareholder* : 08, *No of outstanding Shares* : 199 Equity Shares
(e)	that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	We confirm that voting rights on these outstanding shares has been frozen.

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Uttam Sugar Mills Limited
Uttarakhand.

We have examined the compliance of conditions of Corporate Governance by **Uttam Sugar Mills Ltd.** for the period ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 the corporate governance. It is neither an audit nor expression of opinion on the financial statements of the Company.

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

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

For N.K. RASTOGI & ASSOCIATES
Company Secretaries

NAVEEN K. RASTOGI
Proprietor
C.P. No. - 3785

Place : Noida
Date : 29th June, 2010

DECLARATION FOR COMPLIANCE OF CODE OF CONDUCT

The Shareholders,

I, Raj Kumar Adlakha, Managing Director, hereby declare that all the Board Members and Senior Management personnel have affirmed compliance with code of conduct of the Company during the financial year 2009-2010

Place : Noida
Date : 29th June, 2010

(RAJ KUMAR ADLAKHA)
Managing Director

CEO/CFO CERTIFICATION – FINANCIAL YEAR ENDED 31.03.2010

We, Raj Kumar Adlakha, Managing Director and Sanjay Bhandari, Chief Financial Officer of the Uttam Sugar Mills Ltd. hereby certify that :-

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might 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) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

i) significant changes in internal control over financial reporting during the year;

ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii) there are no instances of significant fraud of which we 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.

For UTTAM SUGAR MILLS LIMITED

Place : Noida
Date : 29th June, 2010

(RAJ KUMAR ADLAKHA)
MANAGING DIRECTOR

(SANJAY BHANDARI)
CHIEF FINANCIAL OFFICER

MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present its Management Discussion and Analysis Report as per Clause 49 IV (F) of the Disclosure guidelines for Corporate Governance.

1. INDUSTRY STRUCTURE & DEVELOPMENTS

Global Sugar Industry Scenario

As per Quarterly Market Outlook of International Sugar Organization (ISO) released in May 2010, the main change in sugar fundamentals has been an unexpected improvement in sugar production in India. **World production** for the season is estimated at 158.189 mln. tonnes, raw value, up 4.23% from the last season. **World consumption** is expected to grow at a rate significantly lower than the long-term 10 years average (1.66% and 2.64%, respectively) due to extremely high world market prices in the second half of 2009 and the first two months of 2010 as well as some lingering impacts of the 2008/09 global recession on sugar consumption growth rates.

The ISO expects sugar production during the next crop cycle to increase in Brazil, India, Mexico, FSU countries etc., but assumes a decrease in beet sugar output in the EU. This will likely bring a world sugar surplus of about 2.5 mln tonnes. Looking further ahead, world production and consumption may be neatly balanced in the following 2011/12 crop cycle with a further growth in Brazil's sugar output.

Since February, world market prices have fallen abruptly. The ISA daily price collapsed from 27.37 cents/lb at the beginning of February to 14.45 cents/lb only on 7th May, the lowest daily quotation since April 2009. Thus, during the three months in question raw sugar prices have lost more than 47% of their value. The price fall was equally stunning in the case of white sugar.

A summary of the revised world sugar balance in 2009-10 as per ISO Quarterly market outlook published in May 2010, is as under:-

World Sugar Balance (million tonnes, raw value)

	2009/10	2008/09	Change	
			in Million tonnes	in %
Production	158.189	151.769	6.420	4.23
Consumption	166.701	163.983	2.718	1.66
Surplus / Deficit	-8.512	-12.214		
Import demand	52.896	50.167	2.729	5.44
Export availability	52.288	49.216	3.072	6.24
End Stocks	52.772	60.676	-7.904	-13.03
Stocks/Consumption ratio in %	31.66	37.00		

Source: *ISO quarterly market outlook, May 2010*

Faster Growth in World Sugar Consumption

World consumption of sugar is forecast to increase by 2.1 per cent in 2010-11 to almost 170 million tonnes. Nevertheless, relatively high sugar prices in 2010-11 are expected to keep growth of world sugar consumption below the 10-year average of 2.7 per cent.

GLOBAL MANUFACTURE OF ETHANOL

Global fuel ethanol production and consumption in 2010 is forecasted to grow by around 12%, reaching 82.4 bln litres. This is a similar rate of growth to that of last year but still far below the average growth of 28% over the prior 3 years. There are new and expanding consumption mandates in the US, several countries in Central and South America, and the EU. Brazil's ethanol output is expected to rebound considerably after having contracted in the past campaign for the first time in 10 years.

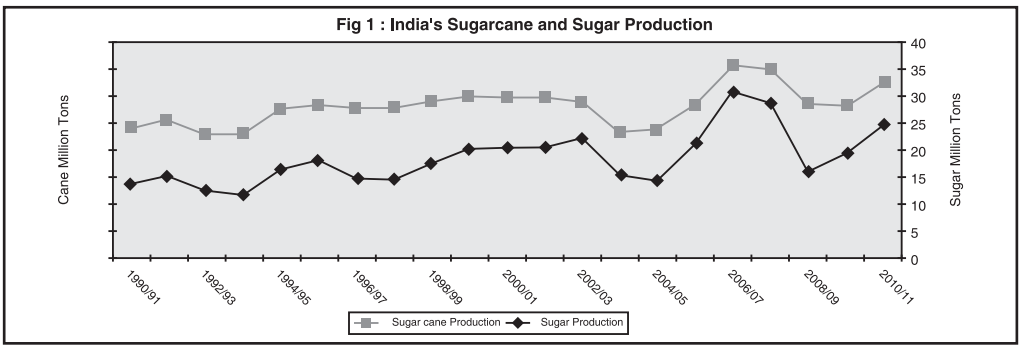
GLOBAL PRODUCTION OF MOLASSES

Prices are now at low level which points towards a boosted molasses production as a consequence of a likely higher global sugar production after two years of global deficit.

INDIAN PERSPECTIVE OF SUGAR INDUSTRY

(as per USDA Sugar Annual Report)

Production:



Sugarcane and sugar production in India typically follow a 6 to 8 year cycle, wherein 3 to 4 years of higher production are followed by 2 to 3 years of lower production. After two consecutive years of declining sugar production (MY 2007/08 and 2008/09), production resurged in MY 2009/10, and is set to gain strongly in the upcoming MY 2010/11.

Based on normal rainfall forecast during the 2010 and on expected improved sugarcane supplies due to higher cane planting and yields, Indian sugar production is forecast to recover to 25 million tonnes in 2010-11 (including 435,000 tons of *khandsari* sugar), an increase of 6.3 million tonnes over 2009-10. *Gur* production is forecast lower at 5.6 million tons compared to 6.6 million tons last year on expected weak prices.

Relatively strong cane prices *vis-a-vis* last year and also compared to competing food crops (rice, wheat, pulses) during 2009/10 will support higher cane acreage, which is forecast to increase by 13 percent to 4.8 million hectares. Assuming normal monsoon and subsequent weather conditions, yields are expected to improve over last year's adverse weather impacted crop.

High sugar prices and speculation on lower cane crop resulted in sugar mills offering substantial increase in cane prices to farmers compared to last year. The higher cane prices by the sugar mills coupled with relatively weak *gur* prices *vis-a-vis* sugar limited the diversion of sugarcane for production of *gur* during the peak crushing season.

Consumption:

Sugar consumption in MY 2010/11 is forecast to increase to 24.5 million tons as a result of improved domestic supplies and strong demand – fuelled by a growing population and continued growth in economy. Bulk consumers such as bakeries, makers of candy and local sweets, and soft-drink manufacturers account for about 60 percent of mill sugar demand. Most of the *khandsari* sugar is consumed by local sweets manufacturers. *Gur* is mostly consumed in rural areas for household consumption and feed use.

Prices

Despite various measures taken by the Government of India (GOI) to control sugar prices, sugar prices escalated during calendar year 2009 on fears of short domestic supplies and strong international sugar prices. Sugar prices have eased significantly since February 2010 on improved expectations of domestic production in MY 2009/10 and forecast higher production in MY 2010/11. March end sugar prices in major domestic wholesale markets ranged from $685 to 745 per ton, about 17 percent lower than peak prices in January, 2010. Prices have reduced since then and are presently hovering around US$ 500 per ton.

Stocks

The MY 2010/11 ending stocks are forecast higher at 5.36 million tons compared to 3.98 million tons for MY 2009/10 ending stocks, both well below the normal acceptable stock levels of the three-month consumption requirement.

Trade Policy

Forced by the severe domestic shortages and abnormally high sugar prices since beginning of 2009, the GOI took several measures to relax import restrictions to augment domestic supplies.

On February 17, 2009, the government relaxed the norms for duty free imports of raw sugar under the advance licensing scheme (ALS) exempting future export commitments from actual user conditions for raw sugar imports during February 17, 2009 to September 30, 2009. On April 17, 2009, the government allowed mills to import raw sugar at zero duty under the open general license (no future export commitments). The government also allowed select state trading enterprises (STEs) to import white sugar at zero duty. Subsequently, on July 31. 2009, the government allowed duty free imports of white sugar by traders and processors until November 30, 2009.

Through a series of notifications, the GOI has extended the duty free imports of raw sugar and white sugar up to December 31, 2010. The GOI has also exempted imported sugar, both raw sugar and white sugar, from the levy sugar

obligation and the market quota release system, applicable to domestic sugar. With the sugar prices easing, there is an increasing pressure from the local industry to re-impose the import duties on white and raw sugar, and reverting back to the old import policy regime. Currently, the GOI does not allow exports of sugar or provide any export incentive (transport subsidy) for sugar.

Sugarcane Production and Pricing Policy

The GOI establishes a minimum support price (MSP) for sugarcane on the basis of recommendations by the Commission for Agricultural Costs and Prices (CACP) and after consulting State Governments and associations of the sugar industry and cane growers. Last year the GOI announced a new system of fair and remunerative Price (FRP) that would links the cane prices with sugar price realization by the sugar mills. Several state governments further augment the MSP/ FRP, typically by 20-25 percent, due to political compulsions rather than market pricing.

Sugar mills are required to pay the "state advised price (SAP)" to sugarcane farmers irrespective of the market price of sugar. However, high sugar prices coupled with fears of lower cane crop encouraged the sugar mills to pay much higher prices than the FRP or SAP in most of the growing states. Although the local industry has been advocating rationalization of cane pricing policy by linking it with domestic/world sugar prices, industry sources do not expect any downward revision of FRP in the coming years if the sugar prices decline given the political clout of the farmers lobby.

Current Trends & Developments

As per news reports, with production surging, fortunes of the sugar industry have changed dramatically. Sugar companies, which were expected to make bumper profits because of soaring sugar prices — Rs 41.15 per kg in January 2010 — are in news for different reasons. Ever since scaling a peak in January, prices have corrected by almost 33.5 per cent to Rs 28 per kg. This is also one of the reasons why most sugar companies have seen a sharp decline in their share prices.

Downturn in sugar cycle

Further, Sugar prices appear to have corrected both globally as well as in the domestic market. According to the ISO, the world sugar market could see surplus stocks of 2.5 million tonnes in the forthcoming season in 2010-11 and the deficit phase is expected to end.

The government forecasts that the production in the next season will be around 22-23 million tonnes of white sugar, as against 18.5-19.0 million tonnes estimated in 2009-10. As against these projections, many industry analysts estimate that white sugar production will be as high as 26 million tonnes. Apart from India, surplus production is also expected in other key producing nations like Brazil, China and Mexico.

Impact

In the current season, due to less availability of cane, sugar producers reportedly paid farmers about Rs 250 per quintal — higher than the fair and remunerative price (FRP) of Rs 129.8 per quintal and the state-administered price (SAP) of Rs 165 per quintal. Stabilization of sugar prices at current levels will be crucial for containment of losses to sugar companies, as well as resultant impact of higher arrears, which will finally affect the farmers.

The road ahead

Analysts believe that this is also one of the reasons that sugar companies are asking the government to levy duty on cheap imported sugar. For instance, even a 20 per cent import duty on sugar will give a landed cost of approximately Rs 29 per kg, which is close to the domestic price and will therefore help to stabilise it.

Ethanol Manufacture

India is the fourth largest ethanol producer after Brazil, the United States and China. Ethanol is produced by the fermentation of molasses in India, a by-product of sugar. 88 lbs of molasses is produced from one ton of cane, from which about 10 liters of ethanol can be obtained. If the sugarcane is directly and fully used in ethanol manufacturing, the yield of ethanol is 70 liters/ton.

The government decided to amend the Sugar Development Fund Act, 1982 enabling financial assistance for production of ethanol and co-generation of power from bagasse. In January 2003, the government launched a program to mandate the blending of 5% ethanol in gasoline in 9 states and 4 union territories. In the second stage, it aimed to supply ethanol-blended gasoline across the country and in the third stage, to increase the ethanol-blending ratio from 5% to 10%. The government-owned Sugar Development Fund is offering subsidized loans up to 40% of the project cost for setting up ethanol production facilities (using molasses and sugarcane). However, with the fall in crude oil prices, the Government plans for E10 blending have been kept in abeyance. Nevertheless, keeping in mind the volatility of crude oil prices, the demand for ethanol is expected to remain firm and in the long term become remunerative. Your Company has, therefore, planned to complete its existing ethanol distillery project and make it operational during the next Sugar Season.

Co-generation

As per informed sources, a target for addition of 1,700 MW capacity, consisting of 500 MW of biomass power projects

and 1,200 MW of bagasse cogeneration projects has been proposed during the country's XIth plan period (2007-2012). A cumulative biomass power potential of about 18,000 MWs from the surplus agro residues have been estimated in the country. Sugar mills with a crushing capacity of 2,500 tons per day in Maharashtra, Uttar Pradesh, Tamil Nadu, Karnataka, Andhra Pradesh, Bihar, Gujarat, Punjab and Haryana have an estimated potential of about 5,000 MW surplus power generation through optimum bagasse-based co-generation.

2. OPPORTUNITIES & THREATS

Opportunities:

- Utilization of downstream by-products.
- Huge potential for increasing the High yielding cane crop to increase sugar recovery rate.
- Potential for new and upgrading Technology for improved utility consumption factors and utilization of by-products.
- Potential for added incentive for Certified Emission Reduction (CER) under Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC).
- Potential for downstream production of Ethanol.

Threats

- Vulnerability of sugar sector to inflation & unfavourable regulatory policies.
- Threats of banning futures in Sugar.
- Deteriorating quality of soil due to overuse of fertilizer and pesticides.
- Unhealthy competition between mills relating to cane acquisition.

3. RISKS AND CONCERNS

Given below is a list of the Industry Drivers pertaining to the Sugar Industry.

Industry Drivers

External factors

1. Availability of sugarcane
2. Sugarcane prices
3. Government Policy
4. Sugar Prices

Internal factors

1. Plant size and location
2. Plant efficiency
3. Value addition from by-products
4. Financial Management

KRC research

Sugar industry being agro based is vulnerable to commodity cycles and is hence, fraught with several risks. Given below is a discussion on the risks as perceived by the Management. The list is not exhaustive and meant for information purpose only for Investors who are requested to rely on their own judgement while assessing the risks associated with the Sugar Industry and your Company.

a) Raw material risk - Sugarcane is the principal raw material used for sugar production. Its availability, quality, growth and cost are affecting factors. These are in turn impacted by uncontrollable factors such as:-

- the area under sugarcane cultivation;
- availability of water;
- Adverse weather conditions, crop disease and pest control;
- Availability of better and higher yielding seeds;
- Shifting of farmers' preference to other crops;
- Diversion of sugarcane to other industries like Gur, khandsari etc.;
- Diversion of sugarcane to other mills in neighbouring areas in contravention to central guidelines;
- Adequacy of harvesting and seasonal unskilled labour;
- Un-remunerative cane procurement price;
- High Local and State level taxes

Risk mitigation

This risk can be mitigated by steps such as Government encouragement for the Promotion of various irrigation schemes such as Lift Irrigation, Drip Irrigation, improved canal system etc.; Cane Development schemes through SDF and Bank Loans; Improved Infrastructure for roads and communication; Provision of better quality and higher yielding seeds as well as fertilizers and pesticides; Prompt clearance of the cane dues of farmers and steps to

improve their goodwill by adoption of social development measures such as establishing schools and dispensaries in the command areas etc.; Permitting mills to import Raw sugar to alleviate the cane shortage; Diversifying into multiple locations etc.

b) Regulatory Risks –

i. Environmental Risks

The Industry & Company is subject to environmental regulations and may be exposed to liability as a result of our handling of hazardous materials and potential costs for environmental compliance.

ii. Government policy related Risks

The Industry is regulated and your Company operates in a regulated environment. Central and State Government policies and factors such as:-

- State Advised Price (SAP) and Statutory Minimum Price (SMP) for sugarcane;
- Control on sale of Molasses;
- Imposition of Levy Obligation (presently 10%) at very low price which is not subsidized by the Union Government;
- Monthly release mechanism of Central Government which has an adverse impact on the free sugar trade;
- Imposition of stock limits on sugar dealers;
- Higher weightage of sugar (3.63%) in Wholesale Price Index vis-à-vis with other commodities such as Wheat (1.38%); etc. affect the agricultural sector and related industries and in turn our operations and profitability.

Risk mitigation

The regulatory risks listed above are Government policy driven and beyond Company's control and cannot be alleviated unless the industry is completely decontrolled. Every effort is made to conform to regulatory requirements while judicial recourse is made when warranted.

c) Sugar Price risk - Sugar prices in the Domestic and International markets depend primarily on the supply and demand situation. Global prices influence and affect the domestic prices directly even though Levy Sugar Price is regulated and sale of Molasses controlled by the respective States. Fluctuations in demand and supply arise on account of the changes in the availability and price of sugarcane, variances in the production capacities of our competitors, availability of substitutes for the sugar products and international demand and supply position.

Risk mitigation

Your Company is unable to mitigate this risk since one does not have any control on the market forces and the regulatory prices. The wholesale price of sugar has a significant impact on our profits. Like other agricultural commodities, sugar is subject to price fluctuations resulting from weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our control. Additionally, 15% to 30% of the total Global sugar production is traded on commodity exchanges which are speculative in nature and can adversely affect the global sugar prices and in turn the operations of your Company.

However, your Company is trying to reduce the impact of this risk by foraying into newer markets, entering the export market, more value addition by concentrating on downstream projects, increasing the quality and volume etc.

d) Cyclical Risk – The industry is dependent on monsoons for both production and price realisation. Moreover, switching to other crops by cane growers on account of better returns affect the Industry.

Risk mitigation

Your Company is unable to mitigate this risk since one does not have any control on the cyclical nature of the industry. However, Governmental initiatives to improve the irrigation by introducing various schemes as well as improvement in the distribution system by augmentation of the Canal Irrigation and tapping of the available surpluses of water are expected to mitigate this risk significantly.

e) Finance Risk – The Industry is dependent on the availability of timely working capital at competitive interest rates and Long Term Finance for capacity enhancements / economic size of mills as well as for the manufacture of by-products.

Risk mitigation

Your Company enjoys a good and sound reputation with the Banks and Financial Institutions since it has always been prompt and regular in the settlement of its dues. Nevertheless, due to unfavourable market situation which has been outside the control of the Company, the Management has decided to request its financial debtors for rescheduling its obligations and funding the applied and applicable interest. Through these measures, your Company is hopeful of meeting its commitments to all the concerned sections – investors, debtors as well as farmers and suppliers. Your Company moreover, is constantly keeping its options open for lowering the cost of its debt.

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Broadly, the areas of operation have been classified as Procurement, Manufacture, Marketing and Finance, in the functioning of which, various checks and control systems have been incorporated as Standard Operating Procedures. Even though they are considered adequate to reasonable safeguard its interests, a continuous review is undertaken for further improvement since the management gives lot of emphasis on continuous up gradation of business processes and adherence to the designed system and processes.

Moreover, there is an adequate and effective internal audit system in place in your Company that employs periodic checks on the various systems and on-going process. The Audit Committee of the Board of Directors of your Company comprising of reputed professionals, regularly reviews the effectiveness of internal control system and suggests changes wherever necessary, to ensure due and proper compliance with applicable laws, accounting standards and regulatory guidelines presently in vogue.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE (OPERATIONS)

The comparative operational figures of the Company for the last three seasons are given below:

(in lacs quintals)

	SEASON 2009-10					SEASON 2008-09					SEASON 2007-08				
	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAl
CAPACITY (TCD)	6250	7000	4500	6000	**23750**	6250	7000	4500	5000	**22750**	6,250	7,000	4,500	5,000	**22,750**
CANE CRUSHING	57.95	64.24	32.00	49.17	**203.36**	25.10	46.64	21.73	29.12	**122.59**	54.87	69.37	33.22	47.92	**205.38**
RECOVERY (%)	9.43	9.25	9.63	9.25	—	9.40	9.25	9.43	8.71	—	10.34	9.75	10.34	9.59	—
PRODUCTION															
SUGAR	5.46	5.94	3.34	4.55	**19.29**	2.35	4.31	2.04	2.53	**11.23**	5.67	6.76	3.43	4.55	**20.42**
MOLASSES	2.85	3.66	1.65	2.51	**10.67**	1.12	2.36	0.98	1.48	**5.94**	2.40	3.34	1.43	2.29	**9.46**
WORKING DAYS	138	139	136	134	—	107	120	123	113	—	134	131	132	133	—

6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

Industrial relations in your Company have remained cordial throughout the year under review. With the global recessionary trends, sugar mills have deferred capacity expansion as well as new sugar projects and have initiated cost reduction measures. All this has lead to the rise of new roadblocks which have severely challenged human resources development.

Your company has countered all this by continuously upgrading the process and the systems that help harmonize cultures of the varied manpower arising out of diverse sources and backgrounds. The Organization has steadfastly stuck to its vision to enhance knowledge, skills and competencies of the human resources pool – helping them develop individually while simultaneously improving and upgrading productivity and increasing quality ratios. To achieve this, your company is providing compensation by way of salary and wages to its employees at a rate which is at par with the prevailing standards in the Industry as well as regular training for up-gradation of skills at various levels.

With these progressive steps, your Company has been able to maintain cordial relations with its staff members

CAUTIONARY / FUTURISTIC STATEMENTS

Statements in this report detailing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable laws and regulations and are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate and can be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements in future on the basis of subsequent developments, information or events. Investors, are, therefore, requested to make their own independent judgments before taking any investment decisions.

(*Data and figures relating to industry and future expected developments in the industry have been taken from industry and industry-related publications and web-sites*)

AUDITORS' REPORT

TO THE SHAREHOLDERS OF UTTAM SUGAR MILLS LIMITED

1. We have audited the attached Balance Sheet of UTTAM SUGAR MILLS LIMITED as at 31st March 2010, the Profit & Loss Account and also the Cash Flow Statement for the period of fifteen months 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 also 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 (Auditor's Report) Order, 2003 ("The Order"),as issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act. 1956 ("The Act"), we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:

   a) 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.

   b) 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;

   c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;

   d) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with accounting standards referred to in Section 211(3C) of the Act.

   e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section of 274 of the Act.

   f) Without qualifying our opinion, we draw your attention to note no.9 (a) of schedule 19 relating to the accounting for sugar cane purchase liability in respect of units situated in the state of Uttar Pradesh for the sugar season 2007-08 at an interim price of Rs. 110/- per quintal which is as per the directions of Hon'ble Supreme Court instead of State Advisory price of Rs. 125 per quintal fixed by the State Government. Pending the final decision of the Hon'ble Supreme Court in this matter, the effect thereof presently is not ascertainable.

   g) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts *subject to note no.21(d) regarding managerial remuneration read* together with the significant accounting policies and others notes thereon, remuneration read and attached thereto, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -

      i) in the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2010.

      ii) in the case of Profit & Loss Account, of the Loss of the Company for the period of fifteen months ended on that date; and

      iii) in the case of Cash Flow Statement, of the cash flows of the Company for the period of fifteen months ended on that date.

For B.K.Kapur & Co.
Firm Registration Number 000852
Chartered Accountants

Place : Noida
Dated : 29th June, 2010

(M.S.Kapur) F.C.A.
Partner
M. No.74615

Annexure to the Auditors' Report

(Referred to in paragraph (3) of our Report of even date to the shareholders of UTTAM SUGAR MILLS LIMITED for the period ended 31st March 2010.)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its principal fixed assets, other than the situation of furniture and fixture and office equipments, which are under compilation, accordingly the fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the period and no material discrepancies have been noticed on such verification.

   (b) In our opinion and according to the information and explanations given to us , a substantial part of the fixed assets has not been disposed off by the Company during the period.

2. (a) The physical verification of inventory has been conducted by the management at reasonable intervals.

   (b) In our opinion and ac1cording to the information and explanations given to us, 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) On the basis of our examination, in our opinion, the Company has maintained proper records of inventory. Discrepancies noticed on such physical verification of inventory as compared to the book records were not material.

3. (a) According to information made available to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act, accordingly clause 4(iii) (b) to (d) of the Order are not applicable to the Company.

   (b) According to information made available to us, the Company has taken unsecured loans from seven parties covered in the register maintained under section 301 of the Act. Total outstanding for such loans at the period-end amounted to Rs.3253 lacs and maximum outstanding during the period amounts to Rs.5314.50 lacs. Further, the Company has not taken any secured loan from the aforesaid referred parties.

   (c) The rate of interest and other terms and conditions of the unsecured loans taken by the Company are prima- facie not prejudicial to the interest of the Company.

   (d) As informed to us, the repayment of the principal amount of unsecured loans and interest thereon, wherever there is stipulation as regards the payments, are regular.

4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. (a) Based on our examination and 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.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

6. On the basis of information and explanations given to us, the Company has not accepted any public deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act, and rules framed thereunder.

7. The Company has an internal audit system which needs to be strengthened to make it commensurate with the size and nature of the Company's business.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of the cost records under section 209(1) (d) of the Act and are of the opinion that, prima-facie, the prescribed account and records have been maintained and are being made up. We however as not required have not made a detailed examination of such records with a view to determine whether these are accurate or complete.

9. (a) According to the information and explanations given to us the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it, *except few cases of delay in deposit of Tax Deducted at Source* **.** As explained to us, the provisions of Employees State Insurance are not applicable to the Company,no amount was due to be deposited under investor Education and Protection Fund. Further, there was no arrears of undisputed statutory dues outstanding as at 31st March,2010 for a period of more than six months from the date they became payable *except the Income Tax dues of Rs. 98.87 lacs relating to the assessment year 2005-06 and 2006-07*

(b) According to the information and explanations given to us, the disputed statutory dues of Income Tax, Sales Tax & Excise duty aggregating to Rs.233.99 Lacs that have not been deposited are given below: -

Name of Statue	**Nature of Due**	**Period to which it Pertains**	**Amount (Rs. in lacs)**	**Forum where dispute is pending**
Sales Tax Laws	Sales Tax	1999-2000	0.47	Joint Commissioner (Appeal)
Central Excise Act 1944	Excise Duty	2004-2005	233.52	CESTAT
			233.99	

Further, in respect of Custom Duty, Wealth Tax, Service Tax and Cess, it has been informed that there are no dues, which have not been deposited on account of any dispute.

10. The company's accumulated losses at the end of the period under report are less than fifty percent of its Net Worth. The company has incurred cash losses during the period of fifteen months ended 31st March, 2010, and also in the immediately preceding financial period ended 31st December 2008.

11. *In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of its dues to Banks. The particulars of delays after considering the effect of reschedulement of repayment terms of borrowings from banks, approved by Corporate Debt Restructuring (CDR) empowered Group which relates to interest/ installment during the period ended 31st March 2010 are as follows:*

Particulars	***Amount (including Interest)* (Rs. in lacs)***	***Period of Delay (Days)***
Banks	*945.96*	*1-30*
	172.71	*31-60*
	3927.99	*61-90*
	2245.97	*91-More*
Total	***7292.63***	

** Includes Rs.7286.29 lacs paid during the period.*

There are no dues of debenture holders.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a Nidhi / mutual benefit fund / society, therefore provisions of clause 4(xiii) of the order are not applicable to the Company.

14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause 4(xiv) of the order are not applicable to the Company.

15. According to the information and explanations given to us, the Company has given corporate guarantees for loans taken by others from Banks. In our opinion, the terms & conditions of these guarantees are not prejudicial to the interest of the company.

16. In our opinion and on the basis of information and explanations given to us and on overall basis, term loans availed by the Company were, prima-facie applied by the Company for the purposes for which the loans were raised.

17. *On the basis of overall examinations of the balance sheet of the Company, in our opinion and according to the information and explanations given to us funds raised on the short term basis to the extent of Rs. 5311.76 Lacs upto the date of the Balance Sheet have been used for long-term investment, primarily in the nature of capital expenditures and repayment of Loans.*

18. During the period Company has made preferential allotment of 41,60,000, 6.5% Cumulative Redeemable Preference Shares @ Rs.100/- each to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, prices at which shares have been issued is not prejudicial to the interest of the company

19. The Company has not issued any debenture, therefore, no comment is required under para 4(xix) of CARO, 2003.

20. The company has not raised any money by way of public issue during the period under report.

21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B.K.Kapur & Co.
Firm Registration Number 000852
Chartered Accountants

Place : Noida
Dated : 29th June, 2010

(M.S.Kapur) F.C.A.
Partner
M. No.74615

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs.in lacs)

	Schedule No.	As at 31.03.2010	As at 31.12.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**6,736.90**	2,576.90
Reserves and Surplus	2	**13,768.53**	13,768.53
		20,505.43	16,345.43
Loan Funds			
Secured Loans	3	**70,707.80**	42,774.09
Unsecured Loans	4	**4,021.19**	3,475.13
		74,728.99	46,249.22
TOTAL		**95,234.42**	62,594.65
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		**53,479.00**	48,367.51
Depreciation		**10,535.41**	7,353.14
Net Block		**42,943.59**	41,014.37
Capital Work in Progress		**13,486.33**	14,592.93
		56,429.92	55,607.30
Investments	6	**—**	79.00
Deferred Tax Assets (Net)	7	**567.83**	704.16
Current Assets, Loans & Advances			
Inventories	8	**44,886.16**	14,743.71
Sundry Debtors	9	**871.46**	161.85
Cash and Bank Balances	10	**5,291.17**	3,272.09
Loans and Advances	11	**2,936.05**	2,737.36
		53,984.84	20,915.01
Less: Current Liabilities & Provisions	12		
Current Liabilities		**21,731.64**	16,276.03
Provisions		**89.06**	101.58
		21,820.70	16,377.61
Net Current Assets		**32,164.14**	4,537.40
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Preliminary Expenses		**2.95**	4.20
Profit & Loss Account			
Loss as per Account Annexed		**6,069.58**	1,662.59
TOTAL		**95,234.42**	62,594.65
Significant Accounting Policies & Notes forming part of Balance Sheet	19		

The Schedules 1 to 19 form an integral part of Balance Sheet

As per our report of even date
For B.K.Kapur & Co.
Firm Registration Number 000852
Chartered Accountants

(RAJ KUMAR ADLAKHA)
Managing Director

(RANJAN ADLAKHA)
Director

(V.S.TANDON)
Director

(SANJAY BHANDARI)
Chief Financial Officer

(G.RAMARATHNAM)
Chief-Legal and Corporate Affairs & Company Secretary

(M.S.KAPUR) F.C.A.
Partner
M. No. 74615

Place : Noida
Dated : 29th June, 2010

PROFIT & LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED 31ST MARCH, 2010

(Rs.in lacs)

	Schedule No.	Period Ended 31.03.2010	Period Ended 31.12.2008
INCOME			
Sales		**51,049.71**	39,918.86
Less : Excise Duty		**1,880.40**	2,410.65
Net Sales		**49,169.31**	37,508.21
Other Income	**13**	**162.45**	141.85
Increase in Stocks	**14**	**24,393.03**	6,625.40
TOTAL		**73,724.79**	44,275.46
EXPENDITURE			
Material and Manufacturing Expenses	**15**	**65,182.82**	36,688.32
Salaries, Wages and Benefits	**16**	**2,872.81**	2,492.92
Administration and Other Expenses	**17**	**1,181.15**	912.24
Interest and Financial Charges	**18**	**5,509.67**	4,968.07
TOTAL		**74,746.45**	45,061.55
(Loss) before Depreciation		**(1,021.66)**	(786.09)
Depreciation / Amortisation		**3,182.44**	2,962.27
Prior Period Items (Net)		**60.51**	5.11
(Loss) before Tax & Exceptional Items		**(4,264.61)**	(3,753.47)
Exceptional Items		**—**	2,556.51
(Loss) before Tax		**(4,264.61)**	(6,309.98)
Provision for Taxation			
Deferred Tax Charge/(Credit)		**136.33**	(1,999.35)
Fringe Benefit Tax		**3.94**	35.31
Current Tax		**6.49**	167.07
Less: Minimum Alternate Tax (MAT) Credit		**(4.38)**	(137.27)
(Loss) after Tax		**(4,406.99)**	(4,375.74)
Balance brought forward from Previous Period		**(1,662.59)**	2,713.15
(Deficit) transferred to Balance Sheet		**(6,069.58)**	(1,662.59)
Earning per Share (Note No. 22)			
Nominal Value Rs. 10/-			
Basic		**(17.10)**	(16.98)
Diluted		**(17.10)**	(16.98)
Significant Accounting Policies & Notes forming part of Profit & Loss Account	**19**		

The Schedules 1 to 19 form an integral part of Profit & Loss Account

As per our report of even date
For B.K.Kapur & Co.
Firm Registration Number 000852
Chartered Accountants

(RAJ KUMAR ADLAKHA)
Managing Director

(RANJAN ADLAKHA)
Director

(V.S.TANDON)
Director

(SANJAY BHANDARI)
Chief Financial Officer

(G.RAMARATHNAM)
Chief-Legal and Corporate Affairs & Company Secretary

(M.S.KAPUR) F.C.A.
Partner
M. No. 74615

Place : Noida
Dated : 29th June, 2010

(Rs.in lacs)

	As at 31.03.2010	As at 31.12.2008
SCHEDULE 1 : SHARE CAPITAL		
Authorised:		
Equity Share Capital		
40000000 Equity Shares of Rs. 10/- each (Previous Period 40000000 Equity Shares of Rs. 10/- each)	**4,000.00**	4,000.00
6.5% Cumulative Redeemable Preference Share Capital		
5000000 Preference Shares of Rs. 100/- each	**5,000.00**	—
Issued, Subscribed & Paid-up Capital		
Equity Share Capital		
25769000 Equity Shares of Rs. 10/- each fully paid up (Previous Period 25769000 Equity Shares of Rs.10/- each fully paid up)	**2,576.90**	2,576.90
6.5% Cumulative Redeemable Preference Share Capital	**4,160.00**	—
4160000 Preference Shares of Rs. 100/- each (Redeemable at par after two years but not later than sixth year from the date of allotment)		
TOTAL	**6,736.90**	2,576.90
SCHEDULE 2 : RESERVES AND SURPLUS		
Share Premium Account	**13,768.53**	13,768.53
TOTAL	**13,768.53**	13,768.53
SCHEDULE - 3 : SECURED LOANS		
A) Term Loans		
— From Banks		
— Term Loan	**27,194.91**	29,781.38
— Funded Interest Term Loan	**1,313.93**	—
— From Govt. of India, Sugar Development Fund	**3,581.65**	1,664.56
	32,090.49	31,445.94
B) Cash Credit from Banks	**38,608.17**	11,302.65
	38,608.17	11,302.65
C) Vehicle Loans from Banks	**9.14**	25.50
	9.14	25.50
TOTAL	**70,707.80**	42,774.09

Notes:-

(1) Term Loans from Banks are secured / to be secured on first pari passu charge by way of joint equitable mortgage on Company's immovable properties and a first charge by way of hypothecation of all movable properties of the company on pari passu basis, subject to prior charge created / to be created in favour of the Company's Bankers for securing borrowings for working capital requirements of the company {Repayable within one year Rs.716.82 lacs (Previous Period Rs.7659.03 lacs)}.

(2) Term Loans of Rs.2759 lacs from Punjab National Bank and Rs.606 lacs from State Bank of India under Government sponsered 'Scheme for extending financial assistance to Sugar Undertaking, 2007' are secured by way of residual pari passu charge on moveable and immovable assets of the company. {Repayable within one year Rs.1683.50 lacs (Previous Period Rs. Nil)}.

(3) Cash Credit from Banks are secured/to be secured by first pari passu charges by hypothecation/pledge of stocks of raw materials, sugar/ molasses, other stores and spares and book debts/receivables of the company both present and future and third pari passu charge on immovable assets of the Company.

(4) Term Loans from Banks and Cash Credit are guaranted by Managing Director and two other promoter Directors of the Company and corporate guarantees of three Promoter Companies.

(5) Term Loan from Govt. of India,Sugar Development Fund through Industrial Finance Corporation of India Ltd. is secured/ to be secured by an exclusive second charge on movable assets (except book debts) and Company's immovable properties. {Repayable within one year Rs.520.41 lacs (Previous year Rs.166.46 lacs)}.

(6) Vehicle loans from banks are secured by way of hypothecation of vehicle financed by them. {Repayable within one year Rs.9.14 lacs (Previous year Rs.14.17 lacs)}.

(7) Term Loan and Funded Interest Term Loan includes interest accrued & due thereon Rs. 150.73 lacs (Previous Period Rs. 210.94 lacs) and Rs. 5.85 lacs (Previous Period Rs. Nil) respectively.

(8) Interest Accrued & Due included in Term Loan from Banks includes Rs.115.69 lacs pending conversion into Funded Interest Term Loan as on 31st March 2010.

(Rs.in lacs)

	As at 31.03.2010	As at 31.12.2008
SCHEDULE 4 : UNSECURED LOANS		
From Body Corporates	**3,253.00**	2,774.50
Soft Loan from Uttarakhand State Government	**656.68**	656.68
Interest Accrued & Due on above Loans	**111.51**	43.95
TOTAL	**4,021.19**	3,475.13

Note : Soft Loan from Uttarakhand State Government is repayable in three years in quarterly installments with an initial moratarium period of three years from the date of sanction {Repayable within one year Rs.656.68 lacs (Previous Period Rs.437.79 lacs)}.

SCHEDULE - 5 : FIXED ASSETS

(Rs. in lacs)

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.01.2009	Additions during the Period	Sold/Adj. during the Period	As on 31.03.2010	Upto 31.12.2008	For the Period	On Sale/ Adjustment	UP TO 31.03.2010	As on 31.03.2010	As on 31.12.2008
Freehold Land	2,314.86	127.06	—	2,441.92	—	—	—	—	2,441.92	2,314.86
Building	4,649.64	620.78	—	5,270.42	472.02	194.11	—	666.13	4,604.29	4,177.62
Leasehold Building Developments	—	79.32	—	79.32	—	4.09	—	4.09	75.23	—
Plant and Machinery	39,732.08	4,146.62	—	43,878.70	6,350.35	2,804.97	—	9,156.32	34,722.38	33,381.73
Furniture and Fixtures	239.79	30.68	—	270.47	69.00	18.76	—	87.76	182.71	170.79
Office Equipments	325.06	48.91	—	373.97	142.04	51.42	—	193.46	180.51	183.02
Weigh Bridges	493.96	32.86	—	526.82	70.57	30.69	—	100.26	426.56	423.39
Vehicles & Tractors	609.77	29.85	4.59	635.03	249.16	80.91	2.68	327.39	307.64	360.61
Live Stock	2.35	—	—	2.35	—	—	—	—	2.35	2.35
	48,367.51	**5,116.08**	**4.59**	**53,479.00**	**7,353.14**	**3,184.95**	**2.68**	**10,535.41**	**42,943.59**	41,014.37
Previous Period	47,663.98	853.97	150.44	48,367.51	4,398.16	2,962.26	7.28	7,353.14		
Capital Work-in-Progress:										
Land, Building, Plant & Machinery (including capital advances)									11,352.65	12,592.32
Expenditure during Construction Period (Pending Capitalisation)									2,133.68	2,000.61
								Total (Rupees)	**56,429.92**	55,607.30
								Previous Period (Rupees)	**55,607.30**	50,736.45

NOTE:

1. Freehold land includes land aggregating to Rs.92.24 lacs (Previous Period Rs.92.24 lacs) which is yet to be registered in the name of the Company.
2. Vehicles includes Motor Cars having gross book value of Rs.79.03 lacs (Previous Period Rs.99.42 lacs), which are yet to be transferred in the name of the Company and Motor cars having gross book value of Rs.71.48 lacs (Previous Period Rs.77.63 lacs) have been purchased on Hire Purchases Basis.

(Rs.in lacs)

	As at 31.03.2010	As at 31.12.2008
SCHEDULE - 6 : INVESTMENTS (Long Term)		
Other than Trade - Unquoted (At Cost)		
Nil Equity Shares of Rs. 10/- each in Uttam Distillieries Limited-Fully Paid-up (Previous Period 790,000 Equity Shares of Rs. 10/- each)	—	79.00
TOTAL	—	79.00

SCHEDULE - 7 : DEFERRED TAX ASSETS (Net)

	As at 01.01.2009	During the Period	**As at 31.03.2010**
DEFERRED TAX LIABILITY			
Difference between Book & Tax Depreciation	4,265.95	813.39	**5,079.34**
	4,265.95	813.39	**5,079.34**
DEFERRED TAX ASSETS			
Expenses Allowed U/s 43-B on paid basis	84.37	730.98	**815.35**
Unabsorbed Business Losses	4,765.11	—	**4,765.11**
	4,849.48	730.98	**5,580.46**
NET DEFERRED TAX ASSETS	583.53	(82.41)	**501.12**
Tax effect of share issue expenses eligible for Income Tax deduction under section 35D, credited to Share Premium	(120.63)	53.92	**(66.71)**
	704.16	(136.33)	**567.83**

SCHEDULE - 8 : INVENTORIES
(As taken, valued and certified by the Management)

Raw Material	**4,892.79**	21.17
Stores, Spare Parts and Packing Materials	**908.21**	798.87
Finished Goods		
Sugar	**35,774.95**	12,208.40
Banked Power	**31.04**	—
Work-in-Progress	**791.01**	492.58
By-Products	**2,488.16**	1,222.69
TOTAL	**44,886.16**	14,743.71

(Rs.in lacs)

		As at 31.03.2010	As at 31.12.2008
SCHEDULE - 9 : SUNDRY DEBTORS			
(Unsecured - Considered good)			
Debts exceeding six months	**37.33**		51.52
Others	**834.13**	**871.46**	110.33
TOTAL		**871.46**	161.85
SCHEDULE - 10 : CASH AND BANK BALANCES			
Cash in Hand		**69.54**	26.83
Balance with Scheduled Banks :			
In Current Accounts		**5,032.01**	375.98
In Fixed Deposit Account (incl. in Margin Money & interest accrued thereon)		**179.87**	364.83
In Escrow Accounts (incl. Rs.0.60 lacs Unclaimed Share Application Money) (Previous Period 0.60 lacs)		**9.75**	2,504.45
TOTAL		**5,291.17**	3,272.09
SCHEDULE - 11 : LOANS AND ADVANCES			
(Unsecured - Considered good)			
Advances Recoverable in cash or in kind or for value to be received		**1,617.24**	1,007.95
Balance with Excise Department		**748.87**	1,259.50
Cenvat Receivable		**103.58**	23.68
MAT Credit Entitlement		**233.72**	229.34
Security Deposits		**154.88**	114.93
Interest Accrued thereon		**13.11**	9.13
Prepaid Expenses		**64.65**	92.83
TOTAL		**2,936.05**	2,737.36
SCHEDULE - 12 : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors - Micro, Small and Medium Enterprises (Refer Note B(7) of Schedule '19')		**99.26**	34.55
- Others (Refer Note B(11) of Schedule '19')		**16,738.57**	12,811.94
Other Liabilities		**2,916.07**	2,079.93
Due to Directors		**16.06**	6.26
Advance from Customers		**708.98**	441.46
Share Application Money Refundable		**0.60**	0.60
Security Deposits		**111.16**	131.81
Due to scheduled Bank (Book Overdraft)		**79.47**	22.79
Interest Accrued but not Due		**1,061.47**	746.69
		21,731.64	16,276.03
Provisions			
Provision for Taxation (Net of Advance Payments)		**89.06**	97.03
Provision for Fringe Benefit Tax (Net of Advance Payments)		**—**	4.55
		89.06	101.58
TOTAL		**21,820.70**	16,377.61

(Rs.in lacs)

		Period Ended 31.03.2010	Period Ended 31.12.2008
SCHEDULE - 13 : OTHER INCOME			
Interest Earned {TDS Rs. 2.05 lacs (Previous period Rs. 1.41 lacs)}		**17.69**	12.82
Miscellaneous Income		**25.35**	29.95
Depreciation Written Back		**—**	3.03
Liability no longer required written back		**2.93**	96.05
Profit on sale of Investments		**116.48**	—
TOTAL		**162.45**	141.85
SCHEDULE - 14 : INCREASE IN STOCKS			
Opening Stocks			
Finished Goods		**12,208.40**	6,489.80
Work-in-Progress		**492.57**	—
By-products		**1,222.69**	535.38
		13,923.66	7,025.18
Closing Stocks			
Finished Goods		**35,805.99**	12,208.40
Work-in-Progress		**791.01**	492.57
By-products		**2,488.16**	1,222.69
		39,085.16	13,923.66
Excise & Other Duties on (Decrease)/Increase of Stocks		**768.47**	273.08
Increase in Stocks		**24,393.03**	6,625.40
SCHEDULE - 15 : MATERIAL AND MANUFACTURING EXPENSES			
Raw Material Consumed			
Opening Stocks		**21.18**	—
Purchases		**67,378.09**	33,272.32
		67,399.27	33,272.32
Less : Closing Stocks		**4,892.79**	21.18
		62,506.48	33,251.14
Manufacturing Expenses			
Consumption of Stores, Spares & Packing Materials		**1,275.68**	1,475.24
Power and Fuel		**265.38**	199.14
Other Manufacturing Expenses		**194.96**	146.02
Repairs to:			
Plant and Machinery	**899.22**		1,569.16
Buildings	**8.92**		9.99
Others	**32.18**	**940.32**	37.63
TOTAL		**65,182.82**	36,688.32

(Rs.in lacs)

		Period Ended 31.03.2010	Period Ended 31.12.2008
SCHEDULE - 16 : SALARIES, WAGES & BENEFITS			
Salary & Wages		**2,606.76**	2,252.44
Contribution to Provident and other funds		**106.77**	98.99
Staff & Workers Welfare		**159.28**	141.49
TOTAL		**2,872.81**	2,492.92
SCHEDULE - 17 : ADMINISTRATION AND OTHER EXPENSES			
Rent		**38.76**	9.86
Rates and Taxes		**85.32**	63.87
Printing and Stationery		**29.08**	49.61
Postage, Courier and Telephones		**59.97**	54.15
Advertisement and Publicity		**5.84**	10.15
Travelling and Conveyance :			
Directors	**23.42**		5.13
Others	**160.83**	**184.25**	125.23
Fees and Subscription		**53.70**	16.75
Legal and Professional Charges		**189.01**	104.63
Auditors' Remuneration		**12.03**	8.11
Vehicle Running and Maintenance		**108.87**	103.02
Insurance		**78.63**	55.37
Sugar Handling Expenses		**23.26**	39.70
Commission on Sales		**209.61**	152.33
Freight Outward		**4.57**	13.34
Cane Development Expenses		**15.03**	20.15
Business Promotion		**10.25**	21.70
Office & Other Administration Expenses		**70.68**	52.39
Loss on sale/damage of Fixed Assets		**1.04**	5.81
Miscellaneous Expenditure written off		**1.25**	0.94
TOTAL		**1,181.15**	912.24
SCHEDULE - 18 : INTEREST AND FINANCIAL CHARGES			
Interest on Term Loans		**2,366.42**	2,989.67
Others (including bank charges)		**3,143.25**	1,978.40
TOTAL		**5,509.67**	4,968.07

SCHEDULE - '19' SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31st MARCH 2010

A. SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of Accounting:

The Company follows the Mercantile System of Accounting and recognizes Income and Expenditure on Accrual Basis. The financial statements are prepared under the historical cost convention and are in accordance with the requirements of Companies Act, 1956, applicable Accounting Standards and accepted accounting principles.

ii. Fixed Assets and Capital Work in Progress:

Fixed Assets are stated at cost less accumulated Depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes and incidental expenses incurred during construction period.

Capital Work-in-Progress comprises cost of fixed assets that are not ready for its intended use at the reporting date. Expenditure during construction period that are directly attributable to the cost of bringing the assets to its working conditions and all common costs allocated on rational basis are treated as 'Pre-Operative Expenses' pending allocation and are shown under 'Capital Work-in Progress' and the same are allocated on pro-rata basis to the assets capitalized on commencement of commercial operations.

iii. Depreciation/Amortization :

Depreciation on fixed assets have been provided on Straight Line Method at the rates in the manner specified in Schedule XIV to the Companies Act, 1956.Low value items costing individually Rs. 5,000**/-** or less are fully depreciated in the year of purchase. Depreciation is charged on pro-rata basis in respect of assets acquired/sold during the year.

Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

Leasehold Developments are amortized at lower of period of lease or ten years.

iv. Leases :

Assets acquired under finance lease are recognized at the lower of the fair value of leased assets at inception and the present value of minimum lease payments, lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to the period during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

In respect of fixed assets taken on finance lease, when there is reasonable certainty that the Company will obtain ownership by the end of the lease term, depreciation is provided in accordance with the policy followed by the Company for owned assets.

v. Investments:

Long Term Investments are valued at cost less provision for permanent diminution in value of investments, if any.

vi. Inventories:

Inventories (other than By-products) are valued at lower of cost or net realizable value.

Cost of inventories is determined on weighted average. Cost of finished goods and Work in Progress has been worked out on absorption cost basis.

By-products and residuals are valued at net realizable value.

vii. Taxes on Income:

a) Current tax is determined on the amount of tax payable in respect of taxable income for the year. Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of fringe benefits as defined under the Income Tax Act,1961.

b) Deferred tax assets/liabilities are provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items. Deferred tax assets/liabilities shall be reviewed as at each Balance Sheet date, based on development during the year, to reassess realization/liabilities.

c) Deferred Tax Assets in respect of Accumulated Loss and Unabsorbed Depreciation are recognized and carried forward only if there is virtual certainty of its realization.

d) Deferred Tax resulting from timing difference which originate during the tax holiday period but are expected to reverse after tax holiday period is recognized in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted by the balance sheet date.

e) Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will be in a position to avail such credit under the provisions of the Income Tax Act,1961.

viii. Sales :

Sales include Excise Duty, Administrative Charges & Entry Tax etc and exclude Sales Tax/Value Added Tax.

ix. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets, when such asset is ready for its intended use. All other borrowing costs are charged to revenue.

x. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

xi. Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies at the year end translated at the year end rates which is likely to be realized from, or required to disburse at the balance sheet date. Exchange differences arising on settlement of monetary items at rates different from those at which they were initially recorded / reported in financial statements are recognized as income or expense in the year in which they arise except exchange differences on liabilities/assets incurred for acquisition of fixed assets from outside India which are capitalized/ decapitalised. Premium in respect of forward contract is accounted for over the period of the contract.

xii. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in notes. Contingent assets are neither recognized nor disclosed in the financial statements.

xiii. Employee Benefits :

a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of the period in which the related service is rendered.

b) Long-term employee benefits are recognized as an expense in the Profit & Loss Account for the year in which the employee has rendered services. The expenses are recognized at the present value of the amount payable as per actuarial valuations, using Projected Unit Credit Method. Actuarial gains and losses in respect of such benefits are recognized in the Profit and loss Account.

B. NOTES FORMING PART OF THE ACCOUNTS:

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounting to Rs.5069.36 Lacs (Previous Period Rs.7988.79 Lacs)

2. Contingent Liabilities not provided for :

a) Bank guarantee in favour of U.P.Pollution Control Board Rs. 1.00 Lac (Previous Period Rs. 1.00 Lac).

b) Bank Guarantee in favour of Chief Director (Sugar) Department of Food and Public Distribution, Ministry of Consumer affairs, New Delhi Rs.Nil (Previous Period Rs. 200.00 Lacs).

c) Bank Guarantee in favour of Deputy Commissioner Commercial Tax, Dehradun Rs.22.19 Lacs (Previous Period Rs.Nil).

d) Letter of credit in favour of suppliers Rs. 610.39 Lacs (Previous Period Rs. 1634.24 Lacs).

e) Excise duty / Sales Tax / Income Tax demands and show cause notices aggregating to Rs. 608.62 Lacs (Previous Period Rs. 770.27 Lacs) against which company / Department has preferred appeals/filed replies. However in respect of certain notices since there is no present and possible obligation of any kind and based on the legal opinion, the same has not been considered as liability of any kind.

f) In respect of pending court cases by/against ex-employees amount not ascertainable at this stage.

g) Cane Price payable, if any, for the season 2007-08, presently not ascertainable, {Refer Note no. 9(a)}.

h) Preference Dividend payable on Cumulative Redeemable Preference Shares Rs. 113.52 lacs.

3. Amount of borrowing cost capitalized to fixed assets during the period is Rs. 905.30 Lacs (Previous Period Rs. 1282.51 Lacs).

The Co-Generation units at Khaikheri (Distt. Muzaffarnagar) and Shermau (Distt. Saharanpur) had been kept in abeyance for non achievment of financial closure and the interest thereafter amounting to Rs. 79.35 lacs has been charged to Profit and loss account in accordance with the Accounting Standard (AS)–16 on “Borrowing Costs”.

4. All the Current Assets, Loans and Advances, in the opinion of the Board, have a value on realization which in the ordinary course of business shall at least be equal to the amount, at which it is stated in the Balance Sheet.

5. Advances recoverable in cash or in kind as appearing in schedule no. 11 include Rs. Nil (Previous Period Rs. 4.20 Lacs) paid as share application money and Rs. 3.78 lacs (Previous Period Rs. 8.93 lacs) as other advances and also capital advances as appearing schedule no. 5 of Balance Sheet include a sum of Rs. 1920.29 lacs (Previous Period Rs. 1503.91 lacs) given against purchase of capital goods in ordinary course of business to companies in which some directors of the company are interested as its directors/shareholders.

6. Balances of Certain Debtors, Creditors and Loans & Advances are subject to reconciliation and adjustments, if any.

7. Based upon the information received from vendors regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006", the relevant information is provided below:

(Rs.in lacs)

Particulars	Current Period	Previous Period
(a) Amount due to Micro and Small Enterprises as on		
i) Principal amount	69.88	27.91
ii) Interest due on above	29.38	6.64
(b) i) Principal amount paid after due date or appointed day during the period	NIL	NIL
ii) Interest paid during the period on (i) above	NIL	NIL
(c) Interest due & payable(but not paid) on principal amounts paid during the period after the due date or appointed day	NIL	NIL
(d) Total interest accrued and remaining unpaid as on	NIL	NIL
(e) Further interest in respect of defaults of earlier years due and payable in current period upto the date when actually paid	NIL	NIL

8. As per the Accounting Standard (AS)-17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India, presently there is only one reportable segment i.e. Sugar.

9. (a) Consequent to the interim order of the Hon'ble Supreme Court, Company has accounted for the Sugar Cane purchases liability for the season 2007-08 at Rs.110/- per quintal in respect of its units situated in State of Uttar Pradesh, instead of State Advised Price (SAP) of Rs.125/- per quintal fixed by the Government. Necessary adjustment, if any, will be given effect by the Company in accordance with the final order of Hon'ble Supreme Court in this matter.

   (b) Raw material consumed includes Rs.373.34 lacs being the differential cane price for the Season 2007-08 paid in accordance with the State Advised Price(SAP) fixed by the State Government of Uttarakhand.

10. The Company has made an investment of the requisite amount for setting up New Projects in the state of Uttar Pradesh in accordance with the UP Sugar Industry Promotion Policy,2004 and has accordingly filed application for eligibility under the above policy, which is still pending. However, the new State Government has terminated the Policy with effect from June 4, 2007 and has expressed its intention to introduce another policy. Company has been legally advised that it is eligible for the benefits under the said policy.

11. Sundry Creditors – others includes short term loan of Rs. 5042.61 Lacs (including interest accrued Rs.42.61 lacs) from Punjab National Bank under the scheme for loan to farmers against Sugar Cane Receivables wherein the Company is acting as 'Management and Collection Agent'.

12. Disclosure in respect of Operating Lease:

    The company has entered into non-cancelable Operating Lease for premises and lease rent amounting to Rs. 38.76 Lacs (Previous Period Rs.7.79 lacs) have been charged to Profit & Loss account and Rs. 4.04 Lacs (Previous Period Rs.13.17 Lacs) are debited to Expenses during construction. The future minimum lease payments are as under:-

(Rs.in lacs)

Particulars	Current Period	Previous Period
(a) Not later than one Year	14.65	11.17
(b) Later than one year & not later than Five Years	14.88	19.50
(c) Later than Five years	NIL	NIL

13. In accordance with Accounting Standard (AS)–28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, the Company has carried out an exercise to ascertain the impairment, if any, in the carrying value of its fixed assets. However no such case was found.

14. Company availed a term loan of Rs. 3365.00 Lacs (Previous Period Rs.3365.00 Lacs) for payment of cane dues for the season 2006-07 and 2007-08 as per scheme for "Extending Financial Assistance to Sugar Undertakings 2007" issued

by Government of India. As per the Scheme the interest charged by the bank on such loan is to be reimbursed by the Government of India. A sum of Rs. 527.21 Lacs was recoverable as on 31st March, 2010, pending reimbursement, the same has been included in 'Advance Recoverable in cash or Kind' in Schedule '11'.

15. Pursuant to Accounting Standard (AS)–15 (Revised 2005) "Employee Benefits", the disclosure of employees benefits are given below:-

I) **Defined Contribution Plan and amount recognized in** (Rs. in lacs)

Profit and Loss Account	Current Period	Previous Period
— Employer's Contribution to provident fund	106.77	98.99

II) **Defined Benefit plan**

— Employee benefits in respect of Gratuity and Leave Encashment are based on Actuarial Valuation as on 31st March 2010. The details are given below:-

(Rs. in lacs)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
A) Change in the Present Value of obligation		
a) Present Value of obligation as at 1st Jan 2009	87.10 (46.79)	35.71 (22.84)
b) Interest Cost	7.76 (5.49)	3.37 (2.60)
c) Current Service Cost	30.01 (28.78)	15.60 (16.77)
d) Benefits Paid	– (-0.12)	– (-0.28)
e) Actuarial Loss/(Gain)	8.61 (6.16)	(14.06) (-6.22)
f) Present Value of Obligation as at 31st March 2010	133.48 (87.10)	40.62 (35.71)
B) Change in Fair Value of Plan Assets	Nil (–)	Nil (–)
C) Amount recognized in Balance Sheet (A-B)	133.48 (87.10)	40.62 (35.71)
D) Expenses recognized in the Profit & Loss Account		
a) Current Service Cost	30.01 (28.78)	15.60 (16.77)
b) Interest Cost	7.76 (5.49)	3.37 (2.60)
c) Actuarial Loss/(Gain)	8.61 (6.16)	(14.06) (–6.22)
d) Net Cost	46.38 (40.43)	4.91 (13.15)
E) Details of Plan Assets	Nil (–)	Nil (–)
F) Actuarial Assumptions		
a) Discount Rate		7.50%
b) Rate of escalation in Salary (Per Annum)		5.00%
c) Mortality Table		LIC (1994-96)
d) Retirement Age (Years)		58

16. The Company's debt had been rescheduled / restructured by Corporate debt Restructuring Empowered group (CDR EG) considering 1st July 2009 as cut off date'. During the period, the restructuring package has been given effect in accordance with the approvals/ sanctions received from all the term lenders.

17. Statement of Expenses during construction pending allocation as on 31st March 2010 is as under:- (Rs. In lacs)

Particulars	Current Period	Previous Period
Salary & Wages	269.05	363.33
Staff & Workers Welfare	4.84	2.42
Rent	14.88	34.62
Printing & Stationary	0.35	0.28
Postage, Courier & Telephone	1.41	1.96
Travelling & Conveyance	57.56	84.85
Fees & Subscription	10.41	15.41
Legal & Professional Charges	52.32	47.67
Auditors' Remuneration	0.36	1.69
Insurance	6.91	17.27
Business Promotion	0.54	6.27
Fringe Benefit Tax	1.37	1.84
Interest & Financial Charges	1719.81	1448.04
Office & other administration expenses	13.80	16.59
Total	**2153.61**	**2042.24**
Less:-		
Interest earned {TDS Rs. 2.26 lacs (Previous Period Rs. 6.24 lacs)}	19.93	41.63
Net	**2133.68**	**2000.61**

18. Details of Prior Period Items (net) is as under : (Rs. in lacs)

Particulars	Current Period	Previous Period
Expenditure		
Rent	7.17	0.15
Legal & Professional Charges	0.87	0.62
Repair - Plant & Machinery	5.40	1.58
Printing & Stationery	–	0.04
Vehicle Running & Maintenance	–	0.01
Consumption of Stores, Spares & Packing Material	0.63	1.94
Office & Other Administration Expenses	13.04	0.10
Auditors' Remuneration	2.48	–
Advertisement & Publicity	0.47	–
Interest and financial charges	–	0.67
Travelling & Conveyance	0.88	–
Raw Material Consumed	0.28	–
Staff Welfare Expenses	0.01	–
Salary & Wages	47.26	–
Depreciation for earlier years	2.51	–
Total	**81.00**	**5.11**
Income		
Office & Other Administration Expenses	0.73	–
Commission on sales	18.57	–
Staff Welfare Expenses	0.68	–
Repair - Plant & Machinery	0.52	–
Total	**20.50**	**–**
Net Expenditure	**60.50**	**5.11**

19. Related Party Disclosures:—

In accordance with the requirements of Accounting Standard (AS)–18 on 'Related Party Disclosure' issued by The Institute of Chartered Accountants of India , the names of the related parties where control exist and/or with whom transaction have taken place during the Period and description of relationships as identified and certified by the management are :

A. Parties where control exists — NIL

B. Other related parties where transaction have taken place during the Period

i) **Associate :**

Uttam Distilleries Ltd. (Up to 21.07.2009)

ii) **Key Management Personnel (KMP) :**

Sh. Raj Kumar Adlakha — Managing Director (MD)

Sh. Pasha Biswas — Whole Time Director

Relative of Key Management Personnel and their Relationship:

— Smt. Amita Adlakha (Wife of MD)

iii) **Enterprises where Significant Influence exists :**

— Uttam Industrial Engineering Limited
— Lipi Boilers Ltd.
— The Standard Type Foundry Pvt.Ltd.
— Uttam Sucrotech Limited
— Shubham Sugars Limited
— Adharshila Capital Services Ltd.
— Pariksha Fin-Invest-Lease Ltd.
— G.M.Colonisers Pvt. Ltd.
— Sekhri Finance & Investment Pvt. Ltd.

C. Details of Transactions with the above related parties in the ordinary course of business:-

Name of related Parties	Nature of Transactions	Amount of Transactions (Rs. In Lacs)		Outstanding Balances (Rs. In Lacs)		
		Period ended 31.03.10	Period ended 31.12.08		As at 31.03.10	As at 31.12.08
Associate						
Uttam Distilleries Ltd.	Investment	4.20	—	Investment	—	79.00
	Share Application Money given	—	—	Share Application Money given	—	4.20
Key Management Personnel (KMP)						
Raj Kumar Adlakha	Remuneration & Perquisites	54.15	50.51	Remuneration Payable	3.78	1.03
	Lease Rent	7.50	4.50	Lease Rent	10.17	4.50
	Unsecured Loan received	—	70.00			
	Unsecured Loan Refund	—	70.00			
Pasha Biswas	Remuneration & Perquisites	11.82	1.58	Remuneration Payable	0.73	0.73
Relative of KMP						
Amita Adlakha	Office Rent	4.50	4.50	Office Rent	0.57	1.52
	Security Deposit (Given)	—	3.40	Security Deposit	3.60	3.60
				Security Deposit Payable	—	0.20
Enterprises Significantly Influenced by Directors and/or their relatives						
Uttam Sucrotech Ltd.	Purchase of Fixed Assets	37.17	334.89			
	Receiving of Services (Machinery)	29.67	98.96	Creditors	3.41	427.28
	Advance given for purchase of capital assets/Services	150.00	70.00	Advance given for purchase of capital assets/services	184.00	30.00
	Unsecured Loan Received	1390.00	120.00	Unsecured Loan	375.00	120.00
	Unsecured Loan refund	1135.00	—			
	Sugar Sales made	1.45	—			
	Interest on Unsecured Loan	65.05	7.72	Interest	60.12	6.66
	Interest on Unsecured Loan Paid	11.59	—			
	Preference Shares Application Money recd. & Shares Allotted	1350.00	—			
	Guarantee received/(Satisfied) (Net)	4051	1990.00	Guarantee	67206.42	63155.00
Uttam Industrial Engg. Ltd.	Purchase of Fixed Assets	282.73	206.30			
	Receiving of Services (Machinery)	87.01	136.80	Creditors	45.34	723.92
	Advance given for purchase of capital assets/services	150.00	550.00	Advance given for purchase of capital assets/services	969.00	830.00

Name of related Parties	Nature of Transactions	Amount of Transactions (Rs. In Lacs)		Outstanding Balances (Rs. In Lacs)		
		Period ended 31.03.10	Period ended 31.12.08		As at 31.03.10	As at 31.12.08
	Advance Refund	11.00	—			
	Sugar Sales made	2.15	0.12			
	Unsecured Loan Received	—	630.00	Unsecured Loan	1030.00	1030.00
	Interest on Unsecured Loan	144.51	96.95	Interest	263.10	145.82
	Interest Paid on Unsecured Loan	27.23	—			
	Preference Shares Application Money recd. & Shares Allotted	450.00	—			
	Guarantee received/(Satisfied) (Net)	4051	1990.00	Guarantee	67206.42	63155.00
The Standard Type Foundry Pvt. Ltd.	Purchase of Fixed Assets	1.10	107.08			
	Receiving of Services (Machinery & Vehicles)	39.91	33.20	Creditors	12.14	334.14
	Advance given for purchase of capital assets/services	—	86.97	Advance given for purchase of capital assets/services	59.00	77.93
	Sugar Sales made	1.71	—			
Lipi Boilers Ltd.	Purchase of Fixed Assets	28.87	875.27			
	Receiving of Services (Machinery)	4.25	15.52	Creditors	37.57	14.00
	Advance given for purchase of capital assets/services	150.00	116.00	Advance given for purchase of capital assets/services	708.30	574.91
	Advance Refund	8.20	214.00			
	Unsecured Loan Received	—	875.00	Unsecured Loan	1075.00	1075.00
	Interest on Unsecured Loan	147.41	130.53	Interest	225.26	103.80
	Interest Paid on Unsecured Loan	25.94	—			
	Guarantee received/(Satisfied) (Net)	4051	1990.00	Guarantee	67206.42	63155.00
Shubham Sugars Ltd.	Purchase of Sugar Cane	21.80	1.45	Creditors	14.25	7.82
Adharshila Capital Services Ltd.	Unsecured Loan Received	—	377.25	Unsecured Loan	—	377.25
	Unsecured Loan Refund	377.25	—			
	Interest on Unsecured Loan	21.51	46.21	Interest	—	25.26
	Interest Paid on Unsecured Loan	21.51	—			
	Investment Sold	99.84	—			
Pariksha Fin Invest Lease Ltd.	Unsecured Loan Received	—	172.25	Unsecured Loan	—	172.25
	Unsecured Loan Refund	172.25	—			
	Interest on Unsecured Loan	9.93	22.77	Interest	—	11.53
	Interest Paid on Unsecured Loan	9.93	—			
	Investment Sold	99.84	—			
G.M.Colonisers Pvt. Ltd.	Unsecured Loan Received	1015.00	—	Unsecured Loan	458.00	—
	Unsecured Loan Refund	557.00	—			
	Interest on Unsecured Loan	60.27	—	Interest	18.62	—
	Interest Paid on Unsecured Loan	41.65	—			
	Preference Share Application Money recd. & Shares allotted	1760.00	—			
Sekhri Finance & Investment Pvt. Ltd.	Unsecured Loan Received	955.00	—	Unsecured Loan	315.00	—
	Unsecured Loan Refund	640.00	—			
	Interest on Unsecured Loan	40.68	—	Interest	4.38	—
	Interest paid on unsecured loan	36.30				
	Preference Share Application Money recd. & Shares allotted	600.00	—			

20. Auditors' Remuneration: (Rs. in lacs)

Particulars	Current Period(*)	Previous Period
(a) As Statutory Auditors	**6.73**	5.03
(b) For Tax Audit	**0.50**	0.17
(c) For Taxation Matters	**0.30**	0.10
(d) For other Matters	**5.00**	4.50
Total	**12.53**	9.80

(*) 0.50 Lacs included (Previous Period Rs.1.69 lacs) capitalized during the period

21. Remuneration to Directors (included under Schedule 16)

a) Managerial Remuneration: (Rs. in lacs)

Particulars	Managing Director		Directors	
	Current Period	Previous Period	Current Period	Previous Period
Remuneration	**51.25**	41.25	**11.82**	1.58
Perquisites	**2.90**	9.26	**–**	–
Sitting Fees	**–**	–	**5.60 ***	5.40*
Total Rs.	**54.15**	50.51	**17.42**	6.98

* Represents payment made to Non-Executive Independent Directors.

b) In the absence of Profits during the period, no commission is due/payable to the Managerial Personnel. Hence computation of Commission under section 198 & 309 of the Companies Act, 1956 is not furnished.

c) The remuneration as approved by the Board, paid to the managerial personnel during the period has been considered as the minimum remuneration stipulated under Schedule XIII of the Companies Act,1956.

d) During the period under report, payment of minimum remuneration as per schedule XIII of the Companies Act, 1956 of Rs. 34.93 lacs made to managerial personnel for which the steps are being taken to obtain approval from Central Government.

22. Earning per share (EPS)

Particulars	Period Ended 31.03.2010	Period Ended 31.12.2008
a) (Loss) attributable to the Equity Shareholders (Rs. in lacs)	(4406.99)	(4375.74)
b) Weighted average number of equity shares outstanding		
i) Basic: Weighted average number of equity shares at the end	25769000	25769000
ii) Diluted: Weighted average number of shares as in b (i)	25769000	25769000
c) Paid up value of share	Rs. 10/-	Rs. 10/-
d) Basic Earnings per share (Rs.) (a/bi)	(17.10)	(16.98)
e) Diluted Earnings per share (Rs.) (a/bii)	(17.10)	(16.98)

23. Additional information pursuant to the provisions of the paragraphs 3 & 4 of Part - II of Schedule VI of the Companies Act, 1956:

A. Capacity & Production

Products	Unit	*Capacity Installed (As certified by the management)	Unit	Production
Sugar	TCD (Tonnes crushing per day)	23750 (22750)	(in Qtls.)	2433945 (2487105)
Molasses (By Product)			(in Qtls.)	1300875 (1191593)
Power	MW	81 (81)	KWH	124646665 (90084925)

* Licensed capacity is not applicable in view of deregulation of Sugar Industries

B. Stock and Sales (Rs. in lacs)

Particulars	Unit	Opening Stock		Closing Stock		Sales	
		Qty	Value (Rs.)	Qty	Value (Rs.)	Qty	Value (Rs.)
Sugar	Qtls	814907 (447466)	12208.40 (6489.80)	1580178 (814907)	35774.95 (12208.40)	1668674 (2119664)	44745.07 (34923.84)
Molasses	Qtls	187686 (218386)	786.21 (455.03)	426500 (187686)	1471.42 (786.21)	1062061 (1222293)	4455.22 (4004.09)
Power	KWH	– (–)	– (–)	750952 (–)	31.04 (–)	31678725 (–)	1176.94 (–)
Total Previous Period			**12994.61** (6944.83)		**37277.41** (12994.61)		**50377.23** (38927.93)

NOTES:

i) Sales appearing in the Profit & Loss Account also include sale of Bagasse Rs. 481.85 Lacs (Previous Period Rs.837.32 Lacs), sale of Bio Fertilizer Rs. 176 Lacs (Previous Period Rs. 101.75 Lacs) and other sale Rs. 14.63 Lacs (Previous Period Rs. 51.86 Lacs). Sales quantity of Molasses includes wastage of 311 quintal (Previous Period 68564 Quintal)

ii) Production and stock of Sugar includes Brown Sugar (BISS). Production of Power includes captive consumption/ import against power banked of 92216985 KWH (Previous Period 90084925 KWH) and Stocks of Power represent power banked.

iii) Value has been Rounded-Off to the nearest lacs rupee and the quantities have been Rounded-off to the nearest Qtl.

iv) Closing Stock of By Products as appearing in Balance Sheet and Profit & Loss Account include stock of Bagasse Rs. 720.13 Lacs (Previous Period Rs. 116.82 Lacs) and stock of Bio-Fertilizer Rs. 236.69 Lacs (Previous Period Rs. 319.66 Lacs) and other Rs. 59.92 Lacs (Previous Period NIL)

C. Raw Material Consumed: (Rs. in lacs)

Particulars	Unit	Quantity	Value
Sugar Cane	Qtls.	25251298 (26082442)	59223.23 (33251.14)
Raw Sugar	Qtls.	92524 (–)	3283.25 (–)
Total Previous Period			62506.48 (33251.14)

D. Value of Imported and Indigenous raw materials, stores & spares consumed:

Particulars	Sugar Cane		Raw Sugar		Stores & Spares	
	Value (Rs. in lacs)	Percentage %	Value (Rs. in lacs)	Percentage %	Value (Rs. in lacs)	Percentage %
Imported	– (–)	– (–)	1296.35 (–)	25.14 (–)	– (–)	– (–)
Indigenous	59223.23 (33251.14)	100 (100)	1986.90 (–)	74.86 (–)	1275.68 (1475.24)	100 (100)
Total Previous Period	59223.23 (33251.14)	100 (100)	3283.25 (–)	100 (–)	1275.68 (1475.24)	100 (100)

E. Expenditure in Foreign Currency: (Rs.in lacs)

Foreign Traveling	18.04 (9.38)
Capital Goods Advance/Payment	NIL (1660.32)

24. During the period, the Company has purchased / imported raw sugar aggregating 7000 MT for Rs. 1176.02 Lacs in terms of advance license issued by the office of Director General of Foreign Trade without payment of Custom Duty. The company is required to complete the export of white sugar aggregating 7000 MT by 6th march 2011. The management is confident of meeting the export obligation of 7000 MT and no loss is foreseen.

25. After considering sufficient availability of raw materials and the sugar inventory available with the company for disposal as well as capacity of power, resulting into de-risking of the business operations, the management is confident that there is virtual certainty that sufficient future taxable income will be available against which deferred tax asset on account of unabsorbed business loss amounting to Rs.4765.11 lacs will be realized in the normal course of business. However, the management, out of abundant caution, has decided to restrict recognition of deferred tax assets on account of unabsorbed business loss during the period.

26. The previous period figures have been re-arranged, regrouped and reclassified wherever necessary.

27. The Other information as required under Paragraphs 3,4 and 4-D of Part-III of Schedule VI of the Companies Act, 1956 not given being either Nil or Not Applicable.

28. Additional information as required under Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:-

I. Registration Details:

Registration No.	L99999UR1993PLC032518
State Code	–(Uttrakhand)
Balance Sheet Date	31-03-2010

II. Capital raised during the Period:	**(Rs. in lacs)**
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	4160

III. Position of Mobilization and Deployment of Funds:	
Total Liabilities	95234.42
Total Assets	95234.42
Sources of Funds:	
Paid-up Capital	6736.90
Reserves & Surplus	13768.53
Secured Loans	70707.80
Unsecured Loans	4021.19
Application of Funds:	
Net Fixed Assets	56429.92
Investments	–
Deferred Tax Assets (Net)	567.83
Net Current Assets	32164.14
Miscellaneous Expenditures	2.95
Profit & Loss Account	6069.58

IV. Performance of Company:	
Turnover (including other Income)	51049.71
Total Expenditures	55314.32
Loss Before Tax	4264.61
Loss After Tax	4406.99
Earning Per Share (Rs.)	(17.10)
Dividend Rate %	–

V. Generic Names of Principal Products/Services of Company:
(as per monetary terms)

Item Code No. (ITC Code)	1701.11	N.A.
Product Description	White Sugar	Cogeneration

29. Schedule 1 to 19 has been duly authenticated.

For and on Behalf of the Board

As per our report of even date
For B.K.Kapur & Co.
Firm Registration Number 000852
Chartered Accountants

(RAJ KUMAR ADLAKHA)
Managing Director

(RANJAN ADLAKHA)
Director

(V.S.TANDON)
Director

(SANJAY BHANDARI)
Chief Financial Officer

(G.RAMARATHNAM)
Chief-Legal and Corporate Affairs & Company Secretary

(M.S.KAPUR) F.C.A.
Partner
M. No. 74615

Place : Noida
Dated : 29th June, 2010

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

(Rs. In lacs)

		Period Ended 31.03.2010	Period Ended 31.12.2008
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net (Loss) before Tax		**(4,264.61)**	(6,312.35)
Adjustments for:			
Depreciation	**3,184.95**		2,962.27
Interest and financial charges	**5,509.67**		4,968.07
Loss on sale of assets (net)	**1.04**		5.81
Depreciation Written Back	**—**		(3.03)
Liability no longer required written back	**(2.93)**		(96.05)
Profit on sale of Investments	**(116.48)**		—
Miscellaneous Expenditure written off	**1.25**		0.94
Interest earned	**(17.69)**	**8,559.81**	(12.82)
Operating Profit before Working Capital changes		**4,295.20**	1,512.84
Adjustments for:			
Trade & Other Receivables	**(904.14)**		34.59
Inventories	**(30,142.45)**		(7,217.27)
Trade Payables	**8,948.64**		5,066.09
		(22,097.95)	(2,116.59)
Cash generated from operations		**(17,802.75**	(603.75)
Direct taxes (paid)/refund		**(22.95)**	7.72
Net Cash flow from Operating Activities		**(17,825.70)**	(596.04)
B. CASH FLOW INVESTING ACTIVITIES			
Purchase of Fixed Assets		**(5,319.69)**	(7,214.79)
Sale of Fixed Assets		**0.88**	140.38
Investments sold		**199.68**	—
Interest Received		**13.71**	9.15
Net Cash used in Investing Activities		**(5,105.42)**	(7,065.26)
C. CASH FLOW FINANCING ACTIVITIES			
Preliminary Expenses Paid		**—**	(5.00)
Interest paid		**(5,181.70)**	(4,607.20)
Redeemable Preference Share Capital issued		**4,160.00**	—
Proceeds from Borrowings (Term Loans)		**8,557.14**	10,935.29
Proceeds from Borrowings (Unsecured Loans)		**3,360.00**	2,174.50
Repayment of Borrowings (Unsecured Loans)		**(2,881.50)**	—
Repayments of Borrowings (Term Loans)		**(7,858.23)**	(6,108.79)
Proceeds from Borrowings (Working Capital)		**27,289.17**	5,414.59
Net Cash flow from Financing Activities		**27,444.88**	7,803.39
Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)		**4,513.76**	142.10
Cash and Cash Equivalents as at 1st January 2009		**767.64**	625.54
Cash and Cash Equivalents as at 31st March 2010		**5,281.40**	767.64

NOTES:

1 Cash and Cash Equivalents represent Cash and Bank Balances (Refer Schedule 10)

2 Previous year figures have been regrouped / rearranged wherever considered necessary.

3 Trade Payables and Cash & Cash Equivalents excludes amount lying in Escrow Accounts amounting to Rs. 9.75 lacs (Previous Period Rs. 2504.45 lacs)

As per our seperate report
For B.K. Kapur & Co.
Firm Registration Number 000852
Chartered Accountants

(RAJ KUMAR ADLAKHA)
Managing Director

(RANJAN ADLAKHA)
Director

(V.S.TANDON)
Director

(SANJAY BHANDARI)
Chief Financial Officer

(G.RAMARATHNAM)
Chief-Legal and Corporate Affairs & Company Secretary

(M.S.KAPUR) F.C.A.
Partner
M. No. 74615

Place : Noida
Dated : 29th June, 2010

Uttam Sugar Mills Limited

Registered Office : Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand - 247667.

ATTENDANCE SLIP

Folio No. : .....

DP-ID No. : .....

Client ID No. : .....

Name of the Shareholder : .....

Name of the Proxy (in Block letters) (to be filled in if the Proxy attends instead of the member) : .....

I hereby record my presence at the 15th Annual General Meeting held on 18th August, 2010 at 11.30 a.m. at Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand -247667.

.....
Member/ Proxy's Signature

TEAR HERE

Uttam Sugar Mills Limited

Registered Office : Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand - 247667.

PROXY FORM

I/ We.....of.....being a Member/ Members of **Uttam Sugar Mills Ltd.**, hereby appoint.....of .....or failing him.....of.....or failing him.....of.....as my/our proxy to attend and vote for me/ us/ on my / our behalf at the15th Annual General Meeting of the Company to be held at Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand - 247667 on 18th August, 2010 at 11.30 a.m. and at any adjournment thereof.

Signed this.....day of.....2010

Affix 30 paise Revenue Stamp

Folio No. : .....

DP-ID No. : .....

Client ID No. : .....

Note :
This proxy form must be deposited at the Registered Office of the Company at Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand – 247667 or at Corporate Office of the Company at A-2E, IIIrd Floor, C.M.A. Tower, Sector – 24, Noida (U.P.), not less than forty-eight hours before the time fixed for holding the aforesaid meeting. A proxy need not be a member of the Company.

TEAR HERE

BOOK - POST

If undelivered, please return to:

UTTAM SUGAR MILLS LIMITED

Corporate Office : A-2E, 3rd Floor, C.M.A. Tower,
Sector – 24, Noida – 201 301 (U.P.)

First Impression : 011-22481754, 09811224048