



# Uttam Sugar Mills Limited



The Desire

To Excel

The Determination

To Deliver



17<sup>th</sup> Annual Report 2011-12

**C O N T E N T S**

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## CORPORATE INFORMATION

### DIRECTORS

<b>Raj Kumar Adlakha</b>	Managing Director
<b>Ashok Kumar Agarwal</b>	Executive Director (w.e.f. 14.02.2012)
<b>V.S. Tandon</b>	Independent Director
<b>R. Vasudevan</b>	Independent Director
<b>G. S. Matta</b>	Independent Director
<b>Satish Chandra</b>	Nominee Director-IDBI Bank Ltd.
<b>Kamal Prasad</b>	Nominee Director-PNB

### REGISTERED OFFICE

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

### CORPORATE OFFICE

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

### AUDITORS

**B.K. Kapur & Co.**  
Chartered Accountants

### CHIEF – LEGAL AND CORPORATE AFFAIRS & COMPANY SECRETARY

G. Ramarathnam

### BANKERS

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

### FACTORIES

#### **Unit - 1 :**

Village Libberheri, Tehsil Roorkee,  
District Haridwar, Uttarakhand - 247667

#### **Unit – 2 :**

Village Barkatpur,  
Tehsil Nazibabad  
District Bijnor (U.P.)

#### **Unit – 3 :**

Village Khaikheri,  
Tehsil & District Muzaffarnagar (U.P.)

#### **Unit – 4 :**

Village Shermau  
Tehsil Nakur,  
District Saharanpur (U.P.)

## NOTICE OF 17<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 17<sup>th</sup> 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 Friday the 21<sup>st</sup> day of September, 2012 at 12.00 Noon to transact the following business(s):-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012, Profit & Loss Statement for the financial year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram Singh Tandon, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Gurbachan Singh Matta, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s B. K. Kapur & Company, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS:**

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

**“RESOLVED THAT** Mr. Ashok Kumar Agarwal, who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 14<sup>th</sup> February, 2012 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 a **SPECIAL RESOLUTION(S):-**

**“RESOLVED THAT** pursuant to section 198,269,309 and 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 and subject to the Approval of Central Government, Ministry of Corporate Affairs, the consent of the Company be and is hereby accorded for appointment and payment of Remuneration to Mr. Ashok Kumar Agarwal as a Whole Time Director of the Company for a period of Three Years with effect from 14<sup>th</sup> February, 2012 as recommended by the Remuneration Committee on the terms, conditions and remuneration as detailed below:

(a) He will be designated as **Executive Director**.

(b) **Salary:**

(i) Salary: Rs. 1,37,500/- p.m. (Rupees One Lac Thirty Seven Thousands Five Hundred Only).

(ii) Special Allowance: Rs. 39,545/- p.m. (Rupees Thirty Nine Thousands Five Hundred Forty Five Only).

(iii) Other Allowance: Rs. 1,200/- p.m. (Rupees One Thousand Two Hundred Only).

(c) **Perquisites:** The Executive Director shall be entitled to the following perquisites classified into Categories 'A' & 'B'.

**Category - 'A':**

(i) House Rent Allowance: Rs. 82,500/- p.m. (Rupees Eighty Two Thousands Five Hundred Only).

(ii) Medical Reimbursement: Medical Expenses incurred for self, spouse and dependent children/parents - Rs.15,000/- per annum (Rupees Fifteen Thousands Only).

(iii) Leave Travel Allowance: Rs.1,28,700/- per annum (Rupees One Lac Twenty Eight Thousands Seven Hundred Only).

(iv) Conveyance Allowance: Rs.1,500/- p.m. (Rupees One Thousand Five Hundred Only).

(v) Car: Free use of Company's car for official purpose.

(vi) Other benefits/reimbursements: as per the Company's policy.

**Category - 'B':**

(i) Company's contribution to provident fund, as per Rules of the Company.

(ii) Gratuity as per Rules of the Company.

(iii) Encashment of Leave, as per Rules of the Company.

(d) **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.

(e) **Sitting Fee**

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

(f) *His period of office shall 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 (B) 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(S)**:-

“**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 and subject to Approval of Central Government, Ministry of Corporate Affairs, 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 1<sup>st</sup> September 2012 to 31<sup>st</sup> August 2015 as recommended by the Remuneration Committee of the Directors and approved by the Board of Directors on 11.08.2012 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.”

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

“**RESOLVED THAT** pursuant to section 94 and all other applicable provisions, if any, of the Companies Act, 1956, and Articles of Association of the Company, the Authorised Share Capital of the Company be increased from Rs. 1,15,00,00,000 (Rupees One hundred Fifteen Crores only) to Rs. 1,60,00,00,000 (Rupees One hundred Sixty Crores only) divided into:

(a) 6,00,00,000 (Six Crores) Equity Shares of Rs. 10/- (Rupees Ten) each; and

(b) 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each,

by creation of 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each and 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each.”

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

*‘V. The Authorised Share Capital of the Company is Rs. 1,60,00,00,000/- (Rupees One Hundred Sixty Crores only) divided into 6,00,00,000 (Six Crores) Equity Share of Rs.10/- (Rupees Ten) each and 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each’.*”

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

“**RESOLVED THAT** pursuant to section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force read with the provisions of Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges and regulations/rules/guidelines issued by Securities and Exchange Board of India (hereinafter referred to as “SEBI”), Reserve Bank of India, Stock Exchanges and/or such approvals, permissions, sanctions and consent as may be necessary and required under applicable laws, rules, Regulations and contracts, and on such terms, conditions, alterations, modifications, approvals, permissions, sanctions and consents, which may be accepted by the Board of Directors of the Company, as the case may be, the consent of the Company be and is hereby accorded to the Board of Directors (which term shall include any duly constituted and authorized committee thereof) to create, issue/offer, allot and deliver, in parts or in full either in one or more tranches on a private placement and /or preferential basis for cash at part or premium, not exceeding 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs. 100/- each of an aggregate nominal amount not exceeding Rs.25,00,00,000/- (Rupees Twenty Five Crores) in the aggregate out of the Authorized Capital of the Company, on such terms and conditions and to such persons, whether shareholders of the Company or not, as may be determined by the Board of Directors in its absolute discretion.”

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

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

**(G. RAMARATHNAM)**

Chief - Legal and Corporate Affairs & Company Secretary

Place : Noida

Date : 11<sup>th</sup> August, 2012

## NOTES:

1. Explanatory Statement setting out all material facts relating to special businesses contained in item Nos. 5 to 9 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of this meeting. A proxy shall not vote except on a poll. A proxy form is appended with the admission slip.
3. Corporate Members intending to send their authorized representatives to attend this General Meeting are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at this Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday the 20<sup>th</sup> day of September 2012 to Friday the 21<sup>st</sup> day of September 2012 (both days inclusive).
5. Members are requested to bring their copies of Annual Report to the Meeting.
6. Any query relating to Accounts must be sent to Company's Corporate Office: A-2E IIIrd Floor, C.M.A. Tower Sector – 24, Noida (U.P.) at least 10 days before the date of the meeting.
7. Members are informed that in the case of joint holders attending the meeting; only such joint holder whose name appears first in the order will be entitled to vote.
8. Members / Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
9. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Company's RTA.
10. Members who hold shares in physical form in multiple folios in identical name or joint holding in the same order of names are requested to send their share certificates to our RTA, for consolidation into a single folio.
11. Members are requested to always quote their Folio No. / Client ID & DP ID in all correspondence with the Company's Registrars and the Company. Members are also requested to notify any change of address to their Depository Participants. Members are requested to send all communications relating to shares to the Registrar and Share Transfer Agent of the Company at the following address :-

### **Link Intime India Private Limited**

(Formerly Intime Spectrum Registry Limited)

A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area,

Phase – II, New Delhi – 110 028.

Tel.:- 011-41410592-93

## RE-APPOINTMENT / APPOINTMENT OF DIRECTORS (ANNEXURE TO NOTICE)

(A brief resume in respect of the proposed re-appointment/appointment of Directors is given below in terms of Clause 49 of the Listing Agreement)

Particulars	Mr. Vikram Singh Tandon	Mr. Gurbachan Singh Matta	Mr. Ashok Kumar Agarwal	Mr. Raj Kumar Adlakha
<b>DIN</b>	00613079	02612602	05199585	00133256
<b>Date of Birth</b>	01 <sup>st</sup> December, 1953	24 <sup>th</sup> March, 1948	09 <sup>th</sup> March, 1959	22 <sup>nd</sup> January, 1956
<b>Date of Appointment in the Board</b>	04 <sup>th</sup> January, 2006	12 <sup>th</sup> September, 2009	14 <sup>th</sup> February, 2012	28 <sup>th</sup> July, 1998
<b>Qualifications</b>	FCA	B.Sc.(Hons.) & CAIIB	B.Com.(Hons) & ACA	B.E.(Mach.)
<b>Experience</b>	Mr. Tandon has an overall experience of over 28 years in the field of Finance, Accounts and Taxation. His core strengths are financial analysis and management and statutory and internal audit. He has worked on several financial feasibility reports for Sugar Development Fund and Sugar Technology Mission. He was a member of Expert Committee constituted by the Government of India for rehabilitation of sick sugar units of Bihar State co-operative mills in 1997 and a member of the Expert Committee constituted by STM for rehabilitation of Khalilabad Sugar Mill in Uttar Pradesh in 2002. He has visited Fiji in January 2004 as a member of the expert team sent by GOI for revival of sugar industry in that country.	Mr. Matta is an ex-banker with over 41 years of experience. He was associated with Indian Overseas Bank since 1968 till 2005. In August 2005, he joined Punjab and Sind Bank and was promoted as Executive Director of the Bank in March 2006. He has also headed various committees for implementation of Basel II, Core Banking Solutions and Risk Management. He is also a visiting faculty at NIBSCOM (National Institute of Bank Studies and Corporate Management), Noida for lectures on various topics on the Banking Industry like Risk Management, Corporate Governance, Basel II norms, etc.	Mr. Agarwal is having overall 29 years of Techno Commercial Experience in sugar business which includes different areas like commercial, engineering, Process/ Manufacturing, Project Management including Co-Generation Projects, cane supply and development etc. He started his career in the year 1983 with Mawana Sugars Limited and worked till April, 2006 for 23 years and reached to the position of General Manager of Mawana Sugars Limited. After that he joined Birla Group of Sugar Industries and worked till September 2008 and thereafter joined Sir Shadilal Enterprises Limited at the position of Chief Operating Officer cum President till October 2011 and further moved to Empee Sugars and Chemicals Limited and was appointed as Executive Director and worked till December 2011.	Mr. Adlakha is having more than 32 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.
<b>Directorship held in other Companies</b>	a. Mukul Computer Services Private Limited	a. Solitaire Capital Trustees Private Limited b. Bhandari Export Industries Ltd	NIL	a. Lipi Boilers Limited. b. Uttam Distilleries Limited. c. Shubham Sugars Ltd. d. Uttam Luxury Hotel & Resorts Limited e. Uttam Energy Tech Ltd. f. Telma Trading Pvt. Ltd. g. Lipi Consultants Pvt. Ltd. h. Uttam Properties Pvt. Ltd. i. Shree Uttam Colonisers Pvt. Ltd. j. Divine Grace Enterprises Pvt. Ltd. k. Uttam Lifestyle Hotels Pvt. Ltd. l. Uttam Elite Hotels Pvt. Ltd. m. Uttam Adlakha & Sons Holdings Pvt. Ltd.

Particulars	Mr. Vikram Singh Tandon	Mr. Gurbachan Singh Matta	Mr. Ashok Kumar Agarwal	Mr. Raj Kumar Adlakha
				n. Uttam Chand Adlakha & Sons IPR Holdings Pvt. Ltd.
Membership / Chairmanships of Committee across other Public Limited Companies	NIL	NIL	NIL	NIL
Number of Shares held in the Company	NIL	NIL	NIL	16,24,610 Equity Shares
Relationship with other Directors	None	None	None	None

## **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. Ashok Kumar Agarwal was appointed as an Additional cum Whole-Time Director w.e.f. 14.02.2012 for a period of three years. 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 Mr. Ashok Kumar Agarwal as Director of the Company.

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

## **INFORMATION PURSUANT TO PROVISIO (iv) TO CLAUSE 1 (B) 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	Years		
	2009-10 (15 months)	2010-11 (12 months)	2011-12 (12 months)
Turnover	51,049.71	70,591.10	70,228.19
Net Profit/(Loss) (before Tax)	(4,264.61)	(739.67)	(9,143.32)

**(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. Ashok Kumar Agarwal**, aged 53 years, is B. Com. (Hons) & Chartered Accountant. He is having overall 29 years of Techno Commercial Experience in sugar business which includes different areas like commercial, engineering, Process/Manufacturing, Project Management including Co-Generation Projects, cane supply and development etc. He started his career in the year 1983 with Mawana Sugars Limited and worked till April, 2006 for 23 years and reached to the position of General Manager of Mawana Sugars Limited. After that he joined Birla Group of Sugar Industries and worked till September 2008 and thereafter joined Sir Shadilal Enterprises Limited at the position of Chief Operating Officer cum President till October 2011 and further moved to Empee Sugars and Chemicals Limited and was appointed as Executive Director and worked till December 2011.

### (2) Past remuneration/Recognition or Awards:-

Before joining Uttam Sugar Mills Limited, he was working with M/s Empee Sugars and Chemicals Limited and Sir Shadi Lal Enterprises Ltd. During the Financial Year 2010-11 he has drawn Rs. 24,19,758/- as remuneration from his employer. He has not received any award.

### (3) Job profile and his suitability:-

Subject to the superintendence, control and direction of the Board of Directors of the Company the Whole Time Director/Executive 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.

### (4) Remuneration proposed:-

As set out in the proposed resolutions and as per the terms and conditions as mentioned in Explanatory Statement of the notice of this annual general meeting.

### (5) 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.

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

Apart from remuneration, Mr. Ashok Kumar Agarwal does not have any other pecuniary relationship with the Company. Further, Mr. Agarwal is not related any other managerial personnel 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 by the State Government, (b) Inadequate availability of sugarcane resulting into lower capacity utilization, (c) Poor quality of sugarcane resulting in lower sugar recovery and (d) Lower Sugar Price resulting into lower sugar sales realization.

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

To improve the financial viability of sugar manufacturing units, Company has increased the baggasse based Co-generation Capacity by 40 MW by installation of Power Co-Generation facility at Barkatpur Sugar Factory. The power produced by our cogeneration plants will be utilized for running sugar mills and the surplus power will be exported. Further, the Company has installed a Distillery plant with capacity of 75 KLPD at Barkatpur Unit and trial run has been started.

### (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.

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 of Directors recommends the resolution for approval of Members.

None of the Directors except Mr. Ashok Kumar Agarwal is concerned or interested in the proposed 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. 01.09.2009 to 31.08.2012. 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 01.09.2012 to 31.08.2015 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, 2012 for a period of three years i.e. up to 31st August, 2015.

#### 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 be subject to retirement by rotation whilst holding office of Managing Director.

## INFORMATION PURSUANT TO PROVISIO (iv) TO CLAUSE 1 (B) 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	Years		
	2009-10 (15 months)	2010-11 (12 months)	2011-12 (12 months)
Turnover	51,049.71	70,591.10	70,228.19
Net Profit/(Loss) (before Tax)	(4,264.61)	(739.67)	(9,143.32)

#### (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 Adlakha**, aged 56 years holds Engineering Degree B.E. (Mach.) and has more than 32 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. 3,25,000/- per month (excluding perquisites) from 01st September 2012 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. Mr. Raj Kumar Adlakha is not related any other managerial personnel 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 by the State Government, (b) Inadequate availability of sugarcane resulting into lower capacity utilization, (c) Poor quality of sugarcane resulting in lower sugar recovery and (d) Lower Sugar Price resulting into lower sugar sales realization.

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

To improve the financial viability of sugar manufacturing units, Company has increased the baggasse based Co-generation Capacity by 40 MW by installation of Power Co-Generation facility at Barkatpur Sugar Factory. The power produced by our cogeneration plants will be utilized for running sugar mills and the surplus power will be exported. Further, the Company has installed a Distillery plant with capacity of 75 KLPD at Barkatpur Unit and trial run has been started.

- (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.

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 of Directors recommends the resolutions for approval of Members.

None of the Directors except Mr. Raj Kumar Adlakha is concerned or interested in the proposed resolution.

### **Item No. 8 & 9**

In view of the cash losses incurred by the Company during the last financial years, there will be fund requirement not only to finance the cash losses and working capital but also for other corporate needs of the company. In order to meet this situation the Board is proposing to increase the Authorised Capital by creation of 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each and 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs.100/- each. These Redeemable Preference Shares will be issued to Promoter Group entities including their associates as and when required.

Accordingly, in the Item No. 8 it is proposed to increase the authorized share capital by creation of 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each and 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs.100/- each and in the Item No. 9 authorization to Board of Directors of the Company to issue and allot only Redeemable Preference Shares.

Mr. Raj Kumar Adlakha, Managing Director of the Company may be deemed to be concerned or interested in the said resolutions to the extent of Redeemable Preference Shares issued/allotted to him or his relatives/other entities in which he may be interested. No other Director of the Company is, in any way, concerned or interested the said proposed resolutions.

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

**(G. RAMARATHNAM)**

Chief – Legal and Corporate Affairs & Company Secretary

Place : Noida

Date : 11<sup>th</sup> August, 2012

**Registered Office:**

Village Libberheri, Tehsil Roorkee,

Distt. Haridwar, Uttarakhand

## DIRECTORS' REPORT

### The Shareholders of the Company,

Your Directors take pleasure in presenting their Seventeenth Annual Report together with the Audited Accounts for the year ended 31st March 2012.

### FINANCIAL RESULTS

The financial results of the Company for the year ended on 31<sup>st</sup> March 2012 are as under:-

DETAILS	(Rs. in Lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011
Revenue from Operations	68,289.66	68,579.13
Profit/(Loss) before Depreciation, Tax & Exceptional Items	(4,327.54)	2,018.54
Less:		
Depreciation	2,736.77	2,697.21
Prior period items (Net)	11.55	61.00
Profit/(Loss) before Tax & Exceptional Items	(7,075.86)	(739.67)
Exceptional Items	(2,067.46)	-
Less: Provision for Taxation		
Current Tax	2.95	1.28
Deferred Tax (Credit) / Charge	(2,206.44)	716.73
Income Tax for Earlier Years	19.82	-
<b>Profit/(Loss) after Taxation</b>	<b>(6,959.66)</b>	<b>(1,457.68)</b>
Add: Balance brought forward from Previous Year	(7,527.26)	(6,069.58)
<b>Deficit transferred to Balance Sheet</b>	<b>(14,486.92)</b>	<b>(7,527.26)</b>

### REVIEW OF OPERATIONS

Operational data of the Company for the financial year 2011-12 and 2010-11 are provided as under :-

Financial Year	Cane Crushed (in lacs qtls)	Sugar Produced (in lacs qtls)	Recovery %
2011-12	220.67	19.94*	9.04
2010-11	200.22	18.78**	9.38

\* excluding 0.043 lacs qtls of processed raw sugar.

\*\* excluding 1.69 lacs qtls of processed raw sugar.

The production of molasses during 2011-12 was 11.25 lacs quintals as compared to 10.42 lacs quintals produced in 2010-11. Your Company produced 1467.79 lacs KWH units of power as compared to 1317.68 lacs KWH units of power in the year 2010-11. Out of total production, your company exported 642.53 lacs KWH units to UPPCL/UPCL for a total amount of Rs. 2693.73 lacs against 519.26 Lacs KWH for an amount of Rs. 2086.68 lacs.

The operations were adversely affected because State administration forced to start the mills early than usual. The crushing season is usually from end-November to mid-March extending latest till the 1<sup>st</sup> week of April. The State Administration wanted farmers to start en-cashing their crops (as the Assembly election momentum picked-up) and this has led to a lower amount of sugar being extracted from cane. Besides, overall recovery percentage was also lower for season 2011-12 compared to previous season 2010-11. U.P. State announced a hike in the Sugar Cane Price (SAP) for the current crushing season by Rs. 40 per quintal. In the crushing season 2010-11 the State Government has fixed SAP at Rs. 205 per quintal for regular and Rs. 210 per quintal for early maturing variety. The SAP price of Rs. 240 per quintal for sugar season 2011-12 was substantially higher than Central Government's FRP of Rs. 145 per quintal of cane. The SAP is a blow to the millers in U.P. who are already making a loss of almost Rs. 2-3 per kg due to higher cost of production

of sugar. Uttarakhand Government also follow U.P. State policy relating to cane pricing. Another reason for adverse performance is volatility in the sugar price affecting value addition.

Consequent to Hon'ble Supreme Court order in January, 2012 there was an additional liability relating to sugar cane purchase for the season 2007-08 to the extent of Rs. 20.67 Crores which has been accounted for as an exceptional item during the year.

Further, there has been a delay in the start of co-gen and export of power in Barkatpur Factory, which is the 4<sup>th</sup> factory where co-gen and export of power was yet to commence. The delay in start-up of co-gen and export of power resulted significant loss of revenue. However, the co-gen finally was put to use on 1<sup>st</sup> April, 2012 and power export commenced thereafter.

Your Company is planning to focus on cane development during the ensuing period with a view to improve the cane availability and recovery. Besides, the Distillery plant at Barkatpur factory with capacity of 75 KLPD is ready and trial run has been started. The performance of the company in the next Sugar Season is expected to improve considerably with the start of power export from Barkatpur factory coupled with commencement of operation of Distillery Unit.

## **DIVIDEND**

In the absence of profits during the current financial year and carried forward loss your Directors are unable to recommend any dividend for the year under review.

## **AUDIT COMMITTEE**

The Audit Committee of the Company comprises the following Directors viz. Mr. V. S. Tandon as Chairman, Dr. R. Vasudevan, Mr. G.S. Matta and Mr. Ashok Kumar Agarwal are Members. The Audit Committee satisfies the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

## **RIGHTS ISSUE**

Board has approved the proposal for Rights Issue for a total amount not exceeding Rs. 27.50 Crores for part financing Capital Contribution margin for additional working capital as per CDR Package. This is being actively pursued and SEBI approval is expected very shortly.

## **INCREASE IN AUTHORIZED SHARE CAPITAL**

Your Board of Directors proposes to increase the Authorized Share Capital from Rs.115 crores to Rs.160 crores by creation of Two Crores Equity Shares of Rs.10/- each and 25 Lacs Redeemable Preference Shares of Rs.100/- each for which resolution has been proposed in the notice.

## **DIRECTORS**

Mr. Vikram Singh Tandon and Mr. Gurbachan Singh Matta, Directors of the Company are retiring by rotation at this forthcoming Annual General Meeting of the Company and are eligible for re-appointment.

Mr. Ashok Kumar Agarwal was appointed as an Additional cum Whole-Time Director/Executive Director of the Company during the year under review and holds office till the forthcoming Annual General Meeting. However, the Company has received a notice under section 257 of the Companies Act, 1956 from a Shareholder proposing his candidature for the office of Director. A resolution is being placed before the members for approval.

The Board of Directors have proposed to re-appoint Mr. Raj Kumar Adlakha as Managing Director of the Company for a further period of three years from 1<sup>st</sup> September, 2012 to 31<sup>st</sup> August, 2015 subject to necessary approvals. A resolution is being placed before the members for approval.

Mr. Rajan Adlakha and Mr. Ranjan Adlakha, Directors of the Company have resigned from the Directorship of the Company during the year under review. The Board places on record its deep appreciation for the services rendered and valuable guidance provided by them during their tenure.

Mr. Pasha Biswas, Whole Time Director of the Company resigned from the Directorship of the Company and the same has been accepted by the Board of Directors in its meeting held on 30<sup>th</sup> May, 2012 and consequently he ceases to be a Director w.e.f. 30<sup>th</sup> May, 2012. The Board places on record its appreciation for the services rendered by him during his tenure.

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

The Directors confirm that:-

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies consulted the Statutory Auditors and have applied them consistently, and, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the losses of the Company for that period;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

### **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 2011-12 and 2012-13 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**

Particulars of employees as required u/s 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules 1975 and Amendment Rules, 2011 may be taken as NIL since no employee of the Company was in receipt of remuneration in terms of limits specified under said Rules.

### **AUDITORS**

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

### **AUDITORS' OBSERVATIONS**

Your Directors wish to clarify the various points/observations reported by the Statutory Auditors, as under: -

- a) Observation in Para 4 of the main Audit Report regarding recognition of Deferred Tax credit of Rs. 22.06 Crores, it is clarified that there is a virtual certainty that sufficient future taxable income will be available against which these assets would be realized.
- b) Observation in Para 10 of annexure to the Report regarding erosion of net worth of more than 50% as on 31<sup>st</sup> March, 2012, your Directors wish to state that your company is coming out with the Rights Issue for an amount not exceeding Rs. 27.50 Crores very shortly and this will help in improving the net worth of the company.

Your Directors have obtained a Legal Opinion wherein we have been advised that erosion of net worth is less than 50% at the end of the financial year viz. 31<sup>st</sup> March, 2012 considering the peak Net Worth during immediate preceding four financial years as per the provisions of Section 23 of The Sick Industrial Companies (Special Provision) Act, 1985.

- c) Observation in Para 11 of annexure to the report relating to delays in the repayment of installment/ interest to the Banks, there has been liquidity problems due to losses incurred by the company during the previous financial years. However, the Company has since paid all the Bank dues.

- d) Observation in Para 17 of the annexure to the Report that short term funds have been used for repayment of loans and financing of losses, your Directors wish to clarify that this is primarily due to cash losses incurred by the Company during the financial year and consequent liquidity problems.

## **COST AUDIT**

Your Board of Directors has re-appointed M/s M. K. Singhal & Company, Cost Accountants, to audit the cost accounting records relating to Sugar Units for financial year 2012-2013.

## **INDUSTRIAL RELATIONS**

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

## **PUBLIC DEPOSITS**

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

## **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the support received from the Shareholders, Government Authorities, IDBI Bank Ltd., Indian Overseas Bank, Punjab National Bank, State Bank of India, Oriental Bank of Commerce, customers, vendors and cane growers 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.**

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

**Place: Noida**  
**Date : 11<sup>th</sup> August, 2012**



#### (A) CONSERVATION OF ENERGY

##### ENERGY CONSERVATION MEASURES

- 1) Installation of Variable frequency drives (VFD) on hot water, injection pump, boiler I.D fan and also at sulphited juice, raw juice, screened juice control and for milk of lime control.
- 2) Usage of Direct Contact Heater for molasses conditioning.
- 3) Reheating of C-masseccuite by hot water instead of steam.
- 4) CFLs used in place of electric bulbs.
- 5) Insulation and cladding done wherever required.

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	Year ended	
	31.03.2012	31.03.2011
<b>1. Electricity</b>		
a) Purchased units		
Units (KWH)	<b>6,78,238</b>	9,95,544
Total amount (Rs. Lakhs)	<b>44.14</b>	75.18
Rate per unit (Rs.)	<b>6.51</b>	7.55
b) Own generation		
i) Through diesel generator sets		
Units (KWH)	<b>7,59,577</b>	9,73,217
Units per ltr. of Diesel Oil	<b>2.70</b>	2.82
Total amount (Rs. Lakhs)	<b>101.17</b>	126.90
Cost/ unit (Rs)	<b>13.32</b>	13.04
ii) Through steam turbine		
Units (KWH)	<b>14,67,78,705</b>	13,17,67,770
Units per quintal of bagasse (cost/unit)	Steam produced by use of own bagasse	
<b>2. Coal</b>		
(Quantity)	<b>NIL</b>	NIL
Total Cost & Average Rate	<b>NIL</b>	NIL
<b>3. Furnace oil (KL.)</b>		
Total Amount/Average Rate	<b>NIL</b>	NIL
<b>4. Other / internal Generation (MT)</b>		
<b>Fire Wood</b>		
Quantity (Qtls)	<b>NIL</b>	323.65
Total Cost (Rs. Lacs)	<b>NIL</b>	1.40
Average Rate (Rs./Qtls)	<b>NIL</b>	431.80
<b>Baggase (Purchased)</b>		
Quantity (Qtls)	<b>NIL</b>	NIL
Total Cost (Rs. Lacs)	<b>NIL</b>	NIL
Average Rate (Rs./Qtls)	<b>NIL</b>	NIL

## II. Consumption per unit of production of sugar

PARTICULARS	Year ended	
	31.03.2012	31.03.2011
Sugar Production (in Qtls.)	<b>19,98,418</b>	20,46,675
Electricity (KWH per Qtls. of Sugar)	<b>40.63</b>	38.51
Furnace Oil	<b>NIL</b>	NIL
Coal	<b>NIL</b>	NIL
Fire Wood (Per Qtls of Sugar)	<b>NIL</b>	0.0005
Bagasse (Purchased) (KG. Per Ton of Sugar)	<b>NIL</b>	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)

PARTICULARS	Year ended	
	31.03.2012	31.03.2011
Earnings	<b>NIL</b>	NIL
Outgo:- Foreign Travelling	<b>33.89</b>	10.52

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

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

Place: Noida  
Date : 11<sup>th</sup> August, 2012

## CORPORATE GOVERNANCE REPORT 2011 - 2012

### 1. Company's Philosophy on Corporate Governance

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

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

### 2. Board of Directors

#### A. Composition of the Board: -

Name of Director(s)	Designation	Category
Mr. Raj Kumar Adlakha	Managing Director	Promoter/ Executive
Mr. Rajan Adlakha (ceased w.e.f. 10.11.11)	Director	Promoter/ Non-Executive
Mr. Ranjan Adlakha (ceased w.e.f. 10.11.11)	Director	Promoter/ Non-Executive
Mr. Pasha Biswas (ceased w.e.f.30.05.2012)	Whole Time Director	Non-Promoter/Executive
Mr. Ashok Kumar Agarwal (w.e.f.14.02.2012)	Whole Time Director	Non-Promoter/Executive
Mr. V.S. Tandon	Director	Independent
Dr. R. Vasudevan	Director	Independent
Mr. G. S. Matta	Director	Independent
Mr. Satish Chandra	Nominee-Director – IDBI Bank	Independent
Mr. Kamal Prasad	Nominee-Director – PNB	Independent

#### B. Attendance at Board Meeting and last AGM and details of membership of Directors in other Boards and Board Committees (as on the date of Report) :-

Name of Director(s)	No. of Board Meetings Attended	Last AGM Attended	No. of Other Directorships <sup>1</sup> and Committee Memberships/Chairmanships		
			Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Raj Kumar Adlakha	6	Yes	5	3	3
Mr. Rajan Adlakha (ceased w.e.f. 10.11.11)	3	No	4	-	-
Mr. Ranjan Adlakha (ceased w.e.f. 10.11.11)	3	No	5	-	-
Mr. Pasha Biswas (ceased w.e.f.30.05.12)	2	Yes	-	-	-
Mr. Ashok Kumar Agarwal (w.e.f.14.02.12)	1	N.A.	-	-	-
Mr. V.S. Tandon	6	Yes	-	3	1
Dr. R. Vasudevan	6	Yes	-	3	2
Mr. G. S. Matta	4	No	1	2	-
Mr. Satish Chandra	6	No	-	3	-
Mr. Kamal Prasad	5	No	1	2	-

<sup>1</sup> Excludes viz. Private / Overseas Companies.

**C. Details of the sitting fees paid to the Independent Directors for the year ended March 31, 2012:-**

The Company paid sitting fees to all the Independent Directors for attending the meetings of the Board and / or committees thereof amounting to Rs. 3,80,000/-. The details are as under:-

S.No.	Name	Sitting Fee (Rs.)
1.	Mr. V. S. Tandon	1,00,000
2.	Dr. R. Vasudevan	1,00,000
3.	Mr. G. S. Matta	70,000
4.	Mr. Kamal Prasad	50,000
5.	Mr. Satish Chandra	60,000

**D. Details of Board Meetings held during the year ended 31<sup>st</sup> March, 2012 :**

S.No.	Date of Meeting	No. of Directors Present
1.	27.05.2011	7
2.	23.06.2011	7
3.	10.08.2011	7
4.	05.11.2011	9
5.	28.11.2011	5
6.	14.02.2012	7

- The time gap between any two meetings did not exceed four months.
- The last AGM was held on 11.08.2011.

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

S.No.	Name of Director	Shareholding(Eq. Shares)
1.	Mr. Raj Kumar Adlakha	16,24,610
2.	Mr. Ashok Kumar Agarwal	Nil
3.	Mr. V. S. Tandon	Nil
4.	Dr. R. Vasudevan	Nil
5.	Mr. G. S. Matta	Nil
6.	Mr. Satish Chandra	Nil
7.	Mr. Kamal Prasad	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 following Directors are the present members:-

S.No.	Name		
1.	Mr. V.S. Tandon	–	Chairman (Independent Director)
2.	Dr. R. Vasudevan	–	Independent Director
3.	Mr. G. S. Matta	–	Independent Director
4.	Mr. Ashok Kumar Agarwal	–	Executive Director

## (III) MEETING AND ATTENDANCE:-

During the Financial Year 2011-2012, 4 (Four) Audit Committee Meetings were held on 26.05.2011, 10.08.2011, 05.11.2011 and 14.02.2012. The attendance of the members is as follows:-

S.No.	Name	Attendance
1.	Mr. V.S. Tandon	4
2.	Dr. R. Vasudevan	4
3.	Mr. Ranjan Adlakha (ceased w.e.f.10.11.2011)	3
4.	Mr. G. S. Matta	3

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

Details of the Composition of Remuneration Committee and attendance of Members are as follows:

**During the Financial Year 2011-12, 2 (Two) remuneration committee meetings were held.**

Name	Designation	Category of Directorship	Attendance in meeting
Dr. R. Vasudevan	Chairman	Non-Executive & Independent	2
Mr. Ranjan Adlakha (ceased w.e.f.10.11.11)	Member	Non-Executive & Promoter	1
Mr. Satish Chandra	Member	Non-Executive & Nominee	2
Mr. Kamal Prasad	Member	Non-Executive & Nominee	2

(a) The company has paid Rs.8,61,800/- (Rupees Eight Lacs Sixty One Thousand Eight Hundred Only), inclusive of service tax, to M/s V.S. Tandon & Co., Chartered Accountants, a Proprietorship firm of Mr. V.S. Tandon, an Independent Director. This payment relates to professional services rendered by Mr. V.S. Tandon to the Company.

(b) Details of remuneration paid to Managing Director and Whole Time Director are given in 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.

Details of the Composition of Shareholders/Investors Grievance Committee and attendance of Members are as follows:

During the Financial Year 2011-12, 12 (Twelve) committee meetings were held.

Name	Designation	Category of Directorship	Attendance in meetings
Dr. R. Vasudevan	Chairman	Non-Executive & Independent	9
Mr. Ranjan Adlakha (ceased w.e.f.10.11.11)	Member	Non-Executive & Promoter	6
Mr. G. S. Matta	Member	Non-Executive & Independent	11

During the year 2011-12, no complaint was received from Shareholders. There was no outstanding complaint as at 31.03.2012.

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 control systems as per the format prescribed under Clause 49 of the Listing Agreement and the Board took the same on record.

## 7. General Body Meetings

Details of last three Annual General Meetings:

Meeting	Date	Venue of AGM	Time	Special Resolution Passed
14 <sup>th</sup> AGM	25.05.2009	Vill. Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand	12.00 Noon	• Reappointment of Managing Director for a period of 3 years w.e.f. 1 <sup>st</sup> September, 2009.
15 <sup>th</sup> AGM	18.08.2010	Vill. Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand	11.30 a.m.	• Authorisation to Board of Directors to issue Redeemable Preference Shares pursuant to section 81(1A) of the Companies Act, 1956
16 <sup>th</sup> AGM	11.08.2011	Vill. Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand	12.00 Noon	NIL

## 8. Resolution passed through Postal Ballot

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

- (c) Regarding change in the terms & conditions of 6.5% Cumulative Redeemable Preference Shares by changing in terms of redemption.
- (d) Regarding change in the terms & conditions of 10.00% Cumulative Redeemable Preference Shares by changing in terms of redemption.

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

## 9. Disclosure

- a) There have been no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. which may have potential conflict with the interests of the Company at large.
- b) There have been no instances of non-compliance with any of the legal provisions of law been made by the Company nor any penalty or strictures imposed by the stock exchange or SEBI or any other statutory authority on any matter related to the capital markets during the last 3 years.
- c) The Company does not have a Whistle Blower Policy at present. No personnel have been denied access to the Audit Committee.
- d) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Constitution of Remuneration Committee as per the Non-mandatory requirement has been complied with.

## 10. Means of Communication

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

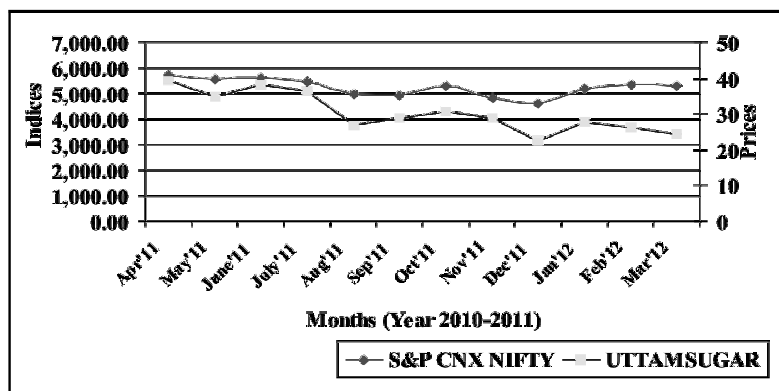
## 11. General Shareholder Information

i.	AGM Date, time and venue	21 <sup>st</sup> September, 2012 at 12.00 Noon Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand
ii.	Financial calendar 2012-13 <b>Results for quarter ending :</b> (a) 30th June 2012 (b) 30th September 2012 (c) 31st December 2012 (d) 31st March 2013/ Audited yearly results	On or before 14th day of August , 2012 On or before 14th day of November, 2012 On or before 14th day of February, 2013 On or before 30th day of May, 2013
iii.	Book Closure Date	20 <sup>th</sup> September, 2012 to 21 <sup>st</sup> September, 2012.
iv.	Dividend Payment Date	N.A.
v.	Listing on Stock Exchange	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051  Bombay Stock Exchange Limited. 1st Floor, Phiroze, Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  Note : Your Company has already paid the Listing fees to both the Stock Exchange for the F.Y. 2011-12 & F.Y. 2012-13
vi.	Stock Code National Stock Exchange of India Ltd Bombay Stock Exchange Limited	UTTAMSUGAR 532729

vii. Market Price Data High/ Low during each month of the Financial Year 2011-12:  
(National Stock Exchange)

Month	High (Rs.)	Low (Rs.)
April'11	44.00	38.10
May'11	40.50	32.00
June'11	39.35	33.20
July'11	40.60	35.70
August'11	36.85	26.10
September'11	34.35	26.90
October' 11	32.40	28.15
November' 11	34.00	25.60
December' 11	29.00	20.50
January'12	30.90	21.60
February'12	29.80	25.35
March'12	28.35	23.05

viii. Relative performance of Uttam Sugar's Share versus S&P CNX Nifty:



ix.	Registrars and Share Transfer Agents (for physical & demat shares)	Link Intime India Private Limited A-40, 2 <sup>nd</sup> Floor, Naraina Industrial Area, Phase – II, New Delhi – 110 028, Tel. :- 011-41410592-94 Telefax :- 011-41410591, Email: delhi@linkintime.co.in
x.	Share transfer system	Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are complete in all respects.

xi. Distribution of Equity Shareholding as on 31<sup>st</sup> March, 2012

(i) Category of Equity Shareholders as on 31.03.2012

S. No	Category of Shareholder	Total Number of Equity Shares	% of shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>		
(1)	Indian		
(a)	Individuals/ Hindu Undivided Family	5,673,700	22.02
(b)	Bodies Corporate	14,443,451	56.05
(2)	Foreign	-	0.00
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>20,117,151</b>	<b>78.07</b>
<b>(B)</b>	<b>(1) Public Shareholding Institutions</b>		
(a)	Financial Institutions/ Banks	560,723	2.18
(b)	Foreign Institutional Investors	19,456	0.08
	<b>Sub-Total (B)(1)</b>	<b>580,179</b>	<b>2.25</b>
<b>(B)</b>	<b>(2) Non-Institutions</b>		
(a)	Bodies Corporate	545,085	2.12
(b)	Individuals :		
(i)	Individual Shareholders holding nominal share capital up to Rs. 1 lakh	3,494,331	13.56
(ii)	Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	834,787	3.24
(c)	Any others :		
(i)	Trust	20	0.00
(ii)	HUF	134,829	0.52
(iii)	Non Resident Indians	56,530	0.22
(iv)	Clearing Members	6,088	0.02
	<b>Sub-Total (B)(2)</b>	<b>5,071,670</b>	<b>19.68</b>
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>5,651,849</b>	<b>21.93</b>
	<b>TOTAL (A) + (B)</b>	<b>25,769,000</b>	<b>100.00</b>



(ii) Distribution of Equity Shareholding as on the 31.03.2012

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 2,500	20441	86.607	914	1334059	0.004	5.177
02.	2,501 to 5,000	1775	7.521	-	684216	-	2.655
03.	5,001 to 10,000	785	3.326	-	611742	-	2.374
04.	10,001 to 20,000	334	1.415	-	493993	-	1.917
05.	20,001 to 30,000	81	0.343	-	201627	-	0.782
06.	30,001 to 40,000	34	0.144	-	118907	-	0.461
07.	40,001 to 50,000	35	0.148	-	162038	-	0.629
08.	50,001 to 1,00,000	57	0.242	-	421516	-	1.636
09.	1,00,001 and above	60	0.254	293500	21446488	1.139	83.226
	<b>TOTAL</b>	<b>23602</b>	<b>100.000</b>	<b>294414</b>	<b>25474586</b>	<b>1.143</b>	<b>98.857</b>
	<b>Net Total both columns</b>			25769000		100.000	

xii. Dematerialization of shareholding and liquidity	98.857% of total equity share capital is held in dematerialized form with NSDL and CDSL.
xiii. Plant locations	<p><b>Unit - I</b> Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand</p> <p><b>Unit - II</b> Village Barkatpur, Tehsil Nazibabad, District Bijnor, U.P.</p> <p><b>Unit - III</b> Village Khaikheri, Tehsil &amp; District Muzzafarnagar, U.P.</p> <p><b>Unit - IV</b> Village Shermau, Tehsil Nakur, Distt: Saharanpur, U.P.</p>
xiv. Address for correspondence	<p><b>Registrar &amp; Share Transfer Agent</b> (For Dematerialisation and Share Transfer related query) Link Intime India Private Limited (Formerly Intime Spectrum Registry Ltd.) A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase – II, New Delhi – 110 028. Tel. :- 011-41410592-94, Telefax :- 011-41410591</p> <p><b>Company</b> (For Annual Report and any other related matters) Company Secretary, Uttam Sugar Mills Ltd. A-2E, III<sup>rd</sup> Floor, C.M.A. Tower, Sector – 24, Noida (U.P.)</p>

## 12. Disclosure regarding shares in suspense account

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

## CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of  
Uttam Sugar Mills Limited  
Uttarakhand.**

We have examined the compliance of conditions of Corporate Governance by **Uttam Sugar Mills Ltd.** for the period ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

**For N.K. RASTOGI & ASSOCIATES  
Company Secretaries**

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

**Place : Noida  
Date : 11<sup>th</sup> August, 2012**

## 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 2011-2012.

Place : Noida  
Date : 11<sup>th</sup> August, 2012

(RAJ KUMAR ADLAKHA)  
MANAGING DIRECTOR

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## CEO/CFO CERTIFICATION – FINANCIAL YEAR ENDED 31.03.2012

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 : 11<sup>th</sup> August, 2012

(RAJ KUMAR ADLAKHA)  
MANAGING DIRECTOR

(SANJAY BHANDARI)  
CHIEF FINANCIAL OFFICER

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### 1. INDUSTRY STRUCTURE & DEVELOPMENTS

#### Global Sugar Industry Scenario

The International Sugar Organization vide its report dated 14/05/2012, unveiled a triple boost to hopes for world sugar supplies, lifting its estimate for surpluses in 2011/12 and 2012/13, and outlining reasons for optimism over the next season too, according to Agrimoney. The influential intergovernmental group, expanding on signals made earlier, raised to 6.5 million tonnes, from 5.2 million tonnes, its forecast for the world production surplus in 2011/12.

The revision reflected an upgrade to 173.8 million tonnes in the estimate for world output, after China showed a very strong production in February and March, lifting to 10.6%, the rate of year-on-year output increase. And the ISO, saying the "surplus phase of the world sugar economy will continue", raised expectations for 2012/13 too.

Furthermore, Brazil is expected to keep up the rate of 3% growth in sugar output, a factor that by itself is likely to result in a 1.2 million-tonne growth in global sugar supply in 2013/14. Modest rises in output are also expected in Australia and Thailand, while Russia and its neighbours are also set to raise production as they strive to attain higher self-sufficiency.

According to ISO, the biggest uncertainty is the size of India's crop. However, it suggests that if Indian production does not fall by more than 2 million tonnes from the 24.5 million tonnes forecast for 2012/13, the return of a large-scale deficit, such as that seen by the world sugar market at the end of the previous decade, looks rather remote.

#### INDIAN PERSPECTIVE OF SUGAR INDUSTRY

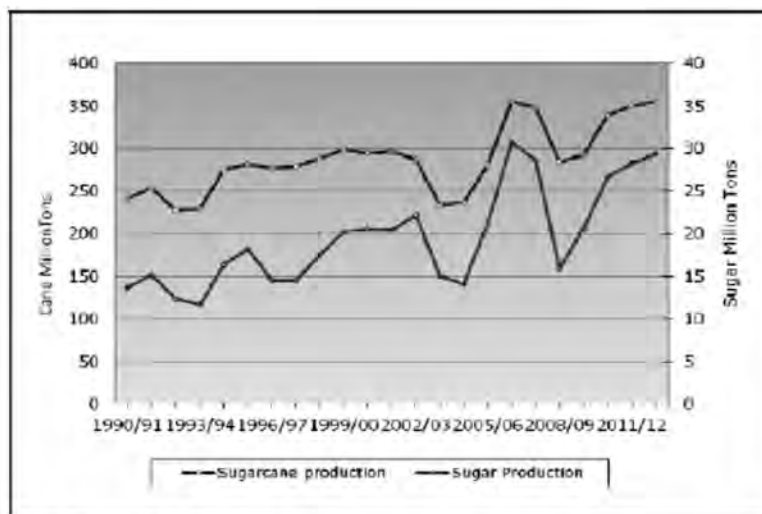
As per report of The Financial Express, Sugar production has surpassed the government's projection of 25.2 million tonnes in the 2011-12 marketing year so far. According to the Indian Sugar Mills Association (ISMA), mills have produced 25.5 million tonnes of sugar till May of the 2011-12 marketing year (October-September), higher by 8 percent from the year-ago period. Sugar production so far this year has already crossed the last year's total output of 24.3 million tonnes. ISMA, which has pegged sugar production at 26 million tonnes for this year, said: "Another 0.5 million tonnes of sugar is expected to be produced in the balance period of current year in two states of Tamil Nadu and Karnataka." It said that production target of 26 million tonnes would be easily achieved as 39 mills are still operational in Tamil Nadu and crushing would restart in Karnataka in August. In most states like Maharashtra and Uttar Pradesh, crushing operation has ended, the industry body said in a statement. Sugar production in Maharashtra, the country's top sugar producing state, has risen marginally to 8.96 million tonnes till May this year with higher cane recovery rate of 11.64 percent. Similarly, sugar output in Uttar Pradesh has increased by 18 percent to 6.95 million tonnes in the reviewed period despite lower cane recovery of 9.07 percent. Sugar production in Karnataka and Tamil Nadu has touched 3.72 million tonnes and 1.8 million tonnes, respectively, so far this year, it added. In view of higher production, the government had initially permitted export of 3 million tonnes of sugar in equal tranches this year. Subsequently, the Government decided to eliminate ceiling on sugar exports and on 14th May 2012, notified the decision allowing free export of sugar by putting it under the Open General Licence (OGL).

#### Production:

*(As per USDA Sugar Annual Report)*

Sugar production is poised for a third consecutive year of strong growth (marketing year 2012/13) after moving through a downward cycle in 2008/09 and 2009/10. India's total centrifugal sugar production in 2012/13 is forecast at 29.75 million metric tons, which includes 435,000 tons of Khandsari sugar, (a low recovery centrifugal sugar prepared by open pan evaporation method), due to an expected increase in sugarcane planting and yields. 2012/13 gur production (a crude non-centrifugal lump sugar) is forecast higher at 4.4 million tons due to the expectation of firm prices.

## India: Sugarcane and Sugar Production



Source: Industry and trade source

Modest-to-strong cane price realization despite weak sugar prices in domestic markets, coupled with strong export prospects for Indian sugar in 2011/12, will likely help mills increase cash flows and avoid mounting cane arrears. This should incentivize farmers to plant higher cane acreage in 2012/13. Assuming a normal monsoon and favourable weather conditions, sugarcane planting are forecast at 5.25 million hectares, (up 3 percent over last year), and sugarcane production is forecast higher at 365 million tons. However, deficit northeast monsoon rains in the 2012 rabi (winter sown) season have raised concerns over accumulating moisture stress in southern and western India, which may temper cane production prospects for 2012/13.

According to the second advance estimate from the Indian Ministry of Agriculture, 2011/12 sugarcane production is revised down marginally to 347.9 million tons from the previous estimate of 350 million tons. Concurrently, 2011/12 centrifugal sugar production is likely to grow to 28.8 million tons, up 553,000 tons over its last estimate, due to improved cane availability coupled with a lower-than-anticipated diversion of cane for gur production. Despite a late start in Maharashtra for crushing and an earlier than usual start (3 weeks early) in Uttar Pradesh, sugar recovery is expected to be better than 2010/11, lending support to higher sugar production in 2011/12. The recent weakening of gur prices vis-à-vis sugar, and relatively modest cane prices paid by sugar mills limited the diversion of sugarcane for gur production during the peak crushing season. As of March 15, 2012, 2011/12 mill sugar production is estimated at 21.2 million tons (crystal weight basis) compared to 18.6 million tons for the corresponding period of 2010/11.

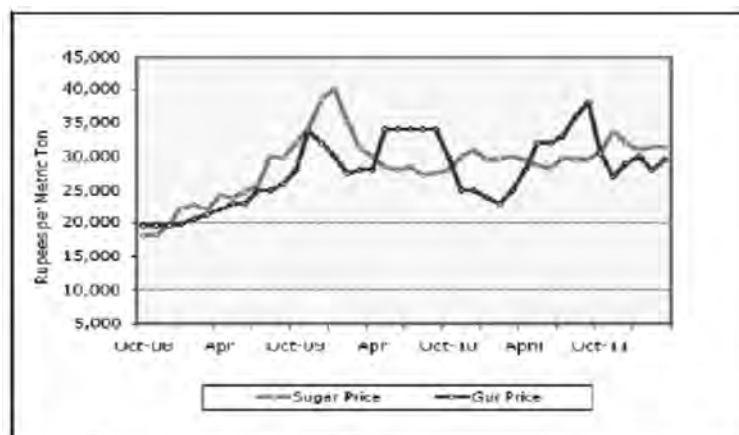
### Consumption:

Indian sugar consumption is set to rise in 2012/13 to 26.5 million tons on improved domestic supplies and strong demand from bulk consumers. Prospects of growth in the Indian economy, and a growing population (about 1.8 percent per annum) would support growth in sugar consumption. Bulk consumers such as soft drink manufacturers, bakeries, confectionary, hotel and restaurant consumers account for 60 percent of milled sugar demand. Most bulk consumers only use cane sugar as India does not produce high fructose corn syrup (HFCS) in significant quantities. In the recent 2012/13 Union Budget announcement, the Government of India (GOI) reduced the import duty on corn syrup from 30 percent to 20 percent for fiscal year 2012/13. Lowering the import duty will encourage imports of HFCS for commercial use. Local sweet shops consume most of India's Khandsari sugar. Gur is mostly consumed in rural areas for household consumption and feed use.

### Prices:

After reaching a peak in January 2010, domestic sugar prices softened on the expectation of increased domestic production in 2010/11 and forecasted higher production in 2011/12. Following the GOI's decision to allow sugar exports in 2011/12, domestic sugar prices rose strongly in November 2011, but were moderated as fresh sugar supplies pulled down prices. Current sugar prices in India's domestic wholesale market range from \$540 to \$600 per ton. Sugar prices in the upcoming 2012/13 season are expected to remain range-bound on prospects of improved domestic supplies, although international price movements can influence domestic prices. Gur prices have been under pressure (Table 6) since the beginning of 2011/12 and its price in 2012/13 will be guided by sugar price movements.

## India: Sugar and Gur Prices in Delhi Market



### Trade:

Source: Industry and trade sources

Anticipating surplus sugar production and strong export demand for 2012/13, India will be a net exporter of sugar for the second consecutive year, with exports likely to reach as much as 2.5 million tons. Given surplus sugar supplies for 2011/12, the GOI has allowed 3 million tons of commercial exports under Open General License. Of the total allocated quantity for exports, industry estimates 1.3 million tons of sugar will be exported through March 31, 2012.

With the recent softening of international sugar prices and India's rising domestic cost of production, Indian sugar exporters will face lower export price realization, especially in mills in northern India which face higher transport costs. However, mills in western and southern India will continue to benefit from their proximity to ports and relatively lower production costs. The current pace of exports suggests that Indian sugar exports will reach at least 2.6 million tons in 2011/12. The export estimate also includes 8,424 metric tons of sugar exports to United States under tariff rate quota for fiscal year 2011/12 and re-exports of 37,857 tons of imported raw sugar stocks lying in the Chennai and Kandla ports. Sugar imports in the current and forecast year are expected to be negligible.

### Trade Policy:

Exports were permitted as the country's sugar output was expected to touch 26 million tonnes in 2011-12, higher than the annual demand of 21.5-22 million tonnes. On May 2, the government decided to allow unrestricted sugar exports by bringing it under the open general licence. A notification to this effect was issued by the Government of May 14th, 2012. However, exporters were allowed to ship only after taking registration certificate (export permits) from the Directorate General of Foreign Trade (DGFT) under the commerce ministry.

According to DGFT, an exporter can apply for registration certificate for a maximum quantity of 25,000 tonnes. The application for second and subsequent RC can be made after exporting at least 50 per cent of the allotted quantity.

The commerce ministry has issued registration certificates for export of 3,30,000 tonnes of sugar since early last month when the government decided to free sugar shipments, according to industry body Indian Sugar Mills Association (ISMA).

"Till June 3, the DGFT has issued registration certificate for 332,000 tonnes of sugar. Of which, 1,77,000 tonnes has already been exported," a senior official of the ISMA said. He also said mills have also shipped the entire 200,000 tonnes of sugar that were allowed before May.

### Stocks:

As per **USDA GAIN: India Sugar Annual 2012**, for 2012/13, Total ending stocks have been forecast at 7.3 million tons, which is 750,000 tons more than the 2011/12 ending stocks. This is on par with normal stock levels, which is defined as India's three-month consumption requirement.

### Sugarcane Production and Pricing Policy

The Government of India (GOI) supports research, development, training of farmers and transfer of new varieties and improved production technologies (seed, implements, pest management) to growers in its endeavour to raise cane yields and sugar recovery rates. The Indian Council of Agricultural Research (ICAR) conducts sugarcane research and development at the national level. State agricultural universities, regional research institutions, and state agricultural extension agencies support these efforts at the regional and state levels. The central and state governments also support sugarcane growers by ensuring finances and input supplies at affordable prices. To increase



the area of cultivation and production in India, a centrally sponsored scheme called the Sustainable Development Fund of Sugarcane Based Cropping System Area under the Macro Management Mode of Agriculture is being implemented in various sugarcane growing states.

The GOI establishes a minimum support price (MSP) for sugarcane on the basis of recommendations by the Commission for Agricultural Costs and Prices (CACP) and after consulting state governments and associations of the sugar industry and cane growers. In 2009, the GOI announced a new fair and remunerative price system (FRP) that links cane prices with sugar price realization by sugar mills. Several state governments further augment the MSP/FRP, typically by 30-40 percent, due to political compulsions rather than market pricing.

Sugar mills are required to pay the “state advised price (SAP)” to sugarcane farmers irrespective of the market price of sugar. Softening sugar prices, coupled with apprehensions of a large cane crop, discouraged the sugar mills to pay higher cane prices vis-à-vis those in 2010/11. However, cane prices received by farmers were higher than the MSP/FRP in most of the growing states. Although the local industry has been advocating rationalization of cane pricing policy by linking it with domestic/world sugar prices, industry sources do not expect any downward revision of the FRP in the coming years given the political clout of the farmers lobby.

Given below is a chart depicting the difference the State Advised Cane Price between 2010-11 and 2011-12 in the major sugar producing states:

<b>State Advised Cane Price 2011-12</b>		
	<b>Rs per Qtl.</b>	
<b>State</b>	<b>2010-11</b>	<b>2011-12</b>
Bihar	205	210/225/230
Uttar Pradesh	205	235/240/250
Punjab	190	220/225/230
Haryana	210	221/226/231
Maharashtra	200 **	180/185/205
Karnataka	180	-
Andhra Pradesh	180/200	-
T.N & Pondy.	190*	200
Uttarakhand	210/215	250/255

*As per ISMA website*

\* Linked to 9.5% recovery

\*\* 1st Advance

As on 9th Jan, 2012

It can be seen that the maximum rise in SAP is in the states of Uttar Pradesh and Uttarakhand, where the sugar mills of your Company are located.

### **Sugar Production and Marketing Policy**

The GOI levies a fee of Rs. 240 (\$5.60) per ton of sugar produced by mills for the Sugarcane Development Fund (SDF), which is used to support research, extension, and technological improvement in the sugar sector. The SDF is also often used to support sugar buffer-stocks operations, provide a transport subsidy for sugar exports, and provide an interest subsidy on loans for the installation of power generation and ethanol production plants. In March 2008, the GOI enacted the Sugar Development Fund (Amendment) Bill, 2008, that enables the government to include the use of the fund for debt restructuring and granting soft loans to sugar mills.

The GOI follows a policy of partial market control and dual pricing for sugar. Local sugar mills are required to supply 10 percent of their production to the government as ‘levy sugar’ at below market prices, which the GOI distributes through the Public Distribution System (PDS) to the below-poverty line population at subsidized rates. Mills are allowed to sell the balance of their production as ‘free sugar’ at market prices. However, the sale of free-sale sugar and levy sugar is administered by the GOI through periodic quotas, designed to maintain price stability in the market. Since April 2012, the GOI has reinstated the quarterly system (Table 8) of allocating sugar for open market and fair price shops, and has done away with the previous regulated mechanism for the monthly release of sugar. The GOI monitors the sales of the quota by the mills and takes penal action against the defaulter mills who are not selling their quota allocation.

## Current Trends & Developments

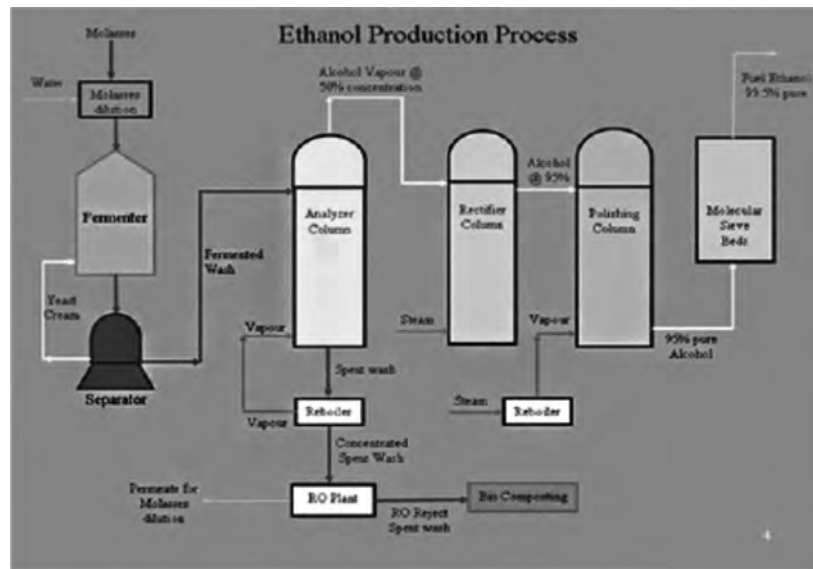
As per press release of the Department of Agriculture, sugarcane for the next sugar season has been planted in 44.12 lakh hectare as compared to 43.23 lakh hectare last year on the corresponding period, which is 2% higher. Therefore, it is certain that production in ensuing season 2012-13 starting from 1st October will be higher than the domestic consumption and India will continue to export sugar third year in a row.

## Ethanol Manufacture

India's ethanol program is based on producing ethanol from sugar molasses, a by-product of the sugar industry and not directly from sugarcane or corn as in most countries.

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

The Ethanol Production process can be outlined as under:-



(As per ISMA report)

India has an indigenous installed capacity to produce over 400 Crore litres of rectified spirit/alcohol and over 150 Crore litres of fuel ethanol, which is sufficient to meet requirement for 7-8% ethanol blending with petrol. The national bio-fuel policy, approved by the Government, has plans for a 20% ethanol blending programme by 2017. This can be achieved only if we continue with the approved plan of the Cabinet, reiterated again and again by the Government. Questions and doubts will be raised by vested interests who do not see a fortune for themselves if the EBP programme succeeds, but the sugar industry hopes and expects that the Government of India seriously follows its approved 5% mandatory ethanol blending with petrol programme, which will be so essential for the energy security of the nation and which will help reduce pollution from fossil fuel and improve our use of renewable energy in the form of fuel ethanol. The government-owned Sugar Development Fund is offering subsidized loans up to 40% of the project cost for setting up ethanol production facilities (using molasses and sugarcane). However, with the increase in crude oil prices, the Government is expected to further encourage ethanol-blending. The demand for ethanol is expected to remain firm and in the long term become remunerative. Your Company has completed its existing ethanol distillery project and plans to make it operational during the next Sugar Season.

## Co-generation

As per informed sources, a target for addition of 1,700 MW capacity, consisting of 500 MW of biomass power projects and 1,200 MW of bagasse cogeneration projects has been proposed during the country's XIth plan period (2007-2012). A cumulative biomass power potential of about 18,000 MWs from the surplus agro residues have been estimated in the country. Sugar mills with a crushing capacity of 2,500 tons per day in Maharashtra, Uttar Pradesh, Tamil Nadu, Karnataka, Andhra Pradesh, Bihar, Gujarat, Punjab and Haryana have an estimated potential of about 5,000 MW surplus power generation through optimum bagasse-based co-generation.

Your Company has the Power Co-generation at all of its four units.



## 2. OPPORTUNITIES & THREATS

### *Opportunities:*

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

### *Threats:*

- Vulnerability of sugar sector to inflation & unfavourable regulatory policies relating to fixation of higher cane prices.
- Weather conditions affecting yield and recovery.
- Deteriorating quality of soil due to overuse of fertilizer and pesticides.
- Fluctuations in selling price in domestic and global markets.

## 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 principal raw material used for sugar production. Its availability, quality, growth and cost are affecting factors. These are in turn impacted by uncontrollable factors such as:-

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

### ***Risk mitigation***

This risk can be mitigated by steps such as Government encouragement for the Promotion of various irrigation schemes such as Lift Irrigation, Drip Irrigation, improved canal system etc.; Cane Development schemes through SDF and Bank Loans; Improved Infrastructure for roads and communication; Provision of better quality and higher yielding seeds as well as fertilizers and pesticides; Prompt clearance of the cane dues of farmers and steps to improve their goodwill by adoption of social development measures such as establishing schools and dispensaries in the command areas etc.; Permitting mills to import Raw sugar to alleviate the cane shortage; Diversifying into multiple locations etc.

**b) Regulatory Risks –**

### **i. Environmental Risks**

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

### **ii. Government policy related Risks**

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

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

affect the agricultural sector and related industries and in turn our operations and profitability.

## **Risk mitigation**

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

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

## **Risk mitigation**

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

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

## **Branded Sugar**

Uttam Sugar Mills Limited produces one of the finest quality sugars in India. The Sugar that we are currently packing is of our sugar plant in Libberheri, Roorkee. The quality/purity of sugar is measured according to the ICUMSA value. Lower the ICUMSA value, higher the quality is. We are proud of the fact that we are producing sugar of highest purity in India. Currently our product comes in single variant with 2 SKUs (1Kg and 5 Kg). The Sugar that we produce is sulphur less, untouched by hand, and free from impurities.

Our packaged sugar is already selling in J&K, Himachal Pradesh, Punjab, Haryana, Delhi, Uttarakhand, Uttar Pradesh, Gujarat, Chandigarh, Rajasthan and Madhya Pradesh through our distributors in the respective areas. We have already covered Modern Retails like Big Bazaar, EasyDay, Wal-Mart, Reliance Fresh, 6 Ten, Big Apple, Spencer's, V-Mart, More, The Big Store etc.

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

## **Risk mitigation**

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

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

## **Risk mitigation**

Your Company is facing severe financial constraints. However, it is approaching Banks for short term funding/finance

## **4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

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

The comparative operational figures of the Company are given below:

a) Figures for operational performance other than power export for last three Seasons.

(in lacs quintals)

	SEASON 2011-12					SEASON 2010-11					SEASON 2009-10				
	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL
CAPACITY (TCD)	6250	7000	4500	6000	23750	6250	7000	4500	6000	23750	6250	7000	4500	6000	23750
CANE CRUSHING	50.18	77.58	32.42	51.14	211.32	46.72	69.52	31.87	46.72	194.83	57.95	64.24	32.00	49.17	203.36
RECOVERY (%)	8.90	9.10	8.87	8.67	—	9.39	9.61	9.58	8.91	—	9.43	9.25	9.63	9.25	—
<b>PRODUCTION</b>															
SUGAR	4.46	7.06	2.88	4.43	18.83	4.39	6.68	3.05	4.16	18.28	5.46	5.94	3.34	4.55	19.29
MOLASSES	2.43	3.93	1.61	2.66	10.63	2.17	3.48	1.55	2.48	9.68	2.85	3.66	1.65	2.51	10.67
WORKING DAYS	144	149	144	139	—	145	140	147	134	—	138	139	136	134	—

b) Figures for Power Export for last three Financial Years

(In Lacs Kwh)

	F.Y. 2011-12					F.Y. 2010-11					F.Y. 2009-10				
	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL	Libberheri	Barkatpur	Khaikheri	Shermau	TOTAL
POWER EXPORT	233.01	—	149.24	260.27	642.52	154.14	—	135.28	229.84	519.26	48.08	—	124.39	144.32	316.79

## 6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

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

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

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

### CAUTIONARY / FUTURISTIC STATEMENTS

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

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

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF UTTAM SUGAR MILLS LIMITED

1. We have audited the attached Balance Sheet of UTTAM SUGAR MILLS LIMITED as at 31st March 2012, the Profit & Loss Statement and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit 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. Without qualifying our opinion attention is invited to Note no 44 regarding recognition of Deferred Tax Assets in respect of unabsorbed depreciation.
5. 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 Statement and Cash Flow Statement dealt with by this report are in agreement with books of account;
  - d) In our opinion, Balance Sheet, Profit & Loss Statement 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 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section of 274 of the Act;
  - f) 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 March, 2012;
    - ii) in the case of Profit & Loss Statement, of the Loss of the Company for the year ended on that date; and
    - iii) in the case of Cash Flow Statement, of the cash flows of the Company for year ended on that date.

**For B.K.Kapur & Co.**  
**Firm Registration No. 000852C**  
**Chartered Accountants,**

**Place : Noida**  
**Dated : May 30<sup>th</sup> 2012**

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

## Annexure to the Auditors' Report

(Referred to in paragraph (3) of our Report of even date to the shareholders of UTTAM SUGAR MILLS LIMITED for the year ended 31<sup>st</sup> March, 2012.)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its principal fixed assets, accordingly the fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period 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 year.
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 interest free unsecured loans from five parties covered in the register maintained under section 301 of the Act. There was Rs. 812.34 Lacs outstanding of principal amount of such loan at the year end and maximum outstanding during the year amounts to Rs 812.34 Lacs. Further, the Company has not taken any secured loan from the aforesaid referred parties.  
(c) The 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, wherever there is stipulation as regards the payments, are regular.
4. In our opinion, and according to the information and explanations given to us, that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparative quotations 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 prima facie 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 Income Tax, Tax Deducted at Source and Provident Fund*. As explained to us, the provisions of Employees State Insurance are not applicable to the Company, no amount was due to be deposited under investor Education and Protection Fund. Further, there was no arrears of undisputed statutory dues outstanding as at 31st March, 2012 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 Sales Tax, Entry Tax & Excise duty aggregating to Rs 1958.66 Lacs that have not been deposited are given below: -

Name of Statute	Nature of Due	Amount (Rs.in Lacs)	Forum where dispute is pending
Sales Tax Laws	Sales Tax	22.48	Additional Commissioner of Trade Tax (Appeal)
Central Excise Act, 1944	Excise Duty	392.03	CESTAT/Commissioner (Appeal) Asst Commissioner
Entry Tax Act	Entry Tax	1544.15	Additional Commissioner of Trade Tax (Appeal)

Further, in respect of Income Tax, 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 accumulated losses of the company have exceeded fifty percent of its net worth as at 31<sup>st</sup> March 2012. The company has incurred cash loss Rs.6423.81 Lacs during the year ended 31<sup>st</sup> March, 2012, however there was no cash loss in the immediately preceding financial year.*
11. *In our opinion and according to the information and explanations given to us, the Company has defaulted in the nature of delays in repayment of its dues to Banks. The particulars of delays after considering the effect of rescheduling of repayment terms of borrowing from Banks, approved by Corporate Debt Restructuring(CDR) Empowered Group which relates to interest/installment during the year ended 31<sup>st</sup> March 2012 are as follows: -*

Particulars	Amount (including Interest)* (Rs. in lacs)	Period of Delay (Days)
Banks	5610.06	1-30
	425.63	31-60

\* Includes Rs. 5599.28 Lacs 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 not given any corporate guarantees for loans taken by others from Banks.
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, applied by the Company for the purposes for which the loans were raised except Rs 63.50 Lacs pending utilization.

## Uttam Sugar Mills Limited

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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.11410 Lacs upto the date of the Balance Sheet have been , primarily used for repayment of Loans and financing of losses.*
18. During the year the Company has not made preferential share allotment.
19. The Company has not issued any debenture, therefore, no comment is required under para 4(xix) of CARO, 2003.
20. The company has not raised any money by way of public issue during the period under report.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For B.K.Kapur & Co.**  
**Firm Registration No. 000852C**  
**Chartered Accountants,**

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

**Place : Noida**  
**Dated : May 30<sup>th</sup> 2012**

## BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs.in lacs)

Particulars	Note No.	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	1	9,419.40	9,419.40
Reserves and Surplus	2	1,124.11	8,083.77
		<u>10,543.51</u>	<u>17,503.17</u>
<b>2 Share Application Money Pending Allotment</b>	<b>3</b>	<u>150.00</u>	<u>150.00</u>
<b>3 Non Current Liabilities</b>			
Long Term Borrowings	4	27,264.62	28,109.24
Long Term Provisions	5	263.64	219.25
		<u>27,528.26</u>	<u>28,328.49</u>
<b>4 Current Liabilities</b>			
Short Term Borrowings	6	37,927.65	33,883.99
Trade Payables	7	14,498.97	9,857.97
Other Current Liabilities	8	11,975.36	9,734.80
Short Term Provisions	9	33.58	533.57
		<u>64,435.56</u>	<u>54,010.33</u>
<b>TOTAL (1+2+3+4)</b>		<u>102,657.33</u>	<u>99,991.99</u>
<b>II. ASSETS</b>			
<b>1 Non Current Assets</b>			
Fixed Assets	10		
Tangible Assets		39,959.75	42,665.19
Intangible Assets		20.19	22.50
Capital Work-In-Progress		12,680.37	11,434.10
		<u>52,660.31</u>	<u>54,121.79</u>
Deferred Tax Assets (Net)	11	2,057.53	(148.90)
Long Term Loans and Advances	12	2,168.37	3,241.07
		<u>56,886.21</u>	<u>57,213.96</u>
<b>2 Current Assets</b>			
Inventories	13	40,085.53	38,085.78
Trade Receivables	14	1,705.99	726.65
Cash and Bank Balances	15	2,351.51	2,683.29
Short Term Loans and Advances	16	1,428.09	1,280.36
Other Current Assets	17	200.00	1.95
		<u>45,771.12</u>	<u>42,778.03</u>
<b>TOTAL (1+2)</b>		<u>102,657.33</u>	<u>99,991.99</u>
Contingent Liabilities & Commitments	18		
Significant Accounting Policies and Notes Forming Integral Part of Financial Statements	(1 to 47)		

AS PER OUR REPORT OF EVEN DATE  
Firm Registration No. 000852C

**(RAJ KUMAR ADLAKHA)**  
MANAGING DIRECTOR

**(ASHOK KUMAR AGARWAL)**  
EXECUTIVE DIRECTOR

**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 : May 30<sup>th</sup> 2012



## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Rs.in lacs)

	Note No.	Figures for the current Reporting Period 31.03.2012	Figures for the previous Reporting Period 31.03.2011
I. Revenue from Operations	19	68,289.66	68,579.13
II. Other Income	20	270.44	12.79
III. Total Revenue (I+II)		<u>68,560.10</u>	<u>68,591.92</u>
IV. Expenses			
Cost of Material Consumed	21	56,236.40	49,698.51
Purchases of Stock-In-Trade		4,059.20	1,806.65
Changes in Inventories of Finished Goods, Work-In-Progress	22	(1,870.66)	1,877.80
Employee Benefits Expenses	23	2,853.86	2,653.45
Finance Costs	24	6,812.03	5,901.01
Depreciation and Amortisation Expenses		2,736.77	2,697.21
Other Expenses	25	4,796.81	4,635.96
<b>Total Expenses</b>		<u>75,624.41</u>	<u>69,270.59</u>
Prior Period Items (Refer Note No.39)		11.55	61.00
V. <b>(Loss) before Exceptional Items and Extraordinary items and Tax (III-IV)</b>		<u>(7,075.86)</u>	<u>(739.67)</u>
VI. Exceptional Items (Refer Note No.29)		2,067.46	-
VII. <b>(Loss) before Extraordinary Items and Tax (V-VI)</b>		<u>(9,143.32)</u>	<u>(739.67)</u>
VIII. Extraordinary Items		-	-
IX. <b>(Loss) before Tax (VII-VIII)</b>		<u>(9,143.32)</u>	<u>(739.67)</u>
X. Tax Expense :			
Current Tax		2.95	1.28
Deferred Tax Charge/(Credit)		(2,206.43)	716.73
Income Tax for Earlier Years		19.82	-
XI. <b>(Loss) for the period from Continuing Operations (IX-X)</b>		<u>(6,959.66)</u>	<u>(1,457.68)</u>
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations (after tax) (XII-XIII)		-	-
XV. <b>(Loss) for the period (XI-XIV)</b>		<u>(6,959.66)</u>	<u>(1,457.68)</u>
XVI. <b>Earning per Share (Note No. 42)</b>			
Nominal Value Rs. 10/-			
Basic		(28.98)	(6.79)
Diluted		(28.98)	(6.79)
Significant Accounting Policies and Notes Forming Integral Part of Financial Statements	(1 to 47)		

AS PER OUR REPORT OF EVEN DATE  
Firm Registration No. 000852C

**(RAJ KUMAR ADLAKHA)**  
MANAGING DIRECTOR

**(ASHOK KUMAR AGARWAL)**  
EXECUTIVE DIRECTOR

**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 : May 30<sup>th</sup> 2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. In lacs)

Particulars	Figure for current Reporting Period 31.03.2012	Figure for previous Reporting Period 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) before Tax	(9,143.32)	(739.67)
Adjustments for:		
Depreciation /Amortisation	2,740.33	2,697.21
Finance cost	6,812.03	5,901.01
Loss on sale/discard of assets (net)	188.98	5.49
Profit on sale of Assets	(1.71)	-
Miscellaneous Expenditure written off	1.95	1.00
Interest Income	(31.59)	(12.07)
Operating Profit before Working Capital changes	566.67	7,852.97
Adjustments for:		
Trade & Other Receivables	(1,093.17)	1,403.17
Inventories	(1,999.76)	6,800.39
Trade Payables	5,717.28	(6,310.05)
Cash generated from operations	2,624.35	1,893.51
Direct taxes (paid)	3,191.02	9,746.53
Net Cash flow from Operating Activities	(108.45)	(4.35)
	3,082.57	9,742.18
<b>B. Cash Flow Investing Activities</b>		
Purchase of Fixed Assets	(1,346.59)	(3,658.43)
Sale/Adjustment of Fixed Assets	276.10	1.50
Interest Received	31.59	12.06
Net Cash used in Investing Activities	(1,038.90)	(3,644.87)
<b>C. Cash Flow Financing Activities</b>		
Finance cost Paid	(7,041.91)	(6,148.16)
Redeemable Preference Share Capital issued	-	2,682.50
Premium on Issue of Redeemable Preference Shares	-	1,842.50
Share Application Money Received	-	150.00
Proceeds from Borrowings (Term Loans)	5,385.87	8,352.72
Proceeds from Borrowings (Unsecured Loans)	675.00	-
Repayment of Borrowings (Unsecured Loans)	-	(3,253.00)
Repayments of Borrowings (Term Loans)	(4,763.07)	(7,597.74)
Proceeds from Borrowings (Working Capital)	3,368.66	(4,724.18)
Net Cash flow used in Financing Activities	(2,375.45)	(8,695.36)
Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(331.78)	(2,598.05)
Cash and Cash Equivalents as at Beginning	2,683.29	5,281.40
Cash and Cash Equivalents as at Closing	2,351.51	2,683.29

**Notes:**

- 1 Cash and Cash Equivalents represent Cash and Bank Balances (Refer Note No.15)
- 2 Previous year figures have been regrouped / rearranged wherever considered necessary.

(RAJ KUMAR ADLAKHA)  
MANAGING DIRECTOR

(ASHOK KUMAR AGARWAL)  
EXECUTIVE DIRECTOR

For B.K.Kapur & Co.  
Firm Registration No. 000852C  
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 : May 30<sup>th</sup> 2012

## 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. Tangible, Intangible Assets and Capital Work in Progress:

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

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

Items of expenditure that meet the recognition criteria as mentioned in Accounting Standard are classified as intangible Assets.

### iii. Depreciation/Amortization :

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

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

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

Intangible Assets are amortised over a period of economic benefits not exceeding ten years.

### iv. 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.

### v. 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.

### vi. Inventories:

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

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

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

### vii. Taxes on Income:

a) Current tax is determined on the amount of tax payable in respect of taxable income for the year.

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

- c) Deferred Tax Assets in respect of Accumulated Loss and Unabsorbed Depreciation are recognized and carried forward only if there is virtual certainty of its realization.
- d) Deferred Tax resulting from timing difference which originate during the tax holiday period but are expected to reverse after tax holiday period is recognized in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted by the balance sheet date.
- e) Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will be in a position to avail such credit under the provisions of the Income Tax Act, 1961.

#### **viii. Revenue Recognition :**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured. The Company recognizes sale of goods when the significant risks and rewards of ownership are transferred to the customer.

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

Revenue from sale of power is recognized when the units generated are transmitted to the pooling station, in accordance with the terms and conditions of the power purchase agreement entered into by the Company with the purchasing parties.

Interest Income is accounted on accrual basis.

#### **ix. Borrowing Costs:**

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

#### **x. 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. 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.

#### **xii. Employee Benefits :**

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

## NOTE ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 1 : SHARE CAPITAL</b>		
<b>Authorised:</b>		
<b><u>Equity Share Capital</u></b>		
40000000 Equity Shares of Rs.10/- each (Previous Year 40000000 Equity Shares of Rs.10/- each)	4,000.00	4,000.00
<b><u>Redeemable Preference Share Capital</u></b>		
7500000 Preference Shares of Rs.100/- each (Previous Year 7500000 Preference Shares of Rs.100/- each)	7,500.00	7,500.00
<b>Issued, Subscribed &amp; Paid-up Capital</b>		
<b><u>Equity Share Capital</u></b>		
25769000 Equity Shares of Rs.10/- each fully paid up (Previous Period 25769000 Equity Shares of Rs.10/- each fully paid up)	2,576.90	2,576.90
<b><u>6.5% Cumulative Redeemable Preference Share Capital - Series I</u></b>		
5000000 Preference Shares of Rs.100/- each (Previous Year 5000000 Preference Shares of Rs.100/- each)	5,000.00	5,000.00
<b><u>10% Cumulative Redeemable Preference Share Capital - Series II</u></b>		
1842500 Preference Shares of Rs.100/- each (Previous Year 1842500 Preference Shares of Rs.100/- each)	1,842.50	1,842.50
<b>TOTAL</b>	<b>9,419.40</b>	<b>9,419.40</b>

**a) Terms & Conditions of Equity Shares**

- 1 The Company has one class of Equity Shares having a par value of Rs.10/- each.
- 2 Each Shareholder is eligible for one vote per shares held.
- 3 The Dividend, if any, proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting, except in the case of interim dividend.
- 4 In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their shareholding.

**b) Terms & Conditions of Preference Shares  
(Series - I)**

- 1 Rate of Dividend on these Preference Shares is 6.5% p.a.
- 2 The Preference Shares are Cumulative with reference to the dividend.
- 3 The Preference Shares shall be redeemed after completion of 12 years but not later than 15 years from the date of allotment on the call of the Company.
- 4 The Preference Shareholders will have no voting rights except as provided in the Companies Act, 1956.

**(Series - II)**

- 1 Rate of Dividend on these Preference Shares is 10% p.a.
- 2 The Preference Shares are Cumulative with reference to the dividend.
- 3 The Preference Shares shall be redeemed after completion of 12 years but not later than 15 years from the date of allotment on the call of the Company
- 4 The Preference Shareholders will have no voting rights except as provided in the Companies Act, 1956.

**c) There are Nil number of shares (Previous Year Nil) in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiary or associates of the holding company or the ultimate holding company in aggregate.**

d) Shares in the company held by each shareholders holding more than 5% shares

Name of Equity Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	Percentage (%)	No. of Shares held	Percentage (%)
Raj Kumar Adlakha	1,624,610	6.30%	1,624,610	6.30%
Ranjan Adlakha	1,492,550	5.79%	1,492,550	5.79%
Lipi Boilers Limited	3,212,841	12.47%	3,212,841	12.47%
Uttam Sucrotech Limited	3,474,267	13.48%	3,474,267	13.48%
Uttam Industrial Engineering Limited	4,652,043	18.05%	4,652,043	18.05%
New Castle Finance & Leasing Pvt. Limited	2,262,650	8.78%	2,262,650	8.78%
Name of Preference Shareholders	No. of Shares held	Percentage (%)	No. of Shares held	Percentage (%)
Uttam Sucrotech Limited	1,925,000	28.13%	1,925,000	28.13%
Uttam Industrial Engineering Limited	1,197,500	17.50%	1,197,500	17.50%
Lipi Boilers Limited	789,500	11.54%	789,500	11.54%
Uttam Adlakha & Sons Holdings Pvt. Limited	2,018,000	29.49%	2,013,000	29.42%
Sekhri Finance and Investments Pvt. Limited	767,500	11.22%	767,500	11.22%

e) There are Nil number of shares (Previous Year Nil) reserved for issue under option and contracts/commitment for the sale of shares/disinvestment including the terms and amounts.

f) For the period of five years immediately preceding the date at which the balance sheet is prepared

Particulars	No. of Shares
Aggregate number and class of shares allotted as fully paid up pursuant to Contract(s) without payment being received in cash	Nil
Aggregate number and class of shares allotted as fully paid up by way of bonus shares	Nil
Aggregate number and class of shares bought back	Nil

g) There are no securities (Previous Year no) convertible into Equity/Preferential shares.

h) There are no calls unpaid (Previous Year no) including calls unpaid by Directors and Officers as on balance sheet date.

i) Reconciliation of No. of Shares Outstanding:

	As at 31.03.2012	As at 31.03.2011
<b>i) Equity Shares</b>		
At the beginning of the year	25769000	25769000
Change during the year	-	-
At the end of the year	25769000	25769000
<b>ii) Preference Shares</b>		
<b>a) 6.5% Cumulative Redeemable Preference Shares - Series I</b>		
At the beginning of the year	5000000	4160000
Change during the year	-	840000
At the end of the year	5000000	5000000
<b>b) 10% Cumulative Redeemable Preference Share - Series II</b>		
At the beginning of the year	1842500	-
Change during the year	-	1842500
At the end of the year	1842500	1842500

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 2 : RESERVES AND SURPLUS</b>		
<b>a) Securities Premium Reserve</b>		
As per Last Balance Sheet	15,611.03	13,768.53
Add:Additions during the year	-	1,842.50
	<b>15,611.03</b>	<b>15,611.03</b>
<b>b) Surplus</b>		
<b>Profit &amp; Loss Statement</b>		
As per Last Balance Sheet	(7,527.26)	(6,069.58)
Add:Loss during the year	(6,959.66)	(1,457.68)
	<b>(14,486.92)</b>	<b>(7,527.26)</b>
<b>TOTAL</b>	<b>1,124.11</b>	<b>8,083.77</b>

i) There is no reserve specifically represented by earmarked investments which can be termed as fund.

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 3 : SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		
Preference Share Application Money Pending Allotment	150.00	150.00
	<b>150.00</b>	<b>150.00</b>

#### Terms & Conditions:

- 1 Number of Shares issued : 75000 - 10% Cumulative Redeemable Preference Shares of Rs.100/- each to be issued at a premium of Rs.100/-per share.
- 2 The Preference Shares shall be redeemed after completion of 12 years but not later than 15 years from the date of allotment.
- 3 The Board of Directors were reviewing the terms and conditions because of which there has been some delay. However, the shares have been allotted on May 30th, 2012.
- 4 There is sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money.
- 5 There is no interest accrued on the amount due.

Figures as at  
end of current  
Reporting Period  
31.03.2012

Figures as at  
end of previous  
Reporting Period  
31.03.2011

## NOTE - 4 : LONG TERM BORROWINGS

### a) Secured Loans

#### Term Loans

- From Banks	24,889.62	24,669.63
- From Govt. of India, Sugar Development Fund (SDF)	2,191.27	3,247.12
	<b>27,080.89</b>	<b>27,916.75</b>

#### Funded Interest Term Loans

- From Banks	-	192.49
	-	192.49

#### Vehicle Loans

- From Banks	30.92	-
	<b>30.92</b>	-

	<b>27,111.81</b>	<b>28,109.24</b>
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### b) Unsecured Loans

Loans from Related Parties (Refer Note No.40)	152.81	-
	<b>152.81</b>	-

### TOTAL

	<b>27,264.62</b>	<b>28,109.24</b>
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### i) Terms & Conditions of Secured Loans

#### a) Security Clauses:

- (1) Term Loans and Funded Interest Term Loans from Banks are secured/to be secured on first pari passu charge by way of joint equitable mortgage on Company's immovable properties and first charge by way of hypothecation of all movable properties of the Company on pari passu basis, subject to prior charge created / to be created in favour of Company's Bankers for securing borrowings for working capital requirements of the Company.
- (2) Term Loans and Funded Interest Term Loans from Banks are guaranteed by Managing Director and two other promoters of the Company and corporate guarantees of three Promoter Companies.
- (3) 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.
- (4) Vehicle loans from banks are secured by way of hypothecation of vehicle financed by them.

#### b) Maturity Profile and Rate of Interest & No. of Instalments of Term Loans

Rate of Interest	2013-14		2014-15		2015-16		2016-17		2017-18	
	No. of Inst.	Rs. in lacs	No. of Inst.	Rs. in lacs	No. of Inst.	Rs. in lacs	No. of Inst.	Rs. in lacs	No. of Inst.	Rs. in lacs
4.00%	2	868.34	2	535.43	2	300.00	2	300.00	-	-
	1	187.50		-		-		-		-
11.25%	12	15.53	7	1.53		-		-		-
			8	7.28		-		-		-
			9	1.86		-		-		-
11.50%	4	5119.03	4	6161.82	3	4042.42	4	1547.34	3	1139.43
	12	2.30	11	2.42	4	1082.69		-		-
13.50%	4	150.00	4	150.00	4	150.00	3	90.00		-
14.25%	4	1460.25	4	1460.25	4	1460.25	3	876.15		-
<b>Total</b>		<b>7802.95</b>		<b>8,320.59</b>		<b>7,035.35</b>		<b>2,813.49</b>		<b>1,139.43</b>



## ii) Terms & Conditions of Unsecured Loans

- a) Loans from Related Parties represents Interest Free Unsecured Loans.
- b) Unsecured Loans from Related Parties shall be repayable after a period of 3 years with the consent of Term Lenders (Banks) covered under Corporate Debt Restructuring (CDR).

## iii) Continuing Default as on 31st March 2012: (Refer Note No. 8)

- i) Term Loans from Banks Rs.187.17 included in Current Maturities of Term Loans from Bank was due as on Balance Sheet date and Paid on 3rd April 2012.
- ii) Unsecured Soft Loan from Uttarakhand State Government Rs.656.68 lacs included in Current Maturities of Unsecured Loan was repayable in three years in quarterly instalments w.e.f. January 2009 and the same is still to be repaid.

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
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## NOTE - 5 : LONG TERM PROVISIONS

Provision for Employees Benefits	263.64	219.25
<b>TOTAL</b>	<b>263.64</b>	<b>219.25</b>

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
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## NOTE - 6 : SHORT TERM BORROWINGS

### a) Secured Loans

#### Loan Repayable on Demand

Cash Credit from Banks	37,252.65	33,883.99
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### b) Unsecured Loans

#### Loans from Related Parties (Refer Note No.40)

	675.00	-
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<b>TOTAL</b>	<b>37,927.65</b>	<b>33,883.99</b>
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### i) Terms & Conditions of Secured Loans - Security Clause

Cash Credit from Banks are secured/to be secured by first pari passu charges by hypothecation/pledge of stocks of raw materials, sugar, molasses, other stores and spares and book debts/receivables of the Company both present and future and third pari passu charge on immovable assets of the Company. Cash Credit from Banks are guaranteed by Managing Director and two other promoters of the Company and corporate guarantees of three Promoter Companies.

### ii) Terms & Conditions of Unsecured Loans

- a) Loans from Related Parties represents Interest Free Unsecured Loans from Related Parties.
- b) Unsecured Loans from Related Parties shall be repaid out proceeds of Proposed Right Issue of the Company.

### iii) There is no default as on Balance Sheet date in repayment of Loans and Interest thereon.

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
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## NOTE - 7 : TRADE PAYABLES

Micro, Small and Medium Enterprises (Refer Note No.26)	20.61	156.12
Others	14,478.36	9,701.85
<b>TOTAL</b>	<b>14,498.97</b>	<b>9,857.97</b>

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 8 : OTHER CURRENT LIABILITIES</b>		
<b>a) Current Maturities of Long Term Debt (Refer Note No.4)</b>		
<b>Secured Loans</b>		
<b>Term Loans</b>		
- From Banks	4,793.77	2,804.22
- From Govt. of India, Sugar Development Fund (SDF)	1,055.84	755.84
<b>Funded Interest Term Loans</b>		
- From Banks	192.49	1,028.72
<b>Vehicle Loans</b>		
- From Banks	14.08	-
<b>Unsecured Loans</b>		
- Soft Loan from Uttarakhand State Government	656.68	656.68
	<b>6,712.86</b>	<b>5,245.46</b>
b) Interest Accrued But Not due on Borrowings	262.03	668.73
c) Interest Accrued and due on Borrowings	437.68	413.67
d) Creditors for Capital Expenditure	541.66	566.58
e) Application Money received for allotment of securities and due for refund and interest accrued thereon	0.60	0.60
f) Security Deposits	127.44	117.61
g) Due to Directors	6.99	2.22
h) Due to Scheduled Bank (Book Overdraft)	229.71	185.28
i) Other Payables		
Statutory Liabilities	1,719.91	1,883.98
Advance From Customers	1,404.18	401.79
Other Liabilities \$	532.30	248.88
<b>TOTAL</b>	<b>11,975.36</b>	<b>9,734.80</b>

\$ Other Liabilities includes commission on sales, advance to employees and employees benefits & Expenses Payable.

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 9 : SHORT TERM PROVISIONS</b>		
a) Provision for Employee Benefits	30.65	26.73
b) Provision for Taxation	-	506.84
c) Provision for Wealth Tax	2.93	-
<b>TOTAL</b>	<b>33.58</b>	<b>533.57</b>

(Rs. in lacs)

## NOTE No. 10 : FIXED ASSETS

Nature of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As on 01.04.2011	Additions during the Year	Sold/Adj. during the Year	As on 31.03.2012	Upto 31.03.2011	For the Year	On Sale/ Adjustment	UP TO 31.03.2012	As on 31.03.2012	As on 31.03.2011
<b>A. Tangible Assets</b>										
Freehold Land	2,349.68	146.20	-	2,495.88	-	-	-	-	2,495.88	2,349.68
Building	5,503.31	54.87	29.01	5,529.17	827.04	168.22	8.47	986.79	4,542.38	4,676.27
Leasehold Building Developments	79.32	1.39	-	80.71	12.02	7.93	-	19.95	60.76	67.30
Plant and Machinery	46,078.38	273.85	909.52 *	45,442.71	11,529.45	2,426.09	361.92	13,593.62	31,849.09	34,548.93
Furniture and Fixtures	272.38	6.08	-	278.46	103.93	18.26	-	122.19	156.27	168.45
Office Equipments	427.56	26.05	-	453.61	239.74	37.58	-	277.32	176.29	187.82
Weigh Bridges	530.62	-	4.33	526.29	125.19	25.00	1.80	148.39	377.90	405.43
Vehicles & Tractors	644.92	98.95	24.51	719.36	385.96	54.94	20.37	420.53	298.83	258.96
Live Stock	2.35	-	-	2.35	-	-	-	-	2.35	2.35
<b>B. Intangible Assets</b>										
Software	23.08	-	-	23.08	0.58	2.31	-	2.89	20.19	22.50
<b>Previous Period</b>	55,911.60	607.39	967.37	55,551.62	13,223.91	2,740.33	392.56	15,571.68	39,979.94	42,687.69
	53,479.00	2,540.54	107.94	55,911.60	10,535.41	2,697.21	8.71	13,223.91		
<b>Capital Work-in-Progress:</b>										
Building, Plant & Machinery									9,588.63	8,377.05
Expenditure during Construction Period (Pending Capitalisation) (Refer Note No.38)									3,091.74	3,057.05
								<b>Total</b>	52,660.31	54,121.79
								<b>Previous Period</b>	54,121.79	

### Notes:

\* includes Rs.642.45 lacs transferred to Assets held for disposal. (Refer Note No.46)  
Vehicles includes Motor Cars having gross book value of Rs.56.31 lacs (Previous Period Rs.Nil) which are purchased on Hire Purchases Basis.

	As at 01.04.2011	During the Year	As at 31.03.2012
<b>NOTE - 11 : DEFERRED TAX ASSETS (NET)</b>			
<b>DEFERRED TAX LIABILITY</b>			
Difference between Book & Tax Depreciation	5,609.50	188.93	5,798.43
	5,609.50	188.93	5,798.43
<b>DEFERRED TAX ASSETS</b>			
Expenses Allowed U/s 43-B on paid basis	677.80	(86.95)	590.85
Unabsorbed Depreciation (Refer Note No.44)	4,765.11	2,500.00	7,265.11
	5,442.91	2,413.05	7,855.96
	(166.59)	2,224.12	2,057.53
<b>NET DEFERRED TAX ASSETS</b>			
Tax effect of share issue expenses eligible for Income Tax deduction under section 35D, credited to Share Premium	(17.69)	17.69	-
	(148.90)	2,206.43	2,057.53

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 12 : LONG TERM LOANS AND ADVANCES</b>		
(Unsecured - Considered good)		
a) Capital Advances		
Advances to Related Parties (Refer Note. No.40)	1,097.76	1,550.98
Other Capital Advances	701.11	868.43
b) Security Deposits (incl. Interest Accrued thereon)	85.50	116.27
c) Other Loans and Advances		
Advance Income Tax	2.62	420.86
Prepaid Expenses	0.50	3.65
Balance with Income Tax Department (Under Protest)	47.16	47.16
MAT Credit Entitlements	233.72	233.72
<b>TOTAL</b>	<b>2,168.37</b>	<b>3,241.07</b>

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 13 : INVENTORIES</b>		
(As taken, valued and certified by the Management)		
a) Raw Material (including Raw Sugar)	49.64	117.35
b) Work-in-Progress	558.80	917.49
c) Finished Goods		
Sugar	36,855.30	34,492.55
Banked Power	40.82	30.99
d) By-Products	1,635.85	1,585.26
e) Stores, Spare Parts and Packing Materials	945.12	942.14
<b>TOTAL</b>	<b>40,085.53</b>	<b>38,085.78</b>

**Mode of Valuation of Inventories:**

Inventories of Raw Material, Work-in-Progress, Finished Goods, Stock-in-Trade, Stores, Spares Parts and Packing Materials are valued at lower of Cost or Net Realisable Value. By-Products and residuals are valued at Net Realisable Value.

Cost of Inventories is determined on weighted average. Cost of Finished Goods and Work in-Progress has been worked out on absorption cost basis.

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 14 : TRADE RECEIVABLES</b>		
(Unsecured - Considered good)		
a) Trade Receivables outstanding for a period exceeding six months	58.86	73.57
b) Others	1,647.13	653.08
<b>TOTAL</b>	<b>1,705.99</b>	<b>726.65</b>

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 15 : CASH AND BANK BALANCES</b>		
<b>i) Cash &amp; Cash Equivalents</b>		
a) Balance with Banks In Current Accounts	1,876.15	2,338.12
b) Cash on Hand	54.14	127.62
<b>ii) Other Bank Balances</b>		
a) In Fixed Deposit Account (Margin Money and interest accrued thereon)	128.24	139.25
b) Term Deposit having remaining maturity of more than 1 Year (Margin Money and interest accrued thereon)	292.38	74.85
c) In Escrow Accounts	0.60	3.45
<b>TOTAL</b>	<b>2,351.51</b>	<b>2,683.29</b>

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 16 : SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured - Considered good)		
a) Advances to Related Parties for Supply of Goods & Services (Refer Note No.40)	217.77	5.39
b) Other Loans & Advances		
Advances for Supply of Goods & Services	153.76	213.25
Due from Employees	22.31	41.69
Prepaid Expenses	52.84	43.57
Balance with Excise Department	292.31	393.80
Cenvat Receivable	310.03	163.71
Security Deposits	78.13	88.32
Others Loans & Advances *	300.94	330.63
<b>TOTAL</b>	<b>1,428.09</b>	<b>1,280.36</b>

\* includes Rs.145.40 lacs Interest recoverable (Previous Year Rs.250.50 lacs) (Refer Note No.35)

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 17 : OTHER CURRENT ASSETS</b>		
(Unsecured - Considered good)		
Assets held for Disposal (Refer Note. No.46)	200.00	-
Preliminary Expenses (To the extent not written off or adjusted)	-	1.95
<b>TOTAL</b>	<b>200.00</b>	<b>1.95</b>

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 18 : CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>Contingent Liabilities</b>		
i) Excise Duty / Sales Tax / Income Tax demands and show cause notices against which Company / Department has preferred appeals / filed replies.	2,299.60	676.46
ii) Preference Dividend payable on cumulative Redeemable Preference Shares	916.39	407.14
iii) In respect of pending court cases by/against ex-employees amount not ascertainable at this stage		
<b>Capital Commitments</b>		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	5,034.61	4,795.55
ii) Letter of Credit in favour of Suppliers	816.99	716.03
<b>TOTAL</b>	<b>9,067.59</b>	<b>6,595.18</b>

(Rs.in lacs)

	Figures for the current Reporting Period 31.03.2012	Figures for the previous Reporting Period 31.03.2011
<b>NOTE - 19 : REVENUE FROM OPERATIONS</b>		
a) Sale of Products	70,228.19	70,591.10
b) Other Operating Revenues	171.04	422.72
c) Less: Excise Duty	2,109.57	2,434.69
Net Sales	<b>68,289.66</b>	<b>68,579.13</b>
<b>Particulars of Sale of Products</b>		
Sugar	63,139.25	64,362.63
Molasses	3,883.85	3,289.27
Power	2,695.65	2,086.68
Others	509.44	852.52
<b>TOTAL</b>	<b>70228.19</b>	<b>70591.10</b>



(Rs.in lacs)

	Figures for the current Reporting Period 31.03.2012	Figures for the previous Reporting Period 31.03.2011
<b>NOTE - 20 : OTHER INCOME</b>		
a) Interest Income	31.59	12.07
b) Other Non Operating Income		
Profit on Sale of Assets	1.71	–
Miscellaneous Income	237.14	0.72
<b>TOTAL</b>	<b>270.44</b>	<b>12.79</b>

(Rs.in lacs)

	Figures for the current Reporting Period 31.03.2012	Figures for the previous Reporting Period 31.03.2011
<b>NOTE - 21 : COST OF RAW MATERIAL CONSUMED (Indegenous)</b>		
Opening Stocks	117.35	4,892.79
Purchases	56,168.69	44,923.07
	56,286.04	49,815.86
Less : Closing Stocks	49.64	117.35
<b>TOTAL</b>	<b>56,236.40</b>	<b>49,698.51</b>

(Rs.in lacs)

	Figures for the current Reporting Period 31.03.2012	Figures for the previous Reporting Period 31.03.2011
<b>NOTE - 22 : CHANGES IN INVENTORIES OF FINISHED GOODS &amp; WORK-IN-PROGRESS &amp; STOCK-IN-TRADE</b>		
<b>Opening Stocks</b>		
Finished Goods	34,523.54	35,805.99
Work-in-Progress	917.49	791.01
By-products	1,585.26	2,488.16
	37,026.29	39,085.16
<b>Closing Stocks</b>		
Finished Goods	36,896.12	34,523.54
Work-in-Progress	558.80	917.49
By-products	1,635.85	1,585.26
	39,090.77	37,026.29
Excise & Other Duties on (Increase) / Decrease of Stocks	193.82	(181.07)
(Increase)/Decrease in Stocks	(1,870.66)	1,877.80

(Rs.in lacs)

	Figures as at end of current Reporting Period 31.03.2012	Figures as at end of previous Reporting Period 31.03.2011
<b>NOTE - 23 : EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & Wages	2,622.46	2,424.22
Contribution to Provident and other funds	96.64	85.58
Staff Welfare	134.76	143.65
<b>TOTAL</b>	<b>2,853.86</b>	<b>2,653.45</b>

(Rs.in lacs)

	Figures for the current Reporting Period 31.03.2012	Figures for the previous Reporting Period 31.03.2011
<b>NOTE - 24 : FINANCE COSTS</b>		
Interest Expenses	6,667.00	5,765.74
Other Borrowing Costs	145.03	135.27
<b>TOTAL</b>	<b>6,812.03</b>	<b>5,901.01</b>

(Rs.in lacs)

	Figures for the current Reporting Period 31.03.2012	Figures for the previous Reporting Period 31.03.2011
<b>NOTE - 25 : OTHER EXPENSES</b>		
<b>a) Manufacturing Expenses</b>		
Packing Materials Consumed	795.44	728.14
Consumption of Stores, Spares	491.70	449.86
Power and Fuel	213.54	239.81
Other Manufacturing Expenses	182.35	207.69
Repairs to:		
Plant and Machinery	1,558.69	1,766.50
Buildings	76.70	20.69
Others	42.20	35.29
	<b>1,677.59</b>	<b>35.29</b>
	<b>3,360.62</b>	<b>3,447.98</b>
<b>b) Administrative and Other Expenses</b>		
Rent	39.69	36.88
Rates and Taxes	84.12	109.75
Printing and Stationery	23.45	29.26
Postage, Courier and Telephones	48.97	47.83
Travelling and Conveyance	232.74	202.89
Fees and Subscription	28.56	27.09
Legal and Professional Charges	170.65	202.06
Auditors' Remuneration (Refer Note No.41)	13.99	10.21
Vehicle Running and Maintenance	90.02	89.73
Insurance	57.88	47.91
Cane Development Expenses	72.56	6.01
Loss on Sale/Discard of Fixed Assets	188.98	5.49
Miscellaneous Expenditure written off	1.95	1.00
Office & Other Administration Expenses	34.60	14.46
	<b>1,088.16</b>	<b>830.57</b>
<b>c) Selling &amp; Distribution Expenses</b>		
Business Promotion	8.28	11.79
Sugar Handling Expenses	44.01	33.32
Commission on Sales	247.15	264.86
Freight Outward	1.54	3.49
Other Selling Expenses	47.05	43.95
	<b>348.03</b>	<b>357.41</b>
<b>TOTAL</b>	<b>4,796.81</b>	<b>4,635.96</b>



## NOTE ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

(Rs.in lacs)

	Current Year	Previous Year
(a) Amount due to Micro, Small and Medium Enterprises as on		
i) Principal amount	<b>20.61</b>	126.74
ii) Interest due on above	<b>NIL</b>	29.38
(b) i) Principal amount paid after due date or appointed day during the year	<b>NIL</b>	NIL
ii) Interest paid during the year on (i) above	<b>NIL</b>	NIL
(c) Interest due & payable (but not paid) on principal amounts paid during the year after the due date or appointed day	<b>NIL</b>	NIL
(d) Total interest accrued and remaining unpaid as on	<b>NIL</b>	NIL
(e) Further interest in respect of defaults of earlier years due and payable in current year upto the date when actually paid	<b>NIL</b>	NIL

27. Amount of borrowing cost capitalized to fixed assets during the year is Rs. NIL Lacs (Previous Year Rs. 840.99 Lacs). The Co-Generation units at Khaikheri (Distt. Muzaffarnagar) and Shermau (Distt. Saharanpur) had been kept in abeyance for non achievement of financial closure and Cogeneration Unit and Distillery Unit at Barkatpur (Distt. Bijnor) are also in process of being set up and are abnormally delayed. Therefore in accordance with the Accounting Standard (AS) – 16 on "Borrowing Costs" the interest on these projects amounting to Rs. 799.62 lacs (Previous Year Rs. 13.17 Lacs) has been charged to Profit and loss account.
28. 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.
29. Pursuant to the Hon'ble Supreme Court's Order dated 17th January 2012, Differential Cane Price Liability for the Sugar Season 2007-08 amounting to Rs.2067.46 lacs has been provided for under the head 'Exceptional Items' in Profit & Loss Statement during the year, which was earlier provided for at Rs.110/- per quintal instead of State Advised Price (SAP) of Rs.125/- per quintal in respect of its units situated in the State of Uttar Pradesh.
30. 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 State Government has later on terminated the Policy with effect from June 4, 2007. However, the Company is hopeful to get the benefits under the said policy.
31. Sundry Creditors - others includes short term loan of Rs. NIL Lacs (including interest accrued Rs.NIL lacs) (Previous Year Rs. 3860.32 lacs (including interest accrued Rs.20.31 lacs)) from Punjab National Bank under the scheme for loan to farmers against Sugar Cane Receivables wherein the Company is acting as 'Management and Collection Agent'.
32. Disclosure in respect of Operating Lease:  
The company has entered into non-cancelable Operating Lease for premises and lease rent amounting to Rs. 39.69 Lacs (Previous Year Rs. 36.88 lacs ) have been charged to Profit & Loss account. The future minimum lease payments are as under:-

(Rs.in lacs)

	Current Year	Previous Year
(a) Not later than one Year	<b>32.31</b>	24.20
(b) Later than one year & not later than Five Years	<b>35.49</b>	22.77
(c) Later than Five years	<b>12.00</b>	NIL

33. 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.
34. As per the Accounting Standard (AS)-17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India, presently there is only one reportable segment i.e. Sugar.

35. Company has availed a term loan of Rs. 3365.00 Lacs (Previous Year Rs.3365.00 Lacs) for payment of cane dues for the season 2006-07 and 2007-08 as per scheme for "Extending Financial Assistance to Sugar Undertakings 2007" issued by Government of India. As per the Scheme the interest charged by the bank on such loan is to be reimbursed by the Government of India. A sum of Rs. 145.40 Lacs was recoverable as on 31st March, 2012 (Previous Year Rs.250.50 lacs), pending reimbursement, the same has been included in 'Other Loans and Advances' in Note No. '16'.

36. 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 lacs)

Particulars	Current Year	Previous Year
— Employer's Contribution to provident fund	<b>96.64</b>	85.58

II) **Defined Benefit plan**

— Employee benefits in respect of Gratuity and Leave Encashment are based on Actuarial Valuation as on 31<sup>st</sup> March 2012. The details are given below: (Rs. In lacs)

Particulars	Gratuity- Unfunded	Leave Encashment -Unfunded
<b>A) Change in the Present Value of obligation</b>		
a) Present Value of obligation as at 1st April 2011	<b>183.94</b> (133.48)	<b>62.04</b> (40.62)
b) Interest Cost	<b>15.59</b> (11.04)	<b>5.29</b> (3.51)
c) Past Service Cost	<b>1.14</b> (0.90)	— (—)
d) Current Service Cost	<b>34.91</b> (31.85)	<b>17.04</b> (14.48)
e) Benefits Paid	<b>-19.03</b> (-1.84)	<b>-7.54</b> (-1.38)
f) Actuarial Loss/(Gain)	<b>1.18</b> (8.51)	<b>-0.29</b> (4.81)
g) Present Value of Obligation as at 31st March 2012	<b>217.73</b> (183.94)	<b>76.54</b> (62.04)
<b>B) Change in Fair Value of Plan Assets</b>	— (—)	— (—)
<b>C) Amount recognized in Balance Sheet (A-B)</b>	<b>217.73</b> (183.94)	<b>76.54</b> (62.04)
<b>D) Expenses recognized in the Profit &amp; Loss Account</b>		
a) Current Service Cost	<b>34.92</b> (31.85)	<b>17.04</b> (14.47)
b) Past Service Cost	<b>1.13</b> (0.90)	— (—)
c) Interest Cost	<b>15.60</b> (11.04)	<b>5.29</b> (3.51)
d) Actuarial Loss/(Gain)	<b>1.17</b> (8.51)	<b>-0.30</b> (4.81)
e) Net Cost	<b>52.82</b> (52.30)	<b>22.03</b> (22.79)
<b>E) Details of Plan Assets</b>	— (—)	— (—)

<b>F) Actuarial Assumptions</b>		
a) Discount Rate		8.00%
b) Rate of escalation in Salary (Per Annum)		5.50%
c) Mortality Table		LIC(1994-96)
d) Retirement Age (Years)		58

37. The Company's debt had been rescheduled / restructured by Corporate debt Restructuring Empowered group (CDR EG) considering 1st July 2009 as cut off date. The restructuring package has been given effect in accordance with the approvals/ sanctions received from all the term lenders.
38. Statement of Expenses during construction pending allocation as on 31st March 2012 is as under:- (Rs. in lacs)

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Salary & Wages	<b>322.92</b>	305.99
Staff & Workers Welfare	<b>13.55</b>	5.52
Rent	<b>14.88</b>	14.88
Printing & Stationary	<b>1.48</b>	1.24
Postage, Courier & Telephone	<b>1.74</b>	1.46
Travelling & Conveyance	<b>70.57</b>	60.85
Fees & Subscription	<b>16.30</b>	10.41
Legal & Professional Charges	<b>87.73</b>	85.48
Auditors' Remuneration	<b>0.80</b>	0.31
Insurance	<b>0.20</b>	6.91
Business Promotion	<b>0.54</b>	0.54
Fringe Benefit Tax	<b>0.72</b>	0.72
Interest & Financial Charges	<b>2573.79</b>	2573.79
Office & other administration expenses	<b>22.26</b>	21.87
	<b>3127.48</b>	3089.97
<b>Less:- Interest earned</b>	<b>35.74</b>	32.92
<b>Total</b>	<b>3091.74</b>	3057.05

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

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Expenditure</b>		
Legal & Professional Charges	<b>1.32</b>	-
Repair - Plant & Machinery	<b>1.51</b>	-
Consumption of Stores, Spares & Packing Material	<b>0.03</b>	-
Office & Other Administration Expenses	<b>0.53</b>	-
Vehicle Running & Maintenance	<b>0.16</b>	-
Travelling & Conveyance	<b>1.92</b>	-
Raw Material Consumed	-	59.46
Staff Welfare Expenses	<b>2.46</b>	-
Salary & Wages	-	1.54
Directors Travelling	<b>0.06</b>	-
Depreciation for Earlier Years	<b>3.56</b>	-
<b>Total</b>	<b>11.55</b>	61.00
<b>Income</b>	-	-
<b>Net Expenditure</b>	<b>11.55</b>	61.00

## 40. 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 Year 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 Year

#### i) Key Management Personnel (KMP) :

Sh.Raj Kumar Adlakha	– Managing Director (MD)
Sh.Pasha Biswas	– Whole Time Director
Sh. Ashok Kumar Agarwal	– Executive Director (w.e.f. 14 <sup>th</sup> February, 2012)

#### Relative of Key Management Personnel and their Relationship:

- Smt. Amita Adlakha (Wife of MD)

#### ii) Enterprises where Significant Influence exists :

- Uttam Industrial Engineering Limited
- Lipi Boilers Ltd.
- The Standard Type Foundry Pvt.Ltd.
- Uttam Sucrotech Limited
- Shubham Sugars Limited
- Adharshila Capital Services Ltd.
- Pariksha Fin-Invest-Lease Ltd.
- Uttam Adlakha & Sons Holdings Pvt. Ltd.  
(Formerly known as G.M.Colonisers Pvt.Ltd.)
- Sekhri Finance & Investment Pvt. Ltd.
- New Castle Finance & Leasing Pvt. Ltd.
- Rajan & Sons HUF
- Uttam Distilleries Ltd.

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

Name of related Parties	Nature of Transactions	Amount of Transactions (Rs. In Lacs)		Outstanding Balances (Rs. In Lacs)		
		Year ended 31.03.12	Year ended 31.03.11		As at 31.03.12	As at 31.03.11
<b>Key Management Personnel (KMP)</b>						
Raj Kumar Adlakha	Remuneration & Perquisites	40.26	39.93	Remuneration Payable	2.05	0.98
	Lease Rent	6.00	6.00	Lease Rent	2.35	0.45
Pasha Biswas	Remuneration & Perquisites	7.93	9.51	Remuneration Payable	0.00	0.79
Ashok Kumar Agarwal	Remuneration & Perquisites	8.25	-	Remuneration Payable	2.59	-
<b>Relative of KMP</b>						
Amita Adlakha	Office Rent	3.60	3.60	Office Rent	2.22	1.81
<b>Enterprises Significantly Influenced by Directors and/or their relatives</b>						
<b>Uttam Sucrotech Ltd.</b>	Purchase of Fixed Assets	115.30	194.23			
	Receiving of Services (Machinery)	43.11	55.09	Creditors	111.69	-
	Unsecured Loan Received	250.00	-	Unsecured Loan	250.00	-
	Interest Converted to Unsecured Loan	17.94	-	Unsecured Loan	17.94	-
	Unsecured Loan refund/transfer to Preference Share Application Money		375			
	Sugar Sales made	1.02	-			
	Interest on Unsecured Loan	-	41.79	Interest	-	17.94
	Interest on Unsecured Loan Paid	-	83.98			
	Allotment of Redeemable Preference Shares (Series - I) of Rs.100/- each at par	-	350			
	Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each	-	450			
	Guarantee received/(Satisfied) (Net)	4547.78	(4375.86)	Guarantee	67377.78	62830.56
<b>Uttam Industrial Engg. Ltd.</b>	Purchase of Fixed Assets	476.35	831.15	Capital Advances	231.89	633.68
	Receiving of Services (Machinery)	218.31	203.23	Advances for Purchase of Goods/Services	62.09	
	Advance given for purchase of capital assets/services	-	-	Creditors	27.80	-
	Sugar Sales made	2.21	0.87			
	Sales of Scrap	7.33	-			
	Unsecured Loan refund/transfer to Preference Share Application Money	-	1030			
	Interest on Unsecured Loan	-	110.56	Interest	-	47.31
	Interest Converted to Unsecured Loan	47.31	-	Unsecured Loan	47.31	-
	Interest Paid on Unsecured Loan	-	326.34			
	Allotment of Redeemable Preference Shares (Series - I) of Rs.100/- each at par	-	150			
	Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each	-	1195			
	Guarantee received/(Satisfied) (Net)	4547.78	(4375.86)	Guarantee	67377.78	62830.56
<b>The Standard Type Foundry P. Ltd.</b>	Purchase of Fixed Assets	-	25.59	Capital Advances	8.21	59.00
	Receiving of Services (Machinery & Vehicles)	85.94	79.65	Advances for Purchase of Goods/Services	3.91	3.43
	Sugar Sales made	3.02	0.33	Creditors	2.21	40.01
<b>Lipi Boilers Ltd.</b>	Purchase of Fixed Assets	0.56	0.54	Capital Advances	857.66	858.30
	Receiving of Services (Machinery)	2.78	9.31	Advances for Purchase of Goods/Services	151.77	-
	Advance given for purchase of capital assets/services	160.82	-	Creditors	-	6.19

Name of related Parties	Nature of Transactions	Amount of Transactions (Rs. In Lacs)		Outstanding Balances (Rs. In Lacs)		
		Year ended 31.03.12	Year ended 31.03.11		As at 31.03.12	As at 31.03.11
	Interest on Unsecured Loan	-	113.06	Interest	-	44.24
	Interest converted to Unsecured Loan	44.24	-	Unsecured Loans	44.24	-
	Unsecured Loan Received	200.00	-	Unsecured Loan	200.00	-
	Interest Paid on Unsecured Loan	-	294.08			
	Unsecured Loan refund/transfer to Preference Share Application Money	-	1075			
	Allotment of Redeemable Preference Shares (Series -I) of Rs.100/- each at par	-	190			
	Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each	-	1199			
	Preference Share Application Recd.	-	150	Preference Share Application Money	-	150
	Guarantee received/(Satisfied) (Net)	4547.78	(4375.86)	Guarantee	67377.78	62830.56
<b>Shubham Sugars Ltd.</b>	Purchase of Sugar Cane	18.90	7.52	Creditors / (Advance Recoverable)	16.93	(1.97)
<b>Uttam Adlakha &amp; Sons Holdings Pvt. Ltd.</b>	Interest on Unsecured Loan	-	64.86	Interest	-	27.85
	Interest Converted to Unsecured Loan	27.85	-	Unsecured Loan	27.85	-
	Interest Paid on Unsecured Loan	-	55.65			
	Unsecured Loan refund/transfer to Preference Share Application Money	-	458			
	Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each	-	506			
<b>Sekhri Finance &amp; Investment Pvt. Ltd.</b>	Interest on Unsecured Loan	-	36.04	Interest	-	15.47
	Interest converted to Unsecured Loan	15.47	-	Unsecured Loan	15.47	-
	Interest paid on unsecured loan	-	24.95			
	Unsecured Loan refund/transfer to Preference Share Application Money	-	315.00			
	Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each	-	335			
<b>New Castle Finance &amp; . Lease Pvt. Ltd</b>	Allotment of Redeemable Preference Shares (Series -I) of Rs.100/- each at par	-	150			
<b>Rajan &amp; Sons HUF</b>	Unsecured Loan Recd.	225	-	Unsecured Loan	225	-
<b>Uttam Distilleries Ltd.</b>		-	-	Creditors for Capital Expenditure	61.74	61.74

#### 41. Auditors' Remuneration:

(Rs.in lacs)

	Current Year*	Previous Year
(a) As Statutory Auditors	7.98	6.75
(b) For Tax Audit	1.00	0.50
(c) For Taxation Matters	1.00	0.30
(d) For other Matters	4.50	2.66
<b>Total</b>	<b>14.48</b>	<b>10.21</b>

\* includes Rs.0.49 lacs capitalized during the year. (Refer Note No. 38)

## 42. Earning per share (EPS)

(Rs.in lacs)

	Year ended 31.03.2012	Year ended 31.03.2011
a) (Loss) attributable to the Equity Shareholders	<b>(6959.66)</b>	(1457.68)
Less: Preference Dividend as per Note No.18	<b>509.25</b>	293.62
(Loss) attributable to the Equity Shareholders	<b>(7468.91)</b>	(1751.30)
b) Weighted average number of equity shares outstanding		
i) <u>Basic:</u>		
Weighted average number of equity shares at the end	<b>25769000</b>	25769000
ii) <u>Diluted</u>		
Weighted average number of shares as in b(i)	<b>25769000</b>	25769000
c) Paid up value of share	<b>Rs.10/-</b>	Rs.10/-
d) Basic Earnings per share (Rs.) (a/bi)	<b>(28.98)</b>	(6.79)
e) Diluted Earnings per share (Rs.) (a/bii)	<b>(28.98)</b>	(6.79)

## 43. Expenditure in Foreign Currency:

(Rs.in lacs)

Foreign Travelling	<b>33.89</b> (10.52)
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44. After considering sufficient availability of raw materials and the sugar inventory available with the company for disposal as well as, the fact that there is a substantial increase in cogeneration capacity backed by agreement for supply of power with State Government and starting of operations of Distillery unit in the beginning of next financial year, resulting into de-risking of the business operations. The Company, out of the total unrecognized Deferred Tax assets on account of unabsorbed business loss and unabsorbed depreciation as a matter of abundant caution has during the year recognized deferred tax assets only on account of unabsorbed depreciation aggregating to Rs.2500 lacs to the extent of future reversal of Deferred Tax Liability and virtual certainty in accordance with Accounting Standard (AS) – 22 on 'Accounting for Taxes on Income'.
45. 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 including the principle of going concern despite erosion of more than fifty percent of net worth as the promoters have committed to provide continued financial and operational support to the company for its successful operations in the foreseeable future. Also the management expects improvement in the business results in the year ended March 31, 2013 to continue in the foreseeable future primarily due to the fact that there is ,substantial increase in cogeneration capacity backed by agreement for supply of power unit with State Government, starting of operations of distillery plant in the beginning of next financial year and better sugar realization, the Financial statements have, therefore, been prepared on going concern basis.
46. The company has identified certain fixed assets which are being retired from active use and are being held for sale as on balance sheet date and the management is confident to dispose off these assets in next financial year. Accordingly these assets have been written down to net realizable value, based on best estimates available with the company and have been disclosed as Other Current Assets under the head 'Fixed assets held for disposal'.
47. The previous year figures have been re-arranged, regrouped and reclassified wherever necessary and the figures are rounded off to nearest rupee lacs.

### For and on behalf of the board

**(RAJ KUMAR ADLAKHA)**  
MANAGING DIRECTOR

**(ASHOK KUMAR AGARWAL)**  
EXECUTIVE DIRECTOR

As per our report of even date  
**For B.K.Kapur & Co.**  
Firm Registration No. 000852C  
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 : May 30<sup>th</sup> 2012



# 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 17<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2012 at 12.00 Noon at Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand - 247667.

.....  
Member/ Proxy's Signature



TEAR HERE



# Uttam Sugar Mills Limited

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

## PROXY FORM

I/ We.....of.....being  
a Member/ Members of **Uttam Sugar Mills Ltd.**, hereby appoint.....  
of .....or failing him.....  
of.....or failing him.....  
of.....as my/our proxy to attend and vote for me/ us/ on  
my / our behalf at the 17<sup>th</sup> Annual General Meeting of the Company to be held at Village Libberheri, Tehsil Roorkee,  
District Haridwar, Uttarakhand - 247667 on 21<sup>st</sup> September, 2012 at 12.00 Noon and at any adjournment thereof.

Signed this.....day of.....2012

**Affix  
30 paise  
Revenue  
Stamp**

Folio No. : .....

DP-ID No. : .....

Client ID No. : .....

### **Note :**

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

TEAR HERE







# BOOK - POST



If undelivered, please return to:

**UTTAM SUGAR MILLS LIMITED**

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