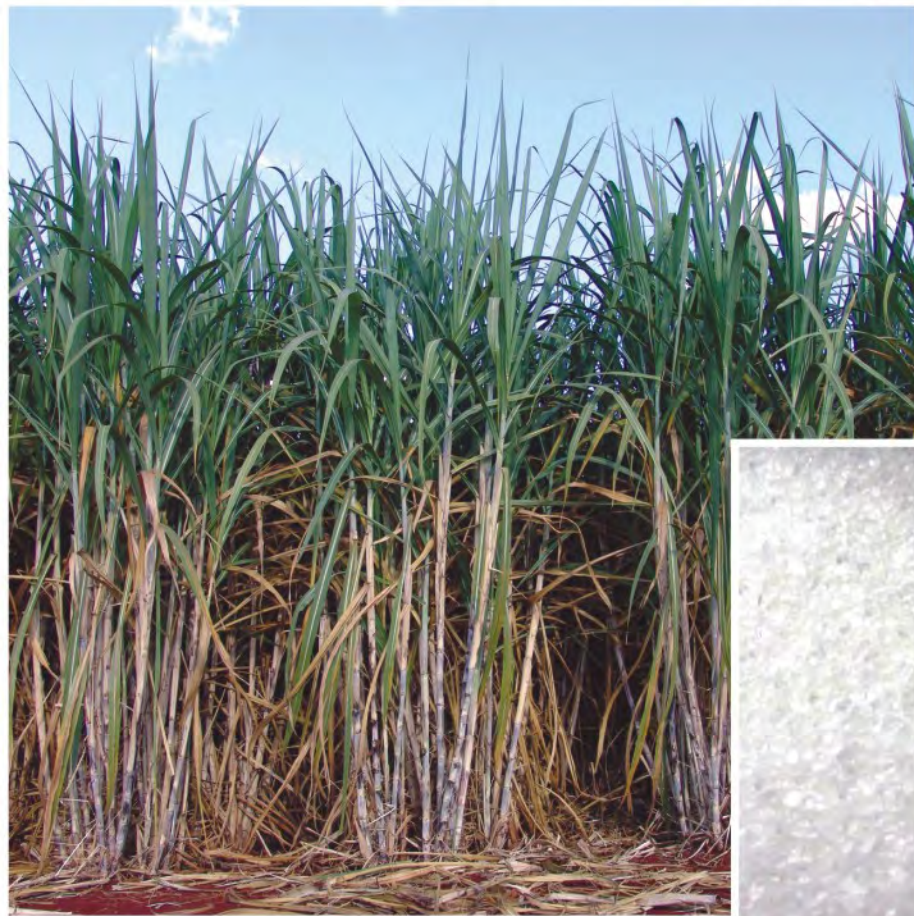


14th Annual Report 2007-2008

the **desire**
to excel
the determination
to **deliver**



Uttam Sugar Mills Limited

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Raj Kumar Adlakha	<i>Managing Director</i>
Rajan Adlakha	
Ranjan Adlakha	
Pasha Biswas	<i>Whole time Director</i>
V.S. Tandon	
R. Vasudevan	
P.S. Lalli	

REGISTERED OFFICE

Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand - 247667
Tel. : 01332 - 229193,
Fax : 01332 - 229194

CORPORATE OFFICE

A-2E, 3rd Floor, C.M.A. Tower, Sector – 24,
Noida – 201 301 (U.P.)
Tel. : 0120 - 2412716 - 18, 4525000
Fax : 0120 - 4525015, 4525020
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
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 Shermou,
Tehsil Nakur,
District Saharanpur (U.P.)

NOTICE

NOTICE is hereby given that the 14th 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 Monday the 25th day of May, 2009 at 12.00 Noon to transact the following business(s):-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2008, 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. Rajan Adlakha, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Dr. R. Vasudevan, 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 modifications, the following resolution as an **ORDINARY RESOLUTION:-**

“RESOLVED THAT Mr. Pasha Biswas, who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 31st October, 2008 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 modifications, the following resolution as an **ORDINARY RESOLUTION:-**

“RESOLVED THAT pursuant to section 198,269,309 & other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act as amended upto date and subject to the Articles of Association of the Company, the consent of the Company be and is hereby accorded for appointment and payment of Remuneration to Mr. Pasha Biswas as a Whole Time Director of the Company for a period of Three Years with effect from 31st October, 2008 as recommended by the Remuneration Committee on the terms and conditions and remuneration as detailed below:

- a) He will be designated as **Whole Time Director**.
- b) He will be paid remuneration of Rs. 45,125/- p.m. (Rupees Forty Five Thousand One Hundred Twenty Five Only).
- c) He will be paid House Rent Allowance of Rs. 15,000/- p.m. (Rupees Fifteen Thousand Only). As and when Company accommodation is provided HRA will be withdrawn.
- d) He will be reimbursed Medical Reimbursement of Rs.15,000/- per annum (Rupees Fifteen Thousand Only).
- e) He will be paid Special Allowance of Rs. 1,618/- p.m. (Rupees One Thousand Six Hundred Eighteen Only).
- f) He will be reimbursed Leave Travel Allowance – One month basic salary per annum.
- g) He will be paid Conveyance expenses (reimbursement) / Allowance as per entitlement.
- h) Company’s contribution to provident fund, as per Rules of the Company.
- i) Gratuity as per Rules of the Company.
- j) Leave with full pay and allowance, as per Rules of the Company.
- k) **Functions:** He shall exercise duties and functions as may be delegated/assigned to him by the Board of Directors/ Committee of Directors from time to time.
- l) **Sitting Fee:** He shall not be paid any sitting fee for attending the Meeting of Board or Committee thereof.
- m) His period of office shall not be subject to retirement by rotation whilst holding office of Whole Time Director.”

“RESOLVED FURTHER THAT the above remuneration will be payable to him as minimum remuneration in case of absence or inadequacy of profits in any financial year as permissible under section II (A) of Part II of Schedule XIII of the Companies Act, 1956 including such amendment(s), modification(s) and/or revision(s) as may be made by the Central Government in the said limits from time to time”.



7. To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:-
- “**RESOLVED THAT** pursuant to Section 269, 198, 309 & other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act amended up to date and subject to the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Mr. Raj Kumar Adlakha as a Managing Director of the Company for three years from 1st September 2009 to 31st August 2012 as recommended by the Remuneration Committee of the Directors and approved by the Board of Directors on 30.04.2009 on the terms and conditions including remuneration as minimum remuneration in the case of loss or inadequacy of profits in any financial year as set out in the explanatory statement, which shall be deemed to form part thereof.”

By Order of the Board
For **UTTAM SUGAR MILLS LTD.**

Place : Noida
Date : 30th April, 2009

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

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

NOTES:

1. Explanatory Statement setting out all material facts relating to special business contained in item Nos. 5, 6 & 7 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.

Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the company will remain closed from 22nd May, 2009 to 25th May, 2009 (both days inclusive).
4. Members are requested to bring their copies of Annual Report to the Meeting.
5. Any query relating to Accounts must be sent to Company's Corporate Office at A-2E IIIrd Floor, C.M.A. Tower Sector -24, Noida (U.P.) at least 10 days before the date of the meeting.
6. 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.
7. Members / Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
8. 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 re-appointment at the forthcoming Annual General Meeting

1. **Mr. Rajan Adlakha**

Mr. Rajan Adlakha, aged 49 years, is a B.B.A from Akron University, Ohio, United States of America. He joined the family business in 1986. He is the Managing Director of The Standard Type Foundry Pvt. Ltd. and Uttam Sucrotech International Pvt. Ltd. He is also a director on the board of other group companies.

Directorship held in other Companies

- 1) Uttam Industrial Engg. Ltd.
- 2) Uttam Sucrotech Ltd.
- 3) Uttam Distilleries Ltd.
- 4) Mansinghgroup Hotels & Resorts Ltd
- 5) The Standard Type Foundry Pvt. Ltd.
- 6) Uttam Lifestyle Hotels Pvt. Ltd.
- 7) Autocare Mart Pvt. Ltd.
- 8) Uttam Foma Techno Cast Pvt. Ltd.
- 9) Uttam Sucrotech International Pvt. Ltd.

Membership in committees in other Companies

Nil

Shareholding in the Company

367010 Equity Shares

Relationships between Directors Inter-Se

Mr. Rajan Adlakha is the brother of Mr. Raj Kumar Adlakha, Managing Director and Mr. Ranjan Adlakha, Director of the Company.

2. **Dr. R. Vasudevan**

Dr. Ramasamy Vasudevan aged 70 Years, is a Doctorate and Qualified Ph.D (Hons). He has an overall experience of over 47 years. He has served Bharat Heavy Electricals Limited for a total period of 31 years and retired as General Manager (Engineering). He is one of the founder Director in the School of Engineering Technology, Bharathidasan University, Tiruchirappalli. He has won various awards in the field on engineering such as Business leadership award in the field of bio-energy for the year 2003 by International Congress on Renewable Energy, World Environmental Congress Award for the manufacture of compost from the municipal waste for the Tiruchirappalli City Corporation etc. He has chaired various committees such as the R&D Committee, Ministry of Non-Conventional Energy Sources, Sugar, Cogeneration Projects and has also being a member of the Energy panel, Tamil Nadu Commission.

Directorship held in other Companies

Nil

Membership in committees in other Companies

Nil

Shareholding in the Company

Nil

Relationships between Directors Inter-Se

Dr. R. Vasudevan is not related to any other directors of the Company.

3. **Mr. Pasha Biswas**

Mr. Pasha Biswas aged 49 years, is a Graduate (B.A.) from JNU, Delhi. He joined the Indian Armed Forces in 1981 and held various positions and also worked at different locations. After serving the Army for about 23 years he took premature retirement. Thereafter, he joined the private sector and worked as Vice President of a Marketing Firm for about 3 years. During this period he got exposure in different areas like Marketing, Human Resources etc.

Directorship held in other Companies

Nil

Membership in committees in other Companies

Nil

Shareholding in the Company

Nil

Relationships between Directors Inter-Se

Mr. Pasha Biswas 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 & 6

As per the provisions of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, Mr. Pasha Biswas was appointed as an Additional cum Whole-Time Director on 31.10.2008 for a period of three years w.e.f. 31.10.2008. He holds office as an Additional Director 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 Pasha Biswas as Director of the Company.

The remuneration as proposed has already been approved by the Remuneration Committee of Board of Directors.

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.

The Board also considers that it would be in the interest of the Company to have Mr. Pasha Biswas on the Board of the Company for his valuable contribution. The Board of Directors recommends the resolution for approval of Members.

None of the Director except Mr. Pasha Biswas is concerned or interested in this resolution.

Item No. 7

Being the promoter of the Company, Mr. Raj Kumar Adlakha is associated as Director of the Company w.e.f. 28.07.1998 and has made considerable contribution in the growth of the Company. His efforts, knowledge and experience have been instrumental in the progress of the Company over the years.

The Board of Directors of the Company re-appointed Mr. Raj Kumar Adlakha, as Managing Director of the Company under Section 269 of the Companies Act, 1956 for a period of three years w.e.f. 01.09.2006 to 31.08.2009. Now, the Board of Directors of your Company recommend for re-appointment of Mr. Raj Kumar Adlakha as a Managing Director for a further period of three years from 01.09.2009 to 31.08.2012 on payment of remuneration to him as per the terms and conditions detailed below:

The terms and conditions of re-appointment of Mr. Raj Kumar Adlakha as Managing Director:-

1. Period:

The appointment is effective from 1st September, 2009 for a period of three years i.e. up to 31st August, 2012.

2. Overall Remuneration:

Subject to the provisions of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to the Managing Director in any financial year shall not exceed 5% (five percent of the net profit of the Company), or such other limits as may be specified under the relevant legislation prevailing from time to time. Within the aforesaid ceiling, the remuneration payable to him shall be as follows:

- a. **Salary:** Rs. 3,25,000/- (Rupees Three Lacs Twenty Five Thousand Only) per month.
- b. **Perquisites:** In addition to above remuneration the Managing Director shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel assistance for self and family, club fees, medical insurance etc. in accordance with the rules of the Company.
- c. Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of the Income Tax Act.
- d. **Gratuity:** One half months salary for each completed year of service in accordance with the rules of the Company.

- e. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall however be billed by the Company to the Managing Director.
- f. **Commission:** Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The commission payable to the Managing Director will be limited to 4% of the net profits of the Company as calculated in terms of the provisions of Section 349 of the Companies Act, 1956 to be determined at the end of each financial year.

3. Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Section II of part II of Schedule XIII to the Companies Act, 1956 @ Rs. 4,00,000/- (Four Lacs) per month (including perquisites) which is the present limit or as may be amended from time to time.

4. Functions

Subject to the superintendence, control and direction of the Board of Directors of the Company the Managing Director shall have substantial powers of 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.

5. Sitting Fee

He shall not be paid any sitting fee for attending the Meeting of Board or Committee thereof.

6. He shall not, so long as he functions as a Managing Director, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company.
7. His period of office shall not be subject to retirement by rotation whilst holding office of Managing Director."

INFORMATION PURSUANT TO CLAUSE 1 (B) (iv) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.

I. GENERAL INFORMATION:

- (1) **Nature of industry:-**
Manufacturer of Sugar and other allied products.
- (2) **Date or expected date of commencement of commercial production:-**
Company commenced commercial production from January 2001.
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:-** Not applicable.
- (4) **Financial performance based on given indicators:-** (Rs. in Lacs)

Financial Parameter	2005-06 (12 months)	2006-07 (12 months)	2007-08 (15 months)
Turnover (Rs.)	22064.23	29640.57	39918.86
Net Profit/(Loss) (before Tax) (Rs.)	3140.68	(3006.91)	(6312.35)
- (5) **Export performance and net foreign exchange collaborations:-** Nil
- (6) **Foreign investments or collaborators, if any:-** Nil

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details:-

Mr. Raj Kumar Adlakhia, aged 53 years holds Engineering Degree B.E. (Mach.) and has more than 30 years of

industrial experience in managing the operations of industrial undertakings. He started his career in 1979 by joining his family business of manufacturing parts for sugar mill machinery and expanded the business to carry out turnkey sugar mill projects. He was instrumental in setting up of our four sugar manufacturing units. Under his leadership, the Company has made remarkable progress.

(2) Past remuneration:-

Rs. 3.75 lacs per month (excluding perquisites) from 01st September 2006 and commission up to 4% of net profit and overall remuneration subject to maximum of 5% (five percent) of the net profit of the Company.

(3) Recognition or awards:-

Mr. Raj Kumar Adlakha was awarded Udyog Ratna Award "Involvement in Economic Development of Uttaranchal" on July 08, 2005 on the Centenary Celebrations of PHD Chamber of Commerce and Industry.

(4) Job profile and his suitability:-

Subject to the superintendence, control and direction of the Board of Directors of the Company the Managing Director shall have substantial powers of 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.

(5) Remuneration proposed:-

Rs. 3,25,000 per month (excluding perquisites) and commission as per the terms and conditions as mentioned in Explanatory Statement of the notice of this annual general meeting.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :-

The proposed remuneration is in line with prevailing industry remuneration structure for the similar position.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:-

Apart from remuneration, Managing Director will be receiving dividends, if any, declared by the Company in respect of Shares held by him. He is related to two Directors of the Company.

III. **OTHER INFORMATION:**

(1) Reasons for loss:-

The Company has incurred losses due to several external factors like (a) Irrational fixation of SAP for 2007-08 by the State Government, (b) Inadequate availability of sugarcane for season 2008-09 resulting in delayed start of production and (c) Poor quality of sugarcane resulting in lower sugar recovery etc.

(2) Steps taken or proposed to be taken for improvement:-

To improve the financial viability of sugar manufacturing units, Company is in the process to increase the bagasse based Co-generation Capacity by 55 MW. The power produced by our cogeneration plants will be utilized for running sugar mills and the surplus power will be exported. Further, the Company is also in the process to set up an Ethanol plant with capacity of 75 KLPD at Barkatpur.

(3) Expected increase in productivity and profits in measurable terms:-

There is adequate production capacity and steps are being taken to improve the cost efficiency.

(4) Directorship held in other Companies:-

- a. Uttam Industrial Engineering Ltd.
- b. Lipi Boilers Ltd.
- c. Uttam Distilleries Ltd.
- d. Shubham Sugars Ltd.
- e. Mansinghgroup Hotels & Resorts Ltd.
- f. Telma Trading Private Limited
- g. Divine Grace Enterprises Pvt. Ltd.
- h. Lipi Consultants Pvt. Ltd.

- i. Uttam Car Wash Pvt. Ltd.
- j. Uttam Properties Pvt. Ltd.
- k. Shree Uttam Colonisers Pvt. Ltd.
- l. Uttam Lifestyle Hotels Pvt. Ltd.
- m. Uttam Elite Hotels Private Limited

(5) Membership in committees in other Companies:-

Nil

(6) Shareholding in the Company:-

1624610 Equity Shares

(7) Relationships between Directors Inter-Se:-

Mr. Raj Kumar Adlakha is the brother of Mr. Rajan Adlakha and Mr. Ranjan Adlakha, Directors of the Company.

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 and may also be regarded as disclosure as required under Clause 49 (IV) (G) (i) of the Listing Agreement entered with Stock Exchanges.

The Board of Directors recommends the resolution for approval of Members.

Apart from Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha and Mr. Ranjan Adlakha may be deemed to be considered as interested in the resolution being related to each other.

By Order of the Board
For **UTTAM SUGAR MILLS LTD.**

Place : Noida
Date : 30th April, 2009

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

DIRECTORS' REPORT

The Shareholders of the Company,

Your Directors take pleasure in presenting their Fourteenth Annual Report together with the audited accounts for the year ended 31st December 2008.

FINANCIAL RESULTS

The financial results of the Company for the year ended on 31st December 2008 are as under:-

(Rs. in Lacs)

Details	Year ended 31.12.2008 (15 Months)	Year ended 30.09.2007 (12 Months)
Net Sales	37508.21	27886.56
Profit/ (Loss) before Depreciation and Tax	(793.54)	(1118.08)
Depreciation	(2962.27)	(1888.83)
Exceptional Items	(2556.51)	—
Profit/ (Loss) before Tax	(6312.33)	(3006.91)
Provision for taxation		
Current Tax	164.69	—
Less MAT credit	(137.27)	—
Deferred Tax (Credit) / Charge	(1999.35)	(330.47)
Fringe Benefit Tax	35.31	30.77
Profit/ (Loss) after taxation	(4375.74)	(2707.21)
Balance brought forward from Previous Year	2713.14	5420.35
Less : Income Tax for earlier year	—	—
Surplus transferred to Balance Sheet	(1662.56)	2713.14

REVIEW OF OPERATIONS

The financial results for the year 2007-08 are for a period of 15 months and hence, are not comparable with the results of 2006-07 which were for a period of 12 months. During the period under review, your Company crushed 260.82 lacs quintals of sugarcane and produced 24.87 lacs quintals of Sugar at an average recovery rate of 9.54% as compared to 216.03 quintals of sugarcane crushed and 21.34 lacs quintals of sugar produced at an average recovery rate of 9.88% in 2006-07. The production of molasses during 2007-08 was 11.92 lacs quintals as compared to 10.71 lacs quintals produced in 2006-07.

DIVIDEND

In view of the unfavorable performance, your Directors are not in a position to recommend any dividend for the financial year 2007-08.

SUGAR SCENARIO

After two consecutive years characterised by bumper production and huge inventory, domestic sugar market has enter into the phase of shortage arising out of a sharp decline in production. Increase in cane payment arrears and delay in verdict on SAP in UP had created restlessness among farming community and persuaded them to shift to other crops. Most of the mills have had to face a shortage of cane resulting from the shortest sugar season during last decade, which eventually lead to an early closure of this season. Moreover, there has been a significant drop in recovery rates.

Meanwhile, Government has come out with a policy to allow raw sugar imports to India. Thus, with an expected consumption of 23.5 million tons there will be a depletion of stock by almost 9 million tons.

The key factors effecting the sugar cane availability / recovery are as under:-

a. Decline in sugarcane Acreage

Sugarcane acreage in the major producing states of Maharashtra, UP, and Tamil Nadu declined sharply due to the cultivators diversifying to other major and better revenue earning crops such as oilseeds and wheat in north India and rice in South. Moreover, cane plantation in UP during March-May, had reported a sharp drop of 20- 25% in area because of mills were not in a position to pay them the SAP during the previous season. On top of it, un-seasonal pre-monsoon rains had a dampening effect on sugar cane yields from around 58 tonnes to 32 tonnes a hectare.

Your Company too has been affected by the cane shortage. The current sugar season has been shortest in the last decade. Despite of improvement in sugar prices, your Company will not be benefited much in view of shortfall in production.

b. Drop in Recovery

There has been a significant and worrying drop in recovery rates i.e. the percentage of sugar extracted by from crushing of cane measured in tons. Reports state that in the Northern state of U.P., the average recovery rate declined by half to one percent. The lower recoveries have been mainly on account of the poor quality of the ratoon crop, sprouting from the root stubbles of the plant cane that was harvested during mid-January to April last year. In Maharashtra, the situation has been seen to be similar, with massive drops in recovery rates.

c. Recent Development in Government Policies

The current shortfall in sugar production and depletion of stocks has pushed sugar prices to record levels in the short span of time. Recently, the government had put limits on the amount of sugar that can be stocked by traders to avoid hoarding. Moreover, in February 2009, in order to control the prices, the Government gave notification for duty free imports of raw sugar on tonne-to-tonne basis for next three years. Likewise, government is considering a proposal to import ready-to-eat refined sugar at zero duty.

Your company has also initiated action for import of raw sugar as per current Government policies for import of raw sugar. Since the company has three plants with facilities to manufacture the refined sugar with total capacity of approximately 16000 TCD, the company is confident of optimizing the production of these plants through import of raw sugar to partially cover the shortfall of cane.

Company specific

- Cane Development programme has been initiated, which will result in better recovery besides avoiding shortage in cane Production due to decreasing acreage.
- Likely favourable decision expected on the pending litigation which would release capital subsidy of Rs. 37 Crores, which will help in bridging the financial gap for completing cogeneration projects.

In view of the present liquidity situation on account of losses suffered during last two consecutive years, your Company has approached the Banks / Financial Institutions for Rescheduling / Restructuring of the loans.

EXPANSION

The company is pursuing expansion of cogeneration facilities at its three units i.e. Khaikheri, Shermau and Barkatpur and setting up of Ethanol plant at Barkatpur unit at a total cost of Rs.263.36 crore.

AUDIT COMMITTEE

Due to resignation of Mr. N. K. Sawhney, the Board of Directors has re-constituted the Audit Committee on 27th February, 2009 consisting of Mr. Ranjan Adlakha, 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.

DIRECTORS

Mr. Rajan Adlakha and Mr. R. Vasudevan, Directors of the Company are retiring by rotation at this forthcoming Annual General Meeting of the Company and are eligible for reappointment.

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

The Board of Directors have proposed to re-appoint Mr. Raj Kumar Adlakha as Managing Director of the Company for a period of three years from 1st September, 2009 to 31st August, 2012 subject to necessary approvals. A resolution to this effect is being placed before the members for approval.

Mr. N. K. Sawhney, Director of the Company has resigned from Directorship of the Company during the period under review. The Board places on record its deep 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) that 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) that 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) that the annual accounts have been prepared on a going concern basis.

AUDITORS' OBSERVATIONS

Your Directors wish to clarify the position as under :-

- a) The programme for physical verification of assets commensurate with the size of the company and nature of its business as referred to by the Auditors vide para 1(a) of the annexure to the report is already being carried out by the company in a phased manner and this will also cover furniture, fixture, office equipments and their compilation of records.
- b) 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 two financial years which resulted in the delays in re-payment.
- c) 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 two 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 2008-09 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 reappointment. 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 year under review.

PUBLIC DEPOSITS

The Company has not accepted any public deposits since incorporation.

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
Date : 31st March, 2009

(**RAJ KUMAR ADLAKHA**)
Chairman of the Board

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE "A"

(A) CONSERVATION OF ENERGY

ENERGY CONSERVATION MEASURES

- 1) Modification of header for vacuum pump.
- 2) Modification of DBF design to increase the efficiency.
- 3) Reduction of fresh tube well water with recirculation of process generated water.
- 4) Utilization of effective instrument system.
- 5) Variable frequency drives have been installed at Raw juice and Sulphited juice pumps to stabilize flow rate.
- 6) Installation of variable frequency drive in place of conventional motors at mills and various pumps drive.
- 7) Installation of dosing pumps for effective process control.
- 8) Improvement in cane preparation resulting in lower moisture content in bagasse.
- 9) Utilization of planetary gear boxes in place of conventional worm reducer.
- 10) Utilization of plate type heat exchangers and contact heaters.

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	2007-08	2006-07
1. Electricity		
a) Purchased units		
Units (KWH)	800578	251368
Total amount (Rs. Lakhs)	28.64	7.68
Rate per unit (Rs.)	3.58	3.06
b) Own generation		
i) Through diesel generator sets		
Units (KWH)	2283820	2362642
Units per ltr. of Diesel Oil	2.89	3.31
Total amount (Rs. Lakhs)	263.22	182.73
Cost/ unit (Rs.)	11.53	7.73

	2007-08	2006-07
ii) Through steam turbine Units (KWH)	90084925	73507822
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.)		
Total Amount/Average Rate	NIL	NIL
4. Other / internal Generation (MT)		
Fire Wood		
Quantity (Qtls)	940.7	NIL
Total Cost (Rs. Lacs)	2.18	NIL
Average Rate (Rs./Qtls)	231.37	NIL
Baggase (Purchased)		
Quantity (Qtls)	7515.45	NIL
Total Cost (Rs. Lacs)	7.85	NIL
Average Rate (Rs./Qtls)	104.45	NIL

II. Consumption per unit of production of sugar

	2007-08	2006-07
Sugar Production (in Qtls.)	2487105	2133521
Electricity (KWH per Qtls. of Sugar)	36.22	37.39
Furnace Oil	NIL	NIL
Coal	NIL	NIL
Fire Wood (per Qtls. of Sugar)	0.0007	NIL
Bagasse (Purchased) (Kg. per Ton of Sugar)	12.99	NIL

(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)

	2007-08	2006-07
Earnings	NIL	NIL
Outgo:-		
(i) Foreign Traveling	9.38	16.66
(ii) Capital Goods Advance	1660.32	962.16

By Order of the Board
for **UTTAM SUGAR MILLS LTD.**

(**RAJ KUMAR ADLAKHA**)
Chairman of the Board

Place: Noida
Date : 31st March, 2009

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/ Nature of Duties	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	5051	B.E. (Mech)	53	29	01.09.2001	Whole Time Director- Uttam Industrial Engg. Ltd.

NOTES :

1. The nature of employment is contractual.
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.

By Order of the Board
for **UTTAM SUGAR MILLS LTD.**

(RAJ KUMAR ADLAKHA)
Chairman of the Board

Place: Noida
Date : 31st March, 2009

CORPORATE GOVERNANCE REPORT 2007 - 2008

1. Company's Philosophy on Corporate Governance

Uttam Sugar Mills Limited is committed to produce quality sugar and value added bye-products and strives for continuous improvement in all its activities to create value that can be sustained in the long run for its Shareholders, Employees, Lenders, Customers and the Government. We also believe in good Corporate Governance which is essential for achieving long term corporate goals. Uttam Management wish to comply not only just letter of the law but also to reach out to the true spirit of the law.

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 (F.Y. 2007-08):-

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 ²	Whole Time Director	Non-Promoter/Executive
Sh. V.S. Tandon	Director	Independent
Dr. R. Vasudevan	Director	Independent
Sh. P.S. Lalli	Director	Independent
Sh. N. K. Sawhney ²	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	9	Yes	5	—	—
Sh. Rajan Adlakha	4	No	4	—	—
Sh. Ranjan Adlakha	8	No	5	3	—
Sh. V.S. Tandon	10	Yes	—	1	1
Sh. N.K. Sawhney ²	8	Yes	—	—	—
Dr. R. Vasudevan	9	Yes	—	3	2
Sh. P.S. Lalli	10	Yes	—	2	—
Sh. Pasha Biswas ²	1	N.A.	—	—	—

¹ Excludes viz. Private / Overseas Companies.

² Sh. N. K. Sawhney relinquished the office of the Directorship w.e.f. 27th November, 2008. Sh. Pasha Biswas was appointed as Additional cum Whole Time Director w.e.f. 31st October, 2008.

C. Details of the sitting fees paid to the Independent Directors for the year ended December 31, 2008:-

The Company paid sitting fees to all the Independent Directors for attending the meetings of the Board and / or committees thereof amounting to Rs. 5,40,000/-. The details are as under:-

S.No.	Name	Sitting Fee (Rs.)
1.	Sh. V. S. Tandon	1,60,000
2.	Sh. N.K. Sawhney	1,40,000
3.	Dr. R. Vasudevan	1,40,000
4.	Sh. P.S. Lalli	1,00,000

D. Details of Board Meetings held during the year 2007-2008 :

Date of Meeting	No. of Directors Present
21.11.2007	6
31.12.2007	6
31.01.2008	5
29.02.2008	5
30.04.2008	5
17.06.2008*	5
14.07.2008	6
31.07.2008	7
31.10.2008	7
27.12.2008	7

* Meeting held on 17.06.2008 was adjourned to 30.06.2008 and again to 02.07.2008.

- The time gap between any two meetings did not exceed four months.
- The last AGM was held on 29.02.2008.

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	8,58,940
4.	Sh. Pasha Biswas	Nil
5.	Sh. V. S. Tandon	Nil
6.	Dr. R. Vasudevan	Nil
7.	Sh. P.S. Lalli	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 27th February, 2009. The following Directors are the present members:-

Mr. V.S. Tandon : Chairman (Independent Director)

Dr. R. Vasudevan : Independent Director

Mr. Ranjan Adlakha : Non-Executive/Promoter Director

Mr. N. K. Sawhney ceased to be a member of the Audit Committee with effect from 27th November, 2008.

(III) MEETING AND ATTENDANCE:-

During the Financial Year 2007-2008, 6 (Six) audit committee meetings were held on 21.12.2007, 31.12.2007, 31.01.2008, 29.04.2008, 31.07.2008 and 31.10.2008. The attendance of the members is as follows:-

S.No.	Name	Attendance
1.	Mr. V.S. Tandon	6
2.	Mr. N.K. Sawhney	6
3.	Dr. R. Vasudevan	5

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 re-constituted a Remuneration Committee during the year in the Board Meeting held on 27.02.2009, comprising the following Independent, Non-Executive Directors:

S.No.	Name
1.	Dr. R. Vasudevan
2.	Mr. Prabhakaran Singh Lalli
3.	Mr. Ranjan Adlakha

During the Financial Year 2007-08, 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. Prabhakaran 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	12
2.	Mr. Ranjan Adlakha	13
3.	Mr. Prabhakaran Singh Lalli	13

During the year 2007-08, 10 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 31.12.2008.

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
11th AGM	14.11.2005	7-C, 1st Floor, J Block Shopping Centre, Saket, New Delhi.	10.00 a.m.	Nil
12th AGM	28.03.2007	Air Force Auditorium, Subroto Park, New Delhi	10.00 a.m.	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Further Issue of 1,40,00,000 Equity Shares of Rs.10/- each.

8. Disclosure

- 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.
- 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.

9. 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. The Company is also displaying audited financial results, quarterly unaudited financial results, report on corporate governance and shareholding pattern etc. on the SEBI EDIFAR website.

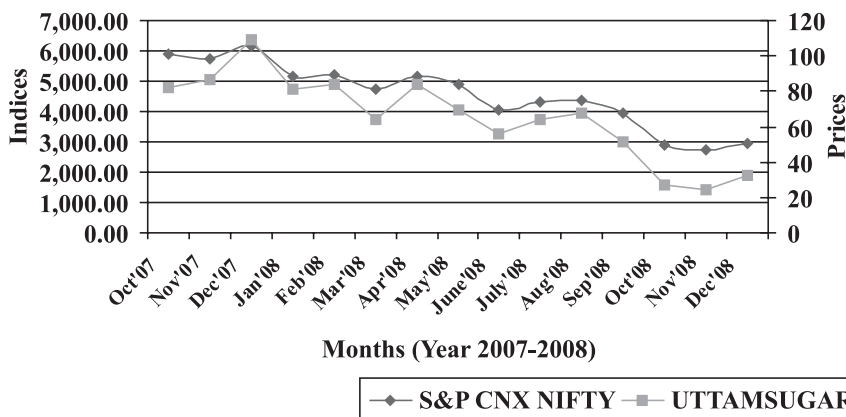
10. General Shareholder information

i.	AGM Date, time and venue	25th day of May, 2009 at 12.00 Noon, Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand
ii.	Financial calendar 2008-09 First quarterly results Second quarterly results Third quarterly results Fourth quarterly results Audited yearly results	Before end of April, 2009 Before end of July, 2009 Before end of October, 2009 Before end of January, 2010 Before end of May, 2010
iii.	Book Closure Date	22nd May, 2009 to 25th May, 2009
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. 2008-09
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 2007-08
(Bombay Stock Exchange)

Month	High (Rs.)	Low (Rs.)
October'07	97.90	75.00
November'07	98.00	76.10
December'07	115.00	85.00
January'08	144.50	70.30
February'08	94.40	74.55
March'08	85.00	55.10
April'08	86.75	63.00
May'08	88.00	68.10
June'08	72.25	55.05
July'08	66.20	50.00
August'08	83.00	62.00
September'08	68.45	50.60
October' 08	52.85	25.75
November' 08	32.50	23.70
December' 08	33.70	22.70

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. : 011-41410592-93
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 shareholding as on 31st December, 2008

(i) Category of Shareholders as on 31.12.2008

S. No	Category of Shareholder	Total Number of 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	437992	1.70
(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	86450	0.34
(g)	Foreign Venture Capital Investors	0	0.00
	Sub-Total (B)(1)	524442	2.04
(B)(2)	Non-Institutions		
(a)	Bodies Corporate	934478	3.63
(b)	Individuals :		
(i)	Individual Shareholders holding nominal share capital up to Rs. 1 lakh	3401359	13.20
(ii)	Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	603070	2.34

S. No	Category of Shareholder	Total Number of Shares	% of shares
(c)	Any others :		0
	Trust	20	0.00
	Non Resident Indians	51084	0.20
	HUF	120037	0.47
	Clearing Members	17359	0.06
	Sub-Total (B)(2)	5127407	19.90
	Total Public Shareholding (B) = (B)(1) + (B)(2)	5651849	21.93
	TOTAL (A) + (B)	25769000	100.00

(ii) Distribution of Shareholding as on the 31.12.2008.

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	23591	88.452	7650	15019290	0.003	5.828
02.	2501 to 5000	1714	6.426	0	6575280	—	2.552
03.	5001 to 10000	788	2.955	0	6138110	—	2.382
04.	10001 to 20000	307	1.151	0	4487830	—	1.742
05.	20001 to 30000	96	0.360	0	2371090	—	0.920
06.	30001 to 40000	38	0.142	0	1343980	—	0.522
07.	40001 to 50000	29	0.109	0	1355180	—	0.526
08.	50001 to 100000	49	0.184	0	3581920	—	1.390
09.	100001 and above	59	0.221	16213200	200596470	6.292	77.844
	TOTAL	26671	100	16220850	241469150	6.295	93.705
		Net Total both columns		257690000		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	<p>Unit - I Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand</p> <p>Unit - II Village Barkatpur, Tehsil Nazibabad, District Bijnor, U.P.</p> <p>Unit - III Village Khaikheri, Tehsil & District Muzzafarnagar, U.P.</p> <p>Unit - IV Village Shermau, Tehsil Nakur, District Saharanpur, U.P.</p>
xiv.	Address for correspondence	<p>Registrar & Share Transfer Agent (For Dematerialisation and 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. : 011-41410592-93</p> <p>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.)</p>



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 year ended on 31st December, 2008 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

Place : Noida
Date : 31st March, 2009

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

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 2007-2008.

Place : Noida
Date : 31st March, 2009

(RAJ KUMAR ADLAKHA)
Managing Director

CEO/CFO CERTIFICATION

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 : 31st March, 2009

(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. Global Industry Scenario

After two consecutive successful sugar seasons (2006-07 & 2007-08) characterized by production exceeding demand, world production of sugar has been estimated to decline in 2008-09. International Sugar Organization (ISO) in its first assessment, made in August 2008, of the upcoming 2008/09 crop cycle, had estimated that in 2008/09, world production of sugar was expected to decrease for the first time since 2004/05 to 161.649 million tonnes, raw value, a massive 7.353 million tonnes down from the last season. World consumption was put at 165.547 million tonnes, raw value, up 2.35%, generally in line with the long-term average growth. In its second assessment of the world sugar balance for 2008/09, made in November 2008, World production was put at 162.258 million tonnes, raw value and World consumption at 165.884 million tonnes, raw value. Therefore, global output was forecast to be 3.626 million tonnes lower than world consumption.

The third assessment of the world sugar balance, made in February 2009, for the period from October 2008 to September 2009, has strengthened ISO's general view of the global supply/demand situation. World production is now put at 161.527 million tonnes. A significant production shortfall in India and a further contraction of production in the EU, on the one hand, and a continuing expansion of sugar output in Brazil, on the other hand, are the three major supply features of 2008/09. The combined effect of output reductions in the EU and India is expected to shave off a massive 7.084 million tonnes from world sugar supply, despite record high growth in sugar output in Brazil. Meanwhile, global consumption is forecasted to grow at the rate of 2.19% to 165.801 million tonnes, raw value. The ISO expects only a minimal impact of a still uncertain global economic slowdown on sugar consumption during the remaining months of 2008/09. World production is now expected to be 4.274 million tonnes lower than world consumption as against 3.626 million tonnes projected in November. Consequently, the statistical outlook for the market till the end of the season in September 2009 remains constructive and supportive to world market values, as per ISO.

An estimated detail of world sugar balance for Sugar Year (SY) 2008-09 as per ISO Quarterly market outlook published in February 2009, is as under:-

World Sugar Balance (million tonnes, raw value)

	2008/09	2007/08	Change	
			in Million tonnes	in %
Production	161.527	168.611	-7.084	-4.20
Consumption	165.801	162.241	3.560	2.19
Surplus / Deficit	-4.274	6.370		
Import demand	49.621	45.948	3.673	7.99
Export availability	49.608	46.245	3.363	7.27
End Stocks	66.272	70.533	-4.261	-6.04
Stocks/Consumption ratio in %	39.97	43.47		

Source: ISO quarterly market outlook, February 2009

However, the production level of 161.527 million tonnes does not appear to be realistic in view of latest media and consultancy reports regarding the massive drop in the Sugar Production in India during the current season which commenced with a six weeks delay in major cane growing areas. In February 2009, the Lausanne-based consultancy Kingsman SA, revised its forecasted sugar deficit to 11.56 million tonnes from previous figures of 9.66 million citing lower estimates for Indian and Chinese output. Merchant Czarnikow has also raised its 2008-09 global sugar deficit estimate from 5.8 million tonnes to 10.4 million tonnes.

Shifts in India's output, depending on the sizes of its harvests, can have a huge impact on the global sugar market as the country can swing from being a major net exporter to a big importer.

The sharp decline in sugar output in India has led to several revisions in the estimates for sugar production in the current sugar season. From the level of 22 million tonnes, the estimates slid to 18 million tonnes to 16.5 million tonnes in first week of March 2009. The severe cane shortage as well as various other factors such as sharp drop in cane area,

yield, and recovery, led to the downward revision in the estimates to 15.5 million tonnes. Since more than 85% of the mills in Maharashtra and Uttar Pradesh, the two largest sugar producing states in the country, closed operations by end of March 2009, the sugar production estimates have now been revised to 14.2 million tonnes by the ISMA, a sharp drop of over 46% of the level of 26.3 million tonnes.

GLOBAL MANUFACTURE OF ETHANOL

As per latest ISO report, global fuel ethanol production and consumption growth is forecasted to halve in 2009, growing by around 14% to reach around 75 billion litres. This slowing in output growth would be a landmark, given the previous years' high growth rates, largely explained by a massive increase in production capacity in both the US and Brazil. A halving in growth from the previous year is due to economic challenges from falling crude oil prices and the credit crunch that has beset the industry in several countries. Whilst 2008 was also generally perceived as a challenging year for biofuels, global output is estimated to have reached 65.3 billion litres, up 32% from the 2007 level. The commodity price boom drove food and energy prices to new highs during the first half of the year, intensifying the flames of the fuel vs. food debate, and as well as to boost production costs substantially for fuel ethanol manufacturers, denying them the benefit of record high crude oil prices. Suddenly the price boom ended during the second half of the year, world crude oil price retracted rapidly and the US dollar appreciated significantly. The negative impacts of these factors on global fuel ethanol consumption and production will be fully felt in 2009.

GLOBAL PRODUCTION OF MOLASSES

As per ISO estimates, relatively high molasses values are not anticipated to weaken over the coming 6 months. Molasses availability to the world trade has forecasted to shrink, particularly due to lower production in India and Pakistan. This together with expanding use of molasses in fuel ethanol programs mean that the molasses trade will be characterised by constrained supplies and uncompetitive values over coming months.

INDIAN PERSPECTIVE OF SUGAR INDUSTRY

Importance of Domestic Sugar Industry

The sugar industry in India, been a focal point for socio-economic development in the rural areas by mobilizing rural resources, generating employment & higher income, transport and communication facilities. In fact, it is an important driver for rural development supporting the economic growth of the country

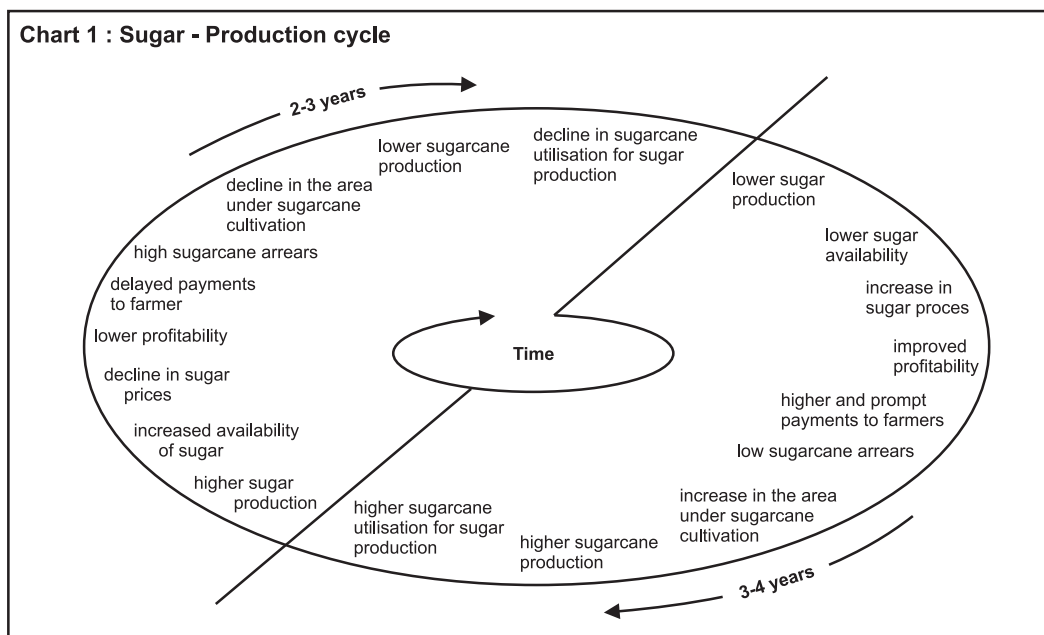
The main features of the sugar industry in India are outlined below:

- It sustains around 50 million sugar cane farmers and their families together with the agricultural labourers constituting around 7.5% the total rural population and sugarcane occupies 2.7% of India's crop area.
- With more than 500 operating sugar mills in 16 states, Indian sugar industry has been a focal point for socio-economic development in the rural areas.
- The Sugar Industry the country's second largest agro – based industry after Textiles. With an annual estimated turnover of over Rs. 70,000 Crores, it contributes Rs. 2250 Crores to the central and state exchequer as tax, cess, and excise duty every year (Source: Ministry of Food, Government of India).
- The total capital employed by the Industry is more than Rs. 50,000 Crore. With the current level of growth as well as the fact that Brazil is steadily increasing the production of ethanol directly from Sugar-cane, India may as well become the largest sugar producer in the world in the near future, as estimated by ISO.
- The country is the largest consumer of sugar in the world and the second largest producer – contributing 10% (at current levels) of the global sugar production.
- Sugar commodity has a weight of 3.62 per cent in the whole sale price index inflation vis-à-vis that of cement at 1.73 per cent, wheat at 1.38 per cent and combined weight of Iron & Steel at 3.64 per cent. Consequently, there is a continued government intervention in case of price-rise.

In a raw material-dependant industry, profitability is influenced factors such as availability of cane, Economic size of mills, Technology, Sucrose content, Operating efficiency, Purchase Price of Cane as well as various Government initiatives.

Sugar production cycle

India is entering into the next phase of sugar cycle wherein sugar prices are expected to remain firm. Given below is a chart depicting the cyclical nature of the sugar industry:



Source : CRISIL Research

The highlights of the domestic sugar industry and the prevailing and future trends as per industry reports, is given below:-

a. Production

The major sugar producing states in India are Maharashtra and Uttar Pradesh followed by Karnataka, Tamil Nadu, Andhra Pradesh, Gujarat, Haryana, Uttarakhand, Punjab, Bihar and Madhya Pradesh.

In 2006/07, India produced 25.36 mt of sugar. UP and Maharashtra together contributed more than 67% to the total production. In 2007-08, Maharashtra overtook UP to become the largest producer of sugar in the country. Maharashtra's production increased from 5.9 mt to 9.6 mt in the year due to higher yields and greater cane acreage.

Current Industry Status

As on 31.12.2007, there were 608 installed sugar mills (inclusive of closed sugar mills) in the country with a production capacity of 190 lakh MTs of sugar, of which around 475 were reported to be working. These mills are located in 18 states of the country. Around 317 of the total installed mills are in the cooperative sector, 229 in the private sector and 62 in the public sector (Source: Directorate of Sugar). The number of factories in the private sector has increased by more than 10% which shows the corporatization of sugar production. But majority of the industry is still fragmented with more than 50% of the industry represented by the co-operatives.

b. Consumption

The Indian sugar consumption has steadily increased at an average rate of 3.5% over the last decade. Sugar consumption is driven by the GDP growth and this has been the case for India as well. Whereas, the consumption figures in 2006 were 18 million tonnes, during the current Sugar year 2008-09, the sugar consumption is expected to reach 23.5 million tons, a marginal increase over the previous year despite the rise in price of sugar in the country.

c. Future Outlook

Sugar Manufacture

As per Industry estimates and various research reports, domestic sugar prices are likely to be firm as the Sugar Inventory is expected to be severely depleted due to the current rate of consumption and the significant reduction in production volume estimates. With the easing of inflationary trends, the Central Government has almost exhausted all its options to control rising prices especially after the recent decision to allow raw sugar imports at zero duty and the temporary imposition of stock limits. Moreover, with the Lok Sabha elections currently in progress, the caretaker Government cannot take any decision till the new Government is sworn in.

Further, as detailed in various studies, allowing raw sugar import has had a minimal impact on domestic prices of sugar, due to decreased credit availability arising out of the prevailing liquidity constraints. Further, majority of the offers for imports are from Thailand and Philippines. Philippines government has recently placed curbs over raw sugar

exports following the current floods that have damaged the crop. The other alternative destination for imports would be Brazil, where the new crop is expected in the month of May. Any delay in crushing season in Brazil, as has been the case in last couple of years, will be capable of creating panic like situation on the global front. Since second quarter (Feb-Apr) of the sugar year is the peak demand season and most of the off takes are by the large commercial beverage companies for meeting summer demand so any delay in imports would add strength to sugar prices. The only alternative government is left is imposing stock limits which can have temporary curbing effect on prices.

The industry in India is also continuing to evolve and change. Value addition through downstream projects is now preferred option of sugar mills to mitigate the risks of the sugar industry. The concept of the 'Integrated Sugar Plant' (ISP) is now the corner-stone on which the industry growth will be driven. Companies are now changing from being stand-alone sugar producers, to integrated units successfully producing down-stream products like ethanol and power. Case-in-point are the sugar cooperatives in Maharashtra and Tamil Nadu who are going in for cogeneration plants to boost their profitability as well as reduce the associated risks.

Ethanol Manufacture

Ethanol, in India, is produced primarily from molasses, the by-product derived from cane processing. The blending of ethanol with petrol at 5% was made mandatory by the Central Government from October 2007 onwards and was to be raised to 10% w.e.f. October 2008 by which time, the system for compulsory blending was intended to be put in place.

However, with the fall in crude oil prices, the plan of the Central Government to selectively introduce blending of petrol with ethanol to the extent of 10% (E-10) w.e.f. 1st October 2008, now appears to have been deferred. Auto-manufactures have also expressed reservations on the engine compatibility using petrol with 10% ethanol content. The steep fall in Global Crude prices as well as these factors, has led to a decline in demand for ethanol which has rendered the fixed price of Rs 21.50 per litre for ethanol, to be no longer economical to sugar mills.

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.

Given below is a table which indicates that Demand would be more than supply, indicating firming-up prices of Ethanol in the future to meet demand for blending program:-

Probable alcohol demand over the next couple of years

Sugar Season	Blended Petrol Demand (m tonnes)	Blended Petrol Demand in (m litres)	Demand for Ethanol (m litres)		Alcohol demand (Other than Ethanol)
			5% Blending	10% Blending	
2007-08	10	14,322	716	1,432	1,835
2008-09E	11	15,734	787	1,573	1,917
2009-10E	12	17,288	864	1,729	1,998

Probable alcohol production over the next couple of years

	Total alcohol demand		Potential Alcohol production	Deficit	
	5% Blending	10% Blending		5% Blending	10% Blending
2007-08	2,551	3,267	2,765	214	-502
2008-09E	2,704	3,490	2,084	-620	-1,406
2009-10E	2,862	3,727	1,995	-867	-1,732

Source: Crisil

Co-generation

Your Company has plans to be a key player in this area since Uttar Pradesh, being a power deficit state, offers ample opportunities for power cogeneration. Your Company is continuing with its plan for augmentation of cogeneration power capacity by 55 mw by the middle of the next sugar season. Hereafter, your Company will be taking initiatives for getting itself registered to avail Carbon Credits.

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 i.e. upto 2012. A cumulative biomass power potential of about 18,000 MWs from the surplus agro residues have been estimated in the country.

2. OPPORTUNITIES & THREATS

Opportunities:

- High value addition through utilization of downstream by-products
- Huge potential for increasing cane productivity and sugar recovery rate.
- Potential for upgrading Technology as well as availability of new advanced technology for improved utilization of by-products.
- Potential for added incentive for Certified Emission Reduction (CER) under the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC).

Threats

- Vulnerability of the sugar sector to Inflation & Unfavourable regulatory policies
- Threats of banning futures in sugar;
- Low availability of Ground water for irrigation;
- Deteriorating quality of soil due to overuse of fertilizer and pesticides;
- Unhealthy competition between mills relating to cane acquisition;

3. RISKS AND CONCERNS

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 only raw material and its availability, quality, growth and cost are affecting factors. These are in turn impacted by the area under sugarcane cultivation; availability of water; Effect of monsoon; 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 jaggery, khandsari etc.; Diversion of sugarcane to other mills in neighbouring areas in contravention to central guidelines of defining command areas of mills; Adequacy of harvesting and seasonal unskilled labour; Adverse fixation of Statutory Minimum Price (SMP) by the Central Government and State Advised Price (SAP) by the State Governments; 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; 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 etc.

- b) **Government and Regulatory policies** – This risk arises out of factors such as those pertaining to cane fixation i.e. 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; Imposition of stock limits on sugar dealers; Monthly release mechanism of Central Government which has an adverse impact on the free sugar trade; Introduction of compulsory packing of sugar in Jute bags; Higher weightage of sugar (3.63%) in Wholesale Price Index vis-à-vis with other commodities such as Wheat (1.38%) etc. leading to increased Governmental Intervention to control Inflation; Volatile sugar export-import policy etc.

Risk mitigation

The regulatory risks listed above are Government policy driven and beyond Company's control. Every effort is made to conform to regulatory requirement while judicial recourse is made when warranted.

- c) **Sugar Price risk** – Sugar prices in the Domestic and International markets depend 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.

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. 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 dependant 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 and the distribution system by augmentation of the Canal Irrigation and tapping of the available surpluses of water, are expected to mitigate this risk significantly.

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 each of those segregations 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 2007-08					SEASON 2006-07					SEASON 2005-06		
	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL	Libberheri	Barkatpur	TOTAL
CAPACITY (TCD)	6,250	7,000	4,500	5,000	22,750	6,250	7,000	4,500	5,000	22,750	6,250	7,000	13,250
CANE CRUSHING	54.87	69.37	33.22	47.92	205.38	75.47	94.54	32.85	13.17	216.03	77.01	35.38	112.39
RECOVERY (%)	10.34	9.75	10.34	9.50	9.94	10.17	9.90	9.70	8.53	9.88	10.01	9.68	9.91
PRODUCTION													
SUGAR	5.67	6.76	3.43	4.55	20.42	7.67	9.36	3.19	1.12	21.34	7.71	3.42	11.13
MOLASSES	2.40	3.34	1.43	2.29	9.46	3.46	4.76	1.70	0.79	10.71	3.40	1.97	5.37
WORKING DAYS	134	131	132	133		167	168	148	58		168	117	

A review of the operational performance and future outlook of your Company has been covered under Director' report.

6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

Industrial relations in your Company have remained cordial throughout the year despite the adverse impact on profitability in Sugar Season 2007-08 arising out of falling revenue and increased expenditure. With the global recessionary trends, sugar mills have deferred capacity expansion and new sugar projects and 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 STATEMENT

The statements in the Management Discussions & Analysis Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. As these statements are based on certain assumptions and expectations of future events, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global or domestic demand and supplies, political and economic developments in India or other countries, government regulations and taxation policies, prices and availability of raw materials, prices of finished goods, abnormal climatic and geographical conditions, etc. The Company assumes no responsibility in respect of forward looking statements that may be revised or modified in the future on the basis of subsequent developments, information or events.

(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 December 2008, 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 December 2008 from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Act.
 - f) Without qualifying our opinion, we draw your attention to note no.9(ii) of schedule 19 relating to the accounting for sugar cane purchase liability 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 or at the amount already paid to some sugar cane suppliers which is in excess of Rs.110/- per quintal instead of State Advisory prices of Rs.125/127 per quintal fixed by the State Governments. 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 read together with the significant accounting policies and others notes thereon, 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 December, 2008.
 - 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.
Chartered Accountants,

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

Place : Noida
Dated : 31st March,2009

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 December 2008.)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its principal fixed assets, other than the location 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 year 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 according 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 six parties covered in the register maintained under section 301 of the Act. Total outstanding for such loans at the period-end amounted to Rs.277450 thousands and maximum outstanding during the period amounts to Rs.285150 thousands. 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 and Service Tax. 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 December 2008 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the disputed statutory dues of Income Tax, Sales Tax & Excise duty aggregating to Rs.43698 thousands that have not been deposited are given below: -

Name of Statute	Nature of Due	Period to which it Pertains	Amount (Rs. in Thousands)	Forum where dispute is pending
Sales Tax Laws	Sales Tax	1999-2000	47	Joint Commissioner (Appeal)
		2003-2004	2773	Joint Commissioner (Appeal)
		2007-2008	9678	Deputy Commissioner (Assessment)
	Entry Tax	2007-2008	2674	Allahabad High Court
Central Excise Act, 1944	Excise Duty	2004-2005	23352	CESTAT
Income Tax	Income Tax	2005-2006	3398	Income Tax Appellate Tribunal
		2006-2007	1776	Commissioner (Appeal)
			43698	

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 December, 2008, and also in the immediately preceding financial year ended 30th September, 2007.
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 which relates to interest/installment during the year ended 31st December, 2008 are as follows: -*

Particulars	Amount (including Interest)* (Rs. in Thousands)	Period of Delay (Days)
Banks	346288	1-30
	328342	31-60
	227202	61-90
	28683	91-More
	20000	Pending reschedulement.
	950515	

* Includes Rs. 8,86,212/- thousands paid during the year.

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, other than amounts temporarily held in Fixed Deposit pending utilization of the funds for the stated use.
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. 4,32,174/- thousands 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 not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
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.
Chartered Accountants,**

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

**Place : Noida
Dated : 31st March, 2009**

BALANCE SHEET As AT 31ST DECEMBER, 2008

	Schedule No.	As at 31.12.2008 Rupees	As at 30.09.2007 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	257,690,000	257,690,000
Reserves and Surplus	2	1,376,852,548	1,648,167,071
		<u>1,634,542,548</u>	<u>1,905,857,071</u>
Loan Funds			
Secured Loans	3	4,277,409,225	3,256,671,229
Unsecured Loans	4	347,512,948	125,667,845
		<u>4,624,922,173</u>	<u>3,382,339,074</u>
TOTAL		<u><u>6,259,464,721</u></u>	<u><u>5,288,196,145</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	4,836,751,333	4,766,398,124
Depreciation		735,314,278	439,815,616
Net Block		<u>4,101,437,055</u>	<u>4,326,582,508</u>
Capital Work in Progress		<u>1,459,293,143</u>	<u>747,062,106</u>
		<u>5,560,730,198</u>	<u>5,073,644,614</u>
Investments	6	7,900,000	7,900,000
Deferred Tax Assets (Net)	7	70,416,104	(129,519,286)
Current Assets, Loans & Advances			
Inventories	8	1,474,370,509	752,643,748
Sundry Debtors	9	16,184,782	41,336,298
Cash and Bank Balances	10	327,208,546	62,635,285
Loans and Advances	11	273,736,347	243,762,063
		<u>2,091,500,184</u>	<u>1,100,377,394</u>
Less: Current Liabilities & Provisions	12		
Current Liabilities		1,627,603,031	769,022,031
Provisions		10,157,915	(4,801,809)
		<u>1,637,760,946</u>	<u>764,220,222</u>
Net Current Assets		<u>453,739,238</u>	<u>336,157,172</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		420,069	13,645
Profit & Loss Account			
Loss as per Account Annexed		166,259,112	—
TOTAL		<u><u>6,259,464,721</u></u>	<u><u>5,288,196,145</u></u>
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.
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 : 31st March, 2009

PROFIT & LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED 31ST DECEMBER, 2008

	Schedule No.	Period Ended 31.12.2008 Rupees	Year Ended 30.09.2007 Rupees
INCOME			
Sales		3,991,885,844	2,964,057,450
Less : Excise Duty		241,064,847	175,401,512
Net Sales		3,750,820,997	2,788,655,938
Other Income	13	14,185,511	13,744,315
Increase in Stocks	14	662,539,829	495,693,225
TOTAL		4,427,546,337	3,298,093,478
EXPENDITURE			
Material and Manufacturing Expenses	15	3,668,831,720	2,830,401,200
Salaries, Wages and Benefits	16	249,291,788	166,574,242
Administration and Other Expenses	17	91,972,703	69,276,297
Interest and Financial Charges	18	496,806,934	343,649,722
TOTAL		4,506,903,145	3,409,901,461
(Loss) before Depreciation		(79,356,808)	(111,807,983)
Depreciation		296,227,081	188,883,110
(Loss) before Tax & Exceptional Items		(375,583,889)	(300,691,093)
Exceptional Items		255,651,307	—
(Loss) before Tax		(631,235,196)	(300,691,093)
Provision for Taxation			
Deferred Tax (Credit)		(199,935,390)	(33,047,828)
Fringe Benefit Tax		3,531,495	3,077,221
Income Tax		16,469,206	—
Less: Minimum Alternate Tax (MAT) Credit		(13,726,872)	—
(Loss) after Tax		(437,573,635)	(270,720,486)
Balance brought forward from Previous Year		271,314,523	542,035,009
(Deficit)/Surplus transferred to Balance Sheet		(166,259,112)	271,314,523
Earning per Share (Note No. 22)			
Nominal Value Rs. 10/-			
Basic		(16.98)	(10.51)
Diluted		(16.98)	(10.51)
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.
Chartered Accountants

(RAJ KUMAR ADLAKHA)
Managing Director

(RANJAN ADLAKHA)
Director

(V.S.TANDON) (SANJAY BHANDARI)
Director 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 : 31st March, 2009

	As at 31.12.2008 Rupees	As at 30.09.2007 Rupees
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SCHEDULE - 1 : SHARE CAPITAL

Authorised:

40000000 Equity Shares of Rs.10/- each (Previous Year 30000000 Equity Shares of Rs.10/- each)	400,000,000	300,000,000
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Issued, Subscribed & Paid-up

25769000 Equity Shares of Rs.10/- each fully paid up (Previous Year 25769000 Equity Shares of Rs.10/- each fully paid up)	257,690,000	257,690,000
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TOTAL	257,690,000	257,690,000
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SCHEDULE - 2 : RESERVES AND SURPLUS

Share Premium Account	1,376,852,548	1,376,852,548
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Profit & Loss Account

Surplus as per Profit & Loss Account	—	271,314,523
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TOTAL	1,376,852,548	1,648,167,071
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SCHEDULE - 3 : SECURED LOANS

A) Term Loans

— From Banks	2,957,043,721	2,474,393,735
— From Govt. of India, Sugar Development Fund (SDF)	166,456,200	166,456,200
— Interest Accrued and Due	21,093,795	24,464,655

3,144,593,716	2,665,314,590
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B) Cash Credit

— From Banks	1,130,264,958	588,296,467
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1,130,264,958	588,296,467
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C) Vehicle Loans

— From Banks	2,550,551	3,060,172
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2,550,551	3,060,172
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TOTAL	4,277,409,225	3,256,671,229
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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 both present & future and third charge by way of hypothecation of movable assets on pari passu basis and subject to prior charge created/to be created on the current assets in favour of Banks to secure the working capital requirements. (Repayable within one year Rs.765903 thousands (Previous year Rs.541298 thousands)).
- (2) Term Loans of Rs.275900 thousands from Punjab National Bank and Rs.60600 thousands from State Bank of India under Government sponsored '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.
- (3) Short Term Loan of Rs.120000 thousands and Clean Demand Loan of Rs.72211 thousands from Punjab National bank are secured / to be secured by way of residual pari-passu charge on moveable and immovable assets of the company. (Repayable within one year Rs.192211 thousands (Previous year Rs.Nil thousands)).
- (4) Cash Credit from Banks are secured/to be secured by first pari passu charges by hypothecation/pledge of stocks of raw materials, sugar, molasses, chemicals, stores, spares and other movable assets and third pari passu charge on immovable assets of the Company.
- (5) Term Loans from Banks and Cash Credit are guaranteed by Managing Director and two other promoter Directors of the Company and corporate guarantees of three Promoter Companies.
- (6) 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.16646 thousands (Previous year Rs.Nil thousands)).
- (7) Vehicle loans from banks are secured by way of hypothecation of vehicle financed by them. (Repayable within one year Rs.1417 thousands (Previous year Rs.2054 thousands)).

	As at 31.12.2008 Rupees	As at 30.09.2007 Rupees
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SCHEDULE - 4 : UNSECURED LOANS

From Body Corporates	277,450,000	60,000,000
Soft Loan from Uttaranchal State Government	65,667,845	65,667,845
Interest Accrued & Due on above Soft Loan	4,395,103	—
TOTAL	347,512,948	125,667,845

Note : Soft Loan from Uttarakhand State Government is repayable in three years in quarterly installments with an initial moratorium period of three years from the date of sanction (Repayable within one year Rs.43779 thousands (Previous Year Rs.21890 thousands)).

SCHEDULE - 5 : FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01.10.2007	Additions during the Period	Sold/Adj. during the Period	As on 31.12.2008	Upto 30.09.2007	For the Period	On Sale/ Adjustment	UP TO 31.12.2008	As on 31.12.2008	As on 30.09.2007
Freehold Land	229,216,186	2,269,439	—	231,485,625	—	—	—	—	231,485,625	229,216,186
Buildings	467,125,439	914,099	3,074,982	464,964,556	28,465,499	18,786,514	49,590	47,202,423	417,762,133	438,659,940
Plant and Machinery	3,905,916,610	77,065,374	9,773,655	3,973,208,329	375,226,672	260,061,649	253,437	635,034,884	3,338,173,445	3,530,689,938
Furniture and Fixtures	23,755,070	224,014	—	23,979,084	5,145,357	1,754,535	—	6,899,892	17,079,192	18,609,713
Office Equipments	30,356,432	2,149,387	—	32,505,819	9,424,717	4,779,460	—	14,204,177	18,301,642	20,931,715
Weigh Bridges	48,581,801	814,039	—	49,395,840	4,182,670	2,874,011	—	7,056,681	42,339,159	44,399,131
Vehicles & Tractors	61,211,226	1,961,248	2,195,754	60,976,720	17,370,701	7,970,912	425,392	24,916,221	36,060,499	43,840,525
Live Stocks	235,360	—	—	235,360	—	—	—	—	235,360	235,360
Total (Rupees)	4,766,398,124	85,397,600	15,044,391	4,836,751,333	439,815,616	296,227,081	728,419	735,314,278	4,101,437,055	4,326,582,508
Previous Year (Rupees)	2,414,529,009	2,353,084,852	1,215,737	4,766,398,124	251,030,690	188,883,110	98,184	439,815,616		
Capital Work-in-Progress:										
Land, Building, Plant & Machinery (including capital advances)									1,259,231,591	709,292,733
Pre-operative Expenses (Pending Capitalisation)									200,061,552	37,769,373
								Total (Rupees)	5,560,730,198	5,073,644,614
								Previous Year (Rupees)		3,714,186,597

NOTE:

- Freehold land includes land aggregating to Rs.9224 thousands (Previous Year Rs.9224 thousands) which is yet to be registered in the name of the Company.
- Vehicles includes Motor Cars having gross book value of Rs.8742 thousand (Previous Year Rs.9942 thousands), which are yet to be transferred in the name of the Company and Motor cars having gross book value of Rs.9513 thousands (Previous Year Rs.9122 thousands) have been purchased on Hire Purchases Basis.

	As at 31.12.2008 Rupees	As at 30.09.2007 Rupees
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SCHEDULE - 6 : INVESTMENTS (Long Term)

Other than Trade - Unquoted (At Cost)

7,90,000 Equity Shares of Rs. 10/- each in Uttam Distilleries Limited-Fully Paid-up (Previous Year 790,000 Equity Shares of Rs. 10/- each)	7,900,000	7,900,000
TOTAL	7,900,000	7,900,000

SCHEDULE - 7 : DEFERRED TAX ASSETS (Net)

	As at 01.10.2007	During the Period	As at 31.12.2008
DEFERRED TAX LIABILITY			
Difference between Book & Tax Depreciation	351,491,159	75,103,472	426,594,631
	<u>351,491,159</u>	<u>75,103,472</u>	<u>426,594,631</u>
DEFERRED TAX ASSETS			
Expenses Allowed U/s 43-B on paid basis	2,190,001	6,246,923	8,436,924
Unabsorbed Business Losses	200,582,385	275,928,663	476,511,048
	<u>202,772,386</u>	<u>282,175,586</u>	<u>484,947,972</u>
NET DEFERRED TAX ASSETS	148,718,773	(207,072,114)	(58,353,341)
Tax effect of share issue expenses eligible for Income Tax deduction under section 35D, credited to Share Premium	(19,199,487)	7,136,724	(12,062,763)
	<u>129,519,286</u>	<u>(199,935,390)</u>	<u>(70,416,104)</u>

	As at 31.12.2008 Rupees	As at 30.09.2007 Rupees
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SCHEDULE - 8 : INVENTORIES

(As taken, valued and certified by the Management)

Raw Material	2,117,451	—
Stores, Spare Parts and Packing Materials	79,886,677	50,124,822
Finished Goods	1,220,839,768	648,980,023
Work-in-Progress	49,257,630	—
By-Products	122,268,983	53,538,903
TOTAL	1,474,370,509	752,643,748

	As at 31.12.2008 Rupees	As at 30.09.2007 Rupees
SCHEDULE - 9 : SUNDRY DEBTORS		
(Unsecured - Considered good)		
Debts exceeding six months	5,151,635	12,336,352
Others	11,033,147	28,999,946
TOTAL	16,184,782	41,336,298
SCHEDULE - 10 : CASH AND BANK BALANCES		
Cash in Hand	2,683,050	7,424,862
Balance with Scheduled Banks :		
In Current Accounts	37,598,230	22,131,790
In Fixed Deposit Account (incl. in Margin Money & interest accrued thereon)	36,482,533	32,998,333
In Escrow Accounts	250,444,733	80,300
TOTAL	327,208,546	62,635,285
SCHEDULE - 11 : LOANS AND ADVANCES		
(Unsecured - Considered good)		
Advances Recoverable in cash or in kind or for value to be received	100,375,429	31,405,741
Share Application Money	420,000	420,000
Balance with Excise Department	125,949,922	182,443,140
Cenvat Receivable	2,367,733	2,506,125
MAT Credit Entitlement	22,933,945	9,207,073
Security Deposits	11,492,699	8,151,464
Interest Accrued thereon	913,098	545,507
Prepaid Expenses	9,283,521	9,083,013
TOTAL	273,736,347	243,762,063
SCHEDULE - 12 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors - Micro, Small and Medium Enterprises (Refer Note B(7) of Schedule '19')	3,455,139	911,615
- Others (Refer Note B(11) of Schedule '19')	1,281,194,025	559,600,826
Other Liabilities	207,992,882	119,124,241
Due to Directors	625,533	523,396
Advance from Customers	44,146,235	28,232,350
Share Application Money Refundable	59,900	80,300
Security Deposits	13,180,748	8,385,896
Due to scheduled Bank (Book Overdraft)	2,279,563	12,556,841
Interest Accrued but not Due	74,669,006	39,606,566
	1,627,603,031	769,022,031
Provisions		
Provision for Taxation (Net of Advance Payments)	9,702,446	(5,812,896)
Provision for Fringe Benefit Tax (Net of Advance Payments)	455,469	1,011,087
	10,157,915	(4,801,809)
TOTAL	1,637,760,946	764,220,222

	Period Ended 31.12.2008 Rupees	Year Ended 30.09.2007 Rupees
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SCHEDULE - 13 : OTHER INCOME

Interest Earned (TDS Rs.141251/- Previous Year Rs.943173/-)	1,282,095	2,466,818
Miscellaneous Income	2,995,305	11,274,827
Depreciation Written Back	303,027	—
Liability no longer required written back	9,605,084	—
Profit on sale of fixed assets	—	2,670
TOTAL	14,185,511	13,744,315

SCHEDULE - 14 : INCREASE IN STOCKS

Opening Stocks

Finished Goods	648,980,023	151,870,818
By-products	53,538,903	32,026,579
	702,518,926	183,897,397

Closing Stocks

Finished Goods	1,220,839,768	648,980,023
Work-in-Progress	49,257,630	—
By-products	122,268,983	53,538,903
	1,392,366,381	702,518,926

Excise & Other Duties on Increase of Stocks	(27,307,626)	(22,928,304)
Increase in Stocks	662,539,829	495,693,225

SCHEDULE - 15 : MATERIAL AND MANUFACTURING EXPENSES

Raw Material Consumed

Opening Stocks	—	—
Purchases	3,327,231,617	2,496,969,754
	3,327,231,617	2,496,969,754
Less : Closing Stocks	2,117,451	—
	3,325,114,166	2,496,969,754
Trial Run Period Cost	—	105,122,505

Manufacturing Expenses

Consumption of Stores, Spares & Packing Materials	147,523,878	109,702,466
Power and Fuel	19,913,925	22,193,443
Other Manufacturing Expenses	14,601,704	14,755,514
Repairs to:		
Plant and Machinery	156,915,778	79,140,588
Buildings	999,415	756,574
Others	3,762,854	1,760,356
TOTAL	3,668,831,720	2,830,401,200

	Period Ended 31.12.2008 Rupees	Year Ended 30.09.2007 Rupees
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SCHEDULE - 16 : SALARIES, WAGES & BENEFITS

Salary & Wages	225,243,742	149,270,191
Contribution to Provident and other funds	9,899,143	6,514,489
Staff & Workers Welfare	14,148,903	10,789,562
TOTAL	249,291,788	166,574,242

SCHEDULE - 17 : ADMINISTRATION AND OTHER EXPENSES

Rent	986,569	1,108,214
Rates and Taxes	6,387,565	2,312,265
Printing and Stationery	4,961,533	3,833,386
Postage, Courier and Telephones	5,415,277	4,295,691
Advertisement and Publicity	1,014,608	463,601
Travelling and Conveyance :		
Directors	512,509	622,656
Others	12,523,345	10,998,082
Fees and Subscription	1,675,018	871,744
Legal and Professional Charges	10,463,511	6,429,770
Auditors' Remuneration	810,319	662,404
Vehicle Running and Maintenance	10,302,058	8,681,592
Insurance	5,536,521	4,920,038
Sugar Handling Expenses	3,970,012	4,701,921
Commission on Sales	15,232,667	11,345,233
Freight Outward	1,333,667	1,594,965
Cane Development Expenses	2,014,573	1,761,448
Business Promotion	2,169,775	1,783,717
Wealth Tax	238,097	458,178
Office & Other Administration Expenses	5,239,052	1,920,811
Loss on sale/damage of Fixed Assets	581,306	280,637
Miscellaneous Expenditure written off	93,576	136,816
Prior Period Items (Net)	511,145	93,128
TOTAL	91,972,703	69,276,297

SCHEDULE - 18 : INTEREST AND FINANCIAL CHARGES

Interest on Term Loans	298,967,375	203,920,449
Others (including bank charges)	197,839,559	139,729,273
TOTAL	496,806,934	343,649,722

SCHEDULE - '19' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31 ST DECEMBER, 2008

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 Depreciation:

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.

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.

iii. 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.

iv. Investments:

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

v. Inventories:

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

Cost of inventories is determined on weighted average/or FIFO basis. Cost of finished goods and Work in Process/ Semi finished goods has been worked out on absorption cost basis.

By products and residuals are valued at net realizable value.

vi. 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.

vii Sales :

Sales include Excise Duty, Administrative Charges and Entry Tax etc.

viii 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.

ix. 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.

x. 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.

xi Expenditure During Construction Period:

Expenditure during construction period is included under Pre-operative expenses and the same are allocated to the respective fixed assets on the completion of erection/installation.

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 period 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.798879 thousands (Previous year Rs.710582 thousands)
2. Contingent Liabilities not provided for :
 - a) Bank guarantee in favour of Uttarakhand Environment Protection & Pollution Control Board Rs.Nil thousands (Previous year Rs.1100 thousands) and U.P.Pollution Control Board Rs. 100 thousands (Previous year Nil).
 - b) Bank Guarantee in favour of Chief Director (Sugar) Department of Food and Public Distribution, Ministry of Consumer affairs, New Delhi Rs.20000 thousands(Previous year Rs.20000 thousands).
 - c) Letter of credit in favour of suppliers Rs.163424 thousands (Previous year Rs.202543 thousands).
 - d) Excise duty / Sales Tax / Income Tax demands and show cause notices aggregating to Rs.77027 thousands (Previous year Rs.83687 thousands) 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.
 - e) Corporate Guarantee of Rs.250000 thousands (Previous Year Rs. Nil) given by the Company to banks on behalf of farmers.
 - 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 ii).

3. Amount of borrowing cost capitalized to fixed assets during the period is Rs. 128251 thousands (Previous Year Rs. 15605 thousands).
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. 420 thousands (Previous Year Rs. 420 thousands) paid as share application money and Rs. 893 thousands (Previous Year Rs. 1174 thousands) as other advances and also capital advances as appearing in schedule no. 5 of Balance Sheet includes a sum of Rs. 150391 thousands (Previous Year Rs. 156872 thousands) 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 principal amount due in accordance with the said Act is Rs.2791 thousands and interest due/remaining unpaid thereon is Rs.664 thousands as at the end of the period.
8. Since during the year the company has operated in a single primary business segment i.e. manufacturing & sale of sugar in the domestic market only, the disclosure requirement of Accounting Standard (AS) -17 'Segment Reporting' issued by the Institute of Chartered Accountants of India is not applicable.
9.
 - i) Exceptional Items appearing in Profit & Loss account represent the balance Cane liability for the season 2006-07 paid during the period at State Advised Price (SAP) as per the directions of Hon'ble Supreme Court of India.
 - ii) 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 or at amount already paid to the farmers which is in excess of Rs.110/- per quintal, instead of SAP of Rs.125/127 per quintal fixed by the State Governments. 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.
 - iii) The cane purchase liability for season 2008-09 has been accounted for at SAP fixed by the State of Uttar Pradesh and 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.231500 thousands (Previous Year Rs. Nil) by Punjab National Bank to the farmers, wherein the Company is acting as 'Business Facilitator' and the same is backed by indemnity/ guarantee of the Company. Sundry Creditors others also includes Rs.250000 thousands(Previous Year Rs. Nil) from Punjab National Bank under scheme for loan to farmers against Sugar Cane Receivables wherein the Company is acting as 'Managing Agent/Facilitator' and the amount Rs. 250000 thousands is lying in the 'Escrow Account' as on 31st December 2008.
12. Disclosure in respect of Operating Lease:
 - i) The company has entered into non-cancelable Operating Lease for premises and lease rent amounting to Rs.779 thousands (Previous Year Rs.346 thousands) have been charged to Profit & Loss account and Rs.1317 thousands (Previous Year Rs.696 thousands) are debited to Pre-Operative expenses pending capitalization. The future minimum lease payments are as under:-

(Rs.in '000's)

	Current Period	Previous Year
(a) Not later than one Year	1117	217
(b) Later than one year & not later than Five Years	1950	2095
(c) Later than Five years	NIL	NIL
Total	3067	2312

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. During the period, Company has availed a term loan of Rs.336500 thousands 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. A sum of Rs.38718 thousands has been charged / recovered by the Bank from the Company to be reimbursed as per scheme. Pending reimbursement of the said amount from the Bank in accordance with the scheme, 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 Profit and Loss Account (Rs. In 000's)

- Employer's Contribution to provident fund 9899

II) Defined Benefit plan

- Employee benefits in respect of Gratuity and Leave Encashment are based on Actuarial Valuation as on 31st December 2008. The details are given below :

(Rs. In 000's)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
A) Change in the Present Value of obligation		
a) Present Value of obligation as at 1st October 2007	4679	2284
b) Interest Cost	549	260
c) Current Service Cost	2878	1677
d) Benefits Paid	(12)	(28)
e) Actuarial Loss/(Gain)	616	(622)
f) Present Value of Obligation as at 31st December 2008	8710	3571
B) Change in Fair Value of Plan Assets	Nil	Nil
C) Amount recognized in Balance Sheet (A-B)	8710	3571
D) Expenses recognized in the Profit & Loss Account		
a) Current Service Cost	2878	1677
b) Interest Cost	549	260
c) Actuarial Loss/(Gain)	616	(622)
d) Net Cost	4043	1315
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. In view of present liquidity situation, the Company has approached its bankers for rescheduling and restructuring of its loans, wherein cutoff date has been considered as January 1st, 2009 (except principal installment due for term loans for the project under implementation as on December 31st, 2008). The same is pending for approval.
17. Co-Generation units at Libberheri (Distt.Haridwar),Barkatpur (Distt.Bijnore),KhaiKheri (Distt. Muzaffarnagar), Shermau (Distt. Saharanpur) and Distillery unit at Barkatpur (Distt.Bijnore) and Sugar Expansion at Shermau (Distt, Saharanpur) are in process of being set up. All expenses incurred up to 31st December 2008 pertaining to these units have been separately debited to Pre-Operative expenses pending capitalization, details of which are given below :

(Rs. In 000's)

Particulars	Current Period	Previous Year
Material Consumed	—	129976
Other Manufacturing Expenses	—	85
Consumption of Stores, Spares & Packing Material	—	6667
Power & Fuel	—	3484
Repair to:		
Plant & Machinery	—	129
Others	—	103
Salary & Wages	36333	71928
Staff & Workers Welfare	242	3526
Rent	3462	3017
Rates & Taxes	—	4
Printing & Stationary	28	829
Postage, Courier & Telephone	196	1961
Advertisement & Publicity	—	407
Traveling & Conveyance	8485	9500
Fees & Subscription	1541	676
Legal & Professional Charges	4767	3675
Auditors' Remuneration	169	52
Vehicle Running & Maintenance	—	2394
Insurance	1727	2733
Cane Development Expenses	—	532
Business Promotion	627	14
Fringe Benefit Tax	184	356
Interest & Financial Charges	146075	84360
Foreign Exchange Fluctuations	(1271)	4358
Office & other administration expenses	1659	1104
	204224	331870
Less:-		
Interest earned	4163	38739
{TDS Rs.624 thousands (Previous Year 7205 Thousands)}		
Misc. Income -Others	—	532
	200061	292599
Less: Allocation to Fixed Assets	—	149707
Closing Stock of Finished & Semi Finished		
Goods at the end of trial run period	—	105123
Total	200061	37769

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

(Rs. In 000's)

Particulars	Current Period	Previous Year
Expenditure		
Rent	15	—
Cane Transportation Charges	—	58
Legal & Professional Charges	62	147
Repair to Plant & Machinery	158	20
Printing & Stationery	4	—
Vehicle Running & Maintenance	1	—
Consumption of Stores, Spares & Packing Material	194	—
Office & Other Administration Expenses	10	—
Interest on Term Loan	67	—
Total	511	225
Income		
Insurance Claims	—	132
Total	—	132
Net Expenditure	511	93

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.

ii) Key Management Personnel (KMP) :

Sh.Raj Kumar Adlakha

— Managing Director (MD)

Sh.Pasha Biswas

— Whole Time Director (w.e.f.31.10.08)

Relative of Key Management Personnel and their Relationship:

- Smt. Amita Adlakha (Wife of MD)

iii) Enterprises Significantly Influenced by Directors and/or their relatives :

- 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.

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 thousands)		Outstanding Balances (Rs. In thousands)		
		Period ended 31.12.08	Year ended 30.09.07		As at 31.12.08	As at 30.09.07
Associate						
Uttam Distilleries Ltd.	Investment	–	7700	Investment	7900	7900
	Share Application Money given	–	420	Share Application Money given	420	420
Key Management Personnel (KMP)						
Raj Kumar Adlakha	Remuneration & Perquisites	5051	4795	Remuneration Payable	103	524
	Lease Rent	450	–	Lease Rent	450	–
	Unsecured Loan Received	7000	–	Unsecured Loan	–	–
	Unsecured Loan Refund	7000	–			
Pasha Bishwas	Remuneration & Perquisites	158	–	Remuneration Payable	73	–
U.R.K.Rao	Remuneration & Perquisites	–	1918	Remuneration Payable	–	–
Relative of KMP						
Amita Adlakha	Office Rent	450	360	Office Rent	152	–
	Security Deposit (Given)	340	–	Security Deposit	360	–
				Security Deposit Payable	20	–
Enterprises Significantly Influenced by Directors and/or their relatives						
Uttam Sucrotech Ltd.	Purchase of Fixed Assets	33489	123038			
	Receiving of Services (Machinery)	9896	5437	Creditors	42728	23858
	Advance given for purchase of capital assets/Services	7000	8666	Advance given for purchase of capital assets/services	3000	8666
	Unsecured Loan Received	12000	–	Unsecured Loan	12000	–
	Interest on Unsecured Loan	772	–	Interest	666	–
	Guarantee received (Net)	199000	2099700	Guarantee	6315500	6116500
Uttam Industrial Engg. Ltd.	Purchase of Fixed Assets	20630	70972			
	Receiving of Services (Machinery)	13680	4082	Creditors	72392	58467
	Advance given for purchase of capital assets/services	55000	–	Advance given for purchase of capital assets/services	83000	29900
	Sugar Sales made	12	6			
	Unsecured Loan Received	63000	–	Unsecured Loan	103000	40000
	Interest on Unsecured Loan	9695	4650	Interest	14582	6904
	Guarantee received (Net)	199000	2099700	Guarantee	6315500	6116500
The Standard Type Foundry P. Ltd.	Purchase of Fixed Assets	10708	74132			
	Receiving of Services (Machinery & Vehicles)	3320	4140	Creditors	33414	27526
	Advance given for purchase of capital assets/services	8697	–	Advance given for purchase of capital assets/services	7793	–
Lipi Boilers Ltd.	Purchase of Fixed Assets	87527	69579			
	Receiving of Services (Machinery)	1552	368	Creditors	1400	2244
	Advance given for purchase of capital assets/services	11600	119300	Advance given for purchase of capital assets/services	57491	119480
	Advance Refund	21400	–			
	Unsecured Loan Received	87500	20000	Unsecured Loan	107500	20000
	Interest on Unsecured Loan	13053	368	Interest	10380	368
	Guarantee received (Net)	199000	2099700	Guarantee	6315500	6116500
	Miscellaneous Income	–	9375			
Shubham Sugars Ltd.	Purchase of Sugar Cane	145	174	Creditors	782	637
Adharshila Capital Services Ltd.	Unsecured Loan Received	37725	–	Unsecured Loan	37725	–
	Interest on Unsecured Loan	4621	–	Interest	2526	–
Pariksha Fin Invest Lease Ltd.	Unsecured Loan Received	17225	–	Unsecured Loan	17225	–
	Interest on Unsecured Loan	2277	–	Interest	1153	–

20. Auditors' Remuneration:

(Rs. in 000's)

Particulars	Current Period*	Previous Year
(a) As Statutory Auditors	503	451
(b) For Tax Audit	17	17
(c) For Taxation Matters	10	10
(c) For other Matters	450	236
Total	980	714

*Including Rs.169 thousands (Previous Year Rs.52 thousands) Statutory Audit Fees debited to Pre-operative expenses.

21. Remuneration to Directors (included under Schedule 16)

a) Managerial Remuneration:

(Rs. in 000's)

Particulars	Managing Director		Directors	
	Current Period	Previous Year	Current Period	Previous Year
Remuneration	4125	4500	158	1650
Perquisites	926	295	Nil	268
Commission	Nil	Nil	Nil	Nil
Sitting Fees	Nil	Nil	540 *	370 *
Total Rs.	5051	4795	698	2288

* 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 and 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.

22. Earning per share (EPS)

Particulars	Period Ended 31.12.2008	Year Ended 30.09.2007
(a) (Loss) attributable to the Equity Shareholders (Rs. in 000's)	(437574)	(270720)
(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)	(16.98)	(10.51)
(e) Diluted Earnings per share (Rs.) (a/bii)	(16.98)	(10.51)

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)	Production (in Qtls.)
Sugar	TCD (Tonnes crushing per day)	22750 (22750)	2487105 (2133521)
Molasses (By Product)			1191593 (1071307)

Note: 1.* Licensed capacity is not applicable in view of deregulation of Sugar Industries

2. Production quantity includes Nil qtls. (53493 qtls.) of Sugar and Nil qtls. (36510 qtls.) of Molasses produced during Trial Run Period.

B. Stock and Sales

(Rs. in 000's)

	Opening Stock		Closing Stock		Sales	
	Qty (Qtls)	Value (Rs.)	Qty (Qtls)	Value (Rs.)	Qty (Qtls)	Value (Rs.)
Sugar	447466 (111896)	648980 (151871)	814907 (447466)	1220840 (648980)	2119664 (1797951)	3492384 (2611181)
Molasses	218386 (62907)	45503 (25920)	187686 (218386)	78621 (45503)	1222293 (915828)	400409 (289940)
Total Previous year		694483 (177791)		1299461 (694483)		3892793 (2901121)

NOTES:

- Sales appearing in the Profit & Loss Account also include sale of Bagasse Rs. 83732 thousands (Previous Year Rs.59937 thousands), sale of Bio Fertilizer Rs. 10175 thousands (Previous Year Rs.2304 thousands) and other sale Rs.5186 thousands(Previous Year Rs.695 thousands). Sales quantity of Molasses includes wastage of 68564 quintal.
- Production and stock of Sugar includes Brown Sugar.(BISS)
- Value has been Rounded-Off to the nearest thousands rupee and the quantities have been Rounded-off to the nearest Qtl.
- Closing Stock of By Products as appearing in Balance Sheet and Profit & Loss Account include stock of Bagasse Rs.11682 thousands (Previous Year Rs.2922 thousands) and stock of Bio-Fertilizer Rs. Rs.31966 thousands (Previous Year Rs.5114 thousands).

C. Raw Material Consumed:

Particulars	Unit	Quantity	Value (Rs. in 000's)
Sugar Cane	Qtls.	26082442 (21602600)	3325114 (2626946)

Note: Raw Material consumed appearing in the Profit & Loss account do not includes Nil qtls. for Rs. Nil (Previous year 971800 qtls. for Rs.129976 thousands) being consumed during trial run period.

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

Particulars	Raw Material		Stores & Spares	
	Value (Rs. in 000's)	Percentage (%)	Value (Rs. in 000's)	Percentage (%)
Imported	— (Nil)	— (Nil)	— (Nil)	— (Nil)
Indigenous	3325114 (2626946)	100 (100)	147524 (109702)	100 (100)
Total	3325114 (2626946)	100 (100)	147524 (109702)	100 (100)

E. Expenditure in Foreign Currency:

(Rs.in 000's)

Foreign Traveling	938 (1666)
Capital Goods Advance/Payment	166032 (96216)

- The figures for the current period comprises fifteen months from 1st October 2007 to 31st December 2008 whereas the corresponding previous year figures are for a period of twelve months, as such not comparable. The previous year figures have been re-arranged, regrouped and reclassified wherever necessary.
- 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.

26. 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	— (Uttarakhand)
Balance Sheet Date	31-12-2008

II. Capital raised during the Period: (Amount in Rs. Thousands)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilization and Deployment of Funds:

Total Liabilities	6259465
Total Assets	6259465

Sources of Funds:

Paid-up Capital	257690
Reserves & Surplus	1376853
Secured Loans	4277409
Unsecured Loans	347513

Application of Funds:

Net Fixed Assets	5560730
Investments	7900
Deferred Tax Assets (Net)	70416
Net Current Assets	453740
Miscellaneous Expenditures	420
Profit & Loss Account	166259

IV. Performance of Company:

Turnover (including other Income)	3765007
Total Expenditures	4396242
Loss Before Tax	631235
Loss After Tax	437574
Earning Per Share (Rs.)	(16.98)
Dividend Rate %	—

V. Generic Names of Principal Products/Services of Company:

(as per monetary terms)	
Item Code No. (ITC Code)	1701.11
Product Description	White Sugar

27. Schedule 1 to 19 has been duly authenticated.

On Behalf of the Board

(RAJ KUMAR ADLAKHA)
Managing Director

(RANJAN ADLAKHA)
Director

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

(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 : 31st March, 2009

CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED 31ST DECEMBER, 2008

	Period Ended 31.12.2008 Rupees	Year Ended 30.09.2007 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) before Tax	(631,235,196)	(300,691,093)
Adjustments for:		
Depreciation	296,227,081	188,883,110
Interest and financial charges	496,806,934	343,649,722
Loss on sale of assets (net)	581,306	277,967
Depreciation Written Back	(303,027)	—
Liability no longer required written back	(9,605,084)	—
Wealth Tax	238,097	458,178
Miscellaneous Expenditure written off	93,576	136,816
Interest earned	(1,282,095)	(2,466,818)
Operating Profit before Working Capital changes	<u>151,521,592</u>	<u>230,247,882</u>
Adjustments for:		
Trade & Other Receivables	3,458,798	63,900,984
Inventories	(721,726,761)	(529,140,359)
Trade Payables	<u>506,609,083</u>	<u>354,206,796</u>
Cash generated from operations	(211,658,880)	(111,032,579)
Direct taxes (paid)/refund	(60,137,290)	119,215,303
Net Cash flow from Operating Activities	<u>(59,603,468)</u>	<u>81,459,097</u>
B. CASH FLOW INVESTING ACTIVITIES		
Purchase of Fixed Assets	(721,478,506)	(1,490,232,193)
Sale of Fixed Assets	14,037,693	839,586
Investments made	—	(7,700,000)
Interest Received	914,504	2,268,196
Net Cash used in Investing Activities	<u>(706,526,309)</u>	<u>(1,494,824,411)</u>
C. CASH FLOW FINANCING ACTIVITIES		
Preliminary Expenses Paid	(500,000)	—
Interest paid	(460,720,251)	(309,827,621)
Proceeds from Borrowings (Term Loans)	1,093,528,597	546,154,004
Proceeds from Borrowings (Unsecured Loans)	217,450,000	19,967,845
Repayments of Borrowings (Term Loans)	(610,878,611)	(269,690,797)
Proceeds from Borrowings (Working Capital)	541,458,870	493,964,921
Net Cash flow from Financing Activities	<u>780,338,605</u>	<u>480,568,352</u>
Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)	<u>14,208,828</u>	<u>(932,796,962)</u>
Cash and Cash Equivalents as at 1st Oct. 2007	62,554,985	995351947
Cash and Cash Equivalents as at 31st Dec.2008	76,763,813	62,554,985

NOTES:

- Cash and Cash Equivalents represent Cash and Bank Balances (Refer Schedule 10)
- Interest paid is exclusive of interest capitalised Rs. 128251 thousands (Previous Year Rs. 15605 thousands).
- Previous year figures have been regrouped / rearranged wherever considered necessary.
- Trade Payables and Cash & Cash Equivalents excludes amount lying in Escrow Accounts amounting to Rs. 250445 thousands (Previous Year Rs.80 thousands)

As per our report of even date
For **B.K.Kapur & Co.**
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 : 31st March, 2009



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 14th Annual General Meeting held on 25th May, 2009 at 12.00 Noon at Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand -247667.

.....
Member/ Proxy's Signature



TEAR HERE



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.....
ofor failing him.....
of.....or failing him.....
of.....as my/our proxy to attend and vote for me/ us/ on
my / our behalf at the 14th Annual General Meeting of the Company to be held at Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand - 247667 on 25th May, 2009 at 12.00 Noon and at any adjournment thereof.

Signed this.....day of.....2009

**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, 3rd 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.



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.)