

C O N T E N T S

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NOTICE OF 16TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 16th 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 Thursday the 11th day of August, 2011 at 12.00 Noon to transact the following business(s):-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit & Loss Account for the financial year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ranjan Adlakha, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Ramasamy Vasudevan, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s B. K. Kapur & Company, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Kamal Prasad, who was appointed under Section 260 of the Companies Act, 1956 as an Additional cum Nominee Director of Punjab National Bank on the Board of the Company w.e.f. 27th May, 2011 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is not liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY 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 re-appointment and payment of Remuneration to Mr. Pasha Biswas as a Whole Time Director of the Company for a period of Three Years with effect from 31st October, 2011 as recommended by the Remuneration Committee on the terms, conditions and remuneration as detailed below:

- a) He will be designated as **Whole Time Director**.
- b) **Salary :**
 - (i) Salary : Rs. 42,000/- p.m. (Rupees Forty Two Thousands Only).
 - (ii) Special Allowance : Rs. 8,153/- p.m. (Rupees Eight Thousands One Hundred Fifty Three Only).
 - (iii) Other Allowance : Rs. 1,200/- p.m. (Rupees One Thousand Two Hundred Only).
- c) **Perquisites :** The Whole Time Director shall be entitled to the following perquisites classified into Categories ‘A’ & ‘B’.

Category - ‘A’ :

- (i) House Rent Allowance : Rs. 25,200/- p.m. (Rupees Twenty Five Thousands Two Hundred Only). As and when Company accommodation is provided HRA will be withdrawn.
- (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.39,000/- per annum (Rupees Thirty Nine Thousands 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) Telephone : Mobile Phone facility however personal STD/ISD calls shall be billed to him.
- (vii) 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 (A) of Part II of Schedule XIII of the Companies Act, 1956 including such amendment(s), modification(s) and/or revision(s) as may be made by the Central Government in the said limits from time to time”.

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 : 23rd June, 2011

NOTES:

1. Explanatory Statement setting out all material facts relating to special businesses contained in item Nos. 5 & 6 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 10th August, 2011 to 11th August, 2011 (both days inclusive).
5. Members are requested to bring their copies of Annual Report to the Meeting.
6. Any query relating to Accounts must be sent to Company's Corporate Office: A-2E IIIrd Floor, C.M.A. Tower Sector – 24, Noida (U.P.) at least 10 days before the date of the meeting.
7. Members are informed that in the case of joint holders attending the meeting; only such joint holder whose name appears first in the order will be entitled to vote.
8. Members / Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
9. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Company's RTA.
10. Members who hold shares in physical form in multiple folios in identical name or joint holding in the same order of names are requested to send their share certificates to our RTA, for consolidation into a single folio.
11. Members are requested to always quote their Folio No. / Client ID & DP ID in all correspondence with the Company's Registrars and the Company. Members are also requested to notify any change of address to their Depository Participants. Members are requested to send all communications relating to shares to the Registrar and Share Transfer Agent of the Company at the following address :-

Link Intime India Private Limited

(Formerly Intime Spectrum Registry Limited)

A-40, 2nd Floor, Naraina Industrial Area,

Phase – II, New Delhi – 110 028.

Tel.:- 011-41410592-93

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

1. **Mr. Ranjan Adlakha**

- (a) **Mr. Ranjan Adlakha**, aged 48 years, has an overall experience of about 27 years in managerial capacity. He is the Managing Director in Uttam Industrial Engineering Ltd., one of the Promoter Company

(b) Directorship held in other Companies

- 1) Uttam Industrial Engineering Limited
- 2) Uttam Sucrotech Limited
- 3) Uttam Distilleries Limited
- 4) Uttam Luxury Hotel & Resorts Limited
- 5) Shubham Sugars Limited
- 6) Uttam Elite Hotels Private Limited
- 7) Uttam Lifestyle Hotels Private Limited
- 8) Uttam Car Wash Private Limited
- 9) Uttam Properties Private Limited
- 10) Shree Uttam Colonisers Private Limited
- 11) The Standard Type Foundry Private Limited
- 12) Idea Engineering Private Limited
- 13) Deepjyoti Electronics Private Limited
- 14) Autocare Mart Private Limited
- 15) JPC Apparels Private Limited
- 16) JPC Mercantile Private Limited
- 17) Strok Engineering Private Limited
- 18) Idea Pacific Pty. Limited (an Australian Company)

(c) Membership in committees in other Companies

Nil

(d) Shareholding in the Company

14,92,550 Equity Shares

(e) Relationships between Directors Inter-Se

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

2. Dr. R. Vasudevan

(a) Dr. Ramasamy Vasudevan aged 73 Years, is a Doctorate and Qualified Ph.D (Hons). He has an overall experience of over 49 years. He has served Bharat Heavy Electricals Limited for a total period of 31 years and retired as General Manager (Engineering). He is one of the founder Director in the School of Engineering Technology, Bharathidasan University, Tiruchirappalli. He has won various awards in the field on engineering such as Business Leadership Award in the field of Bio-Energy for the year 2003 by International Congress on Renewable Energy, World Environmental Congress Award for the manufacture of compost from the municipal waste for the Tiruchirappalli City Corporation etc. He has chaired various committees such as the R&D Committee, Ministry of Non-Conventional Energy Sources, Sugar, Cogeneration Projects and has also being a member of the Energy panel, Tamil Nadu Commission

(b) Directorship held in other Companies

Nil

(c) Membership in committees in other Companies

Nil

(d) Shareholding in the Company

Nil

(e) Relationships between Directors Inter-Se

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

3. Mr. Kamal Prasad

(a) Brief Resume and Nature of Expertise

Mr. Kamal Prasad, aged 57 years, is B. Sc. (Hons), JAIIB. He is having 34 years of experience with Punjab National Bank. He has worked as Incharge of Inspection & Audit, Head of Merchant Banking Division at Head Office of the Bank. Presently, he is working as Circle Head, Punjab National Bank, Meerut. He has been appointed as Nominee Director on the Board of the Company as Nominee of Punjab National Bank w.e.f.27.05.2011.

(b) Directorship held in other Companies

Magnum Ventures Ltd.

(c) Membership in committees in other Companies

Nil

(d) Shareholding in the Company

Nil

(e) Relationships between Directors Inter-Se

Mr. Kamal Prasad is not related to any other directors of the Company.

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

Item No. 5

As per CDR terms and conditions, Punjab National Bank is authorized to nominate Director on the Board of our Company. During the previous year, PNB had nominated Mr. Krishan Gopal Sharma as Nominee Director w.e.f.15.04.2010. Consequent upon retirement of Mr. K.G. Sharma from Bank services, PNB has nominated Mr. Kamal Prasad (Circle Head, Punjab National Bank, Meerut) in place of Mr. Krishan Gopal Sharma. He has been appointed as a Nominee Director on the Board of our Company w.e.f. 27.05.2011 as an Additional cum Nominee Director under the provisions of Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. Kamal Prasad as Director cum Nominee Director on the Board of the Company.

None of the Directors except Mr. Kamal Prasad is concerned or interested in this resolution.

Item No. 6

As per the provisions of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, Mr. Pasha Biswas was appointed as Whole-Time Director for a period of three years w.e.f. 31.10.2008. The Board of Directors of the company at its meeting held on 23.06.2011 decided to re-appoint him as Whole Time Director of the Company for a further period of 3 years w.e.f. 31.10.2011 on a remuneration set out in the proposed Resolution and approved by Remuneration Committee.

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

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

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

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 : 23rd June, 2011

Registered Office:

Village Libberheri, Tehsil Roorkee,

Distt. Haridwar, Uttarakhand

DIRECTORS' REPORT

The Shareholders of the Company,

Your Directors take pleasure in presenting their Sixteenth Annual Report together with the audited accounts for the period ended 31st March 2011.

FINANCIAL RESULTS

The financial results of the Company for the period ended on 31st March 2011 are as under:-

| Details | <i>(Rs. in Lacs)</i> | |
|--|---------------------------|---------------------------|
| | Year ended | Period ended |
| | 31.03.2011 (12 Months) | 31.03.2010 (15 Months) |
| Net Sales | 68,156.41 | 49,169.31 |
| Profit/ (Loss) before Depreciation and Tax | 2,018.54 | (1,021.66) |
| Less: | | |
| Depreciation | 2,697.21 | 3,182.44 |
| Prior period items (Net) | 61.00 | 60.51 |
| Profit/ (Loss) before Tax | (739.67) | (4,264.61) |
| Less: Provision for taxation | | |
| Current Tax | 1.28 | 6.49 |
| MAT credit | - | (4.38) |
| Deferred Tax (Credit) / Charge | 716.73 | 136.33 |
| Fringe Benefit Tax | - | 3.94 |
| Profit/ (Loss) after taxation | (1,457.68) | (4,406.99) |
| Add: Balance brought forward from Previous Year | (6,069.58) | (1,662.59) |
| Deficit transferred to Balance Sheet | (7,527.26) | (6,069.58) |

REVIEW OF OPERATIONS

The financial results for the year 2010-11 are for a period of 12 months compared to previous year period of 15 months. During the period under review, your Company crushed 200.22 lacs quintals of sugarcane and produced 20.47 lacs quintals of Sugar (including raw sugar processed) at an average recovery rate of 9.38% as compared to 252.51 lacs quintals of sugarcane crushed and 24.34 lacs quintals of sugar (including raw sugar processed) produced at an average recovery rate of 9.41% in 2009-10. The production of molasses during 2010-11 was 10.42 lacs quintals as compared to 13.01 lacs quintals produced in 2009-10.

Your Company produced 1317.68 lacs KWH units of power as compared to 1246.47 lacs KWH units of power in the year 2009-10. Out of total production, your company exported 519.26 lacs KWH units to UPPCL/UPCL for a total amount of Rs. 2086.68 lacs against 316.79 Lacs KWH for amount of Rs. 1176.94 lacs.

DIVIDEND

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

SUGAR SCENARIO

During Sugar Season 2010-11, sugarcane supply increased on account of expansion of cane acreage by more than 20% owing to government's favourable pricing policies by way of upward revision in both State Advised Price (SAP) as well as Fair & Remunerative Price (FRP). In Sugar Season 2009-10, on account of short supply of cane, mill owners generally paid premium ranging about Rs. 85-100/quintal over SAP of about Rs. 165/ quintal; however, in Sugar Season 2010-11, on the back of increased sugarcane supply, the mill owners have been paying as per SAP ranging about Rs. 205-210/quintal.

The sugar price recovered during the quarter ending December, 2010 to about Rs. 28- 29/Kg from a low of Rs. 25/Kg in August, 2010 due to the improved demand scenario on account of festive season along-with various government measures

like reinstating levy sugar quota back to the earlier level of 10% (from 20%) and reintroduction of monthly release system from fortnightly system. Despite increase in sugar production, the price is expected to be steady around Rs. 28-29/Kg level in the next two quarters on the back of stable stock position.

On the export front, delay in notification of exports, allowed by the government aggregating 5 lakh tonne, and allowance of further exports may lead to sugar exports becoming an unattractive proposition to the domestic sugar mills fetching them only marginal profits due to softening of global prices on the back of expected arrival of sugar supply from Brazil in the international market.

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. Ranjan Adlakha are Members. The Audit Committee satisfy the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

ISSUE OF FURTHER CAPITAL

During the period under review, the Company has allotted the following Preference Shares to entities forming part of Promoter group:

- (a) Under Preference Shares (Series-I) – 8,40,000 6.50% Preference Shares of Rs.100/- each at par.
- (b) Under Preference Shares (Series-II) – 18,42,500 10% Preference Shares of Rs.100/- each at a premium of Rs.100/- per share.

Consequent upon the above allotment, the present Preference Share paid up Capital of the Company is Rs. 68,42,50,000/-

RIGHTS ISSUE

SEBI approval for the Rights Issue was received by the Company on 08.12.2010. As per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the issue should be opened within one year from the date of issuance of SEBI Observation letter (23.12.2009). Accordingly the issue should be opened before 23rd of December, 2010 and atleast 4 weeks time is required to complete the Statutory compliances. Hence, the proposed Rights Issue could not materialize. However, to meet the urgent financial requirements Preference Shares were issued and allotted to the promoter group entities.

DIRECTORS

Mr. Ranjan Adlakha and Mr. Ramaswamy Vasudevan, Directors of the Company are retiring by rotation at this forthcoming Annual General Meeting of the Company and are eligible for re-appointment.

In terms of CDR package, PNB had nominated Mr. Krishan Gopal Sharma as Nominee Director w.e.f.15.04.2010. Consequent upon retirement of Mr. K.G. Sharma from Bank services, PNB has nominated Mr. Kamal Prasad (Circle Head, Punjab National Bank, Meerut) in place of Mr. Krishan Gopal Sharma. Mr. Kamal Prasad has been appointed as Nominee cum Additional Director w.e.f. 27.05.2011 on the Board of the Company and will hold office upto the date of ensuing Annual General Meeting. However, the Company has received requisite notices u/s 257 of the Companies Act, 1956 from one Shareholder proposing their candidature for the office of Director.

The Board of Directors have proposed to re-appoint Mr. Pasha Biswas as Whole-Time Director of the Company for a further period of three years w.e.f. 31st October, 2011 subject to necessary approvals. A resolution to this effect is being placed before the members for approval.

During the year under review, Mr. Prabhkaran Singh Lalli, Director of the Company has resigned from Directorship of the Company w.e.f. 18.02.2011. The Board places on record its appreciation for the services rendered and valuable guidance provided by him during his tenure.

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

The Directors confirm that:-

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies consulted the Statutory Auditors and have applied them consistently, and, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the losses of the Company for that period;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with

the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;

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

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 2010-11 and 2011-12 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 9(a) of annexure to report on statutory dues of Income Tax outstanding, it is clarified that the liability arose consequent to retrospective amendment relating to MAT provisions of Income Tax Act, 1961. During the previous financial years viz. 2006-07, 2007-08 and 2009-10, the Company incurred cash losses. Although in the last Financial Year 2010-11 the company has earned cash profit but it was not sufficient to meet out all financial needs of the Company. However, the company will clear this outstanding dues at the earliest.
- b) Observation in para 11 of annexure to the report relating to delays in the repayment of installment/ interest to the Banks, there has been liquidity problems due to losses incurred by the company during the previous financial years as explained under point (a) above, which resulted in the delays. However, the Company has since paid all the Bank dues.
- c) Observation in para 17 of the annexure to the report that short term funds have been used for long term investment viz. capital expenditure and repayment of loans, these are temporary phenomenon due to losses incurred by the company during the previous financial years as explained under point (a) above.

COST AUDIT

Your Board of Directors has appointed M/s M. K. Singhal & Company, Cost Accountants, to audit the cost accounting records relating to Sugar Units for financial year 2011-2012.

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.**

Place: Noida
Date : 23rd June, 2011

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

(A) CONSERVATION OF ENERGY

ENERGY CONSERVATION MEASURES

- 1) Interlocking of Batch machines done which resulted in lower consumption of power.
- 2) Installation of Sitec – Resulted trouble free Synchronization of 15 MW turbines with Grid.
- 3) a) 1st vapour is used for 12 no. of Pan washing, thereby saving of steam consumption.
b) Use of 1st vapour for molasses conditioning and melting, thereby saving of steam consumption.
- 4) Installation of PTHE to recover latent heat of Exhaust condensate to heat cigar water and use of higher temperature cigar water at super heater for batch machines and consequent reduction in steam consumption.
- 5) Installation of UC 1500 Cont. machine for double curing of B massecuite and use of B double cured melt at Refinery for less A massecuite formation, resulting reduction in steam consumption.
- 6) Variable frequency drives have been installed at Raw juice and Sulphited juice pumps to stabilize flow rate.
- 7) Installation of variable frequency drive in place of conventional motors at mills and various pumps drive.
- 8) Installation of dosing pumps for effective process control.
- 9) Improvement in cane preparation resulting in lower moisture content in bagasse.

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

FORM A

Disclosure of particulars with respect to conservation of energy

I. Power and fuel consumption

| Particulars | Period ended | |
|--|--------------------------------------|---------------------------|
| | 31.03.2011 (12 Months) | 31.03.2010 (15 Months) |
| 1. Electricity | | |
| a) Purchased units | | |
| Units (KWH) | 995544 | 484182 |
| Total amount (Rs. Lakhs) | 75.18 | 32.42 |
| Rate per unit (Rs.) | 7.55 | 6.69 |
| b) Own generation | | |
| i) Through diesel generator sets | | |
| Units (KWH) | 973217 | 2013033 |
| Units per ltr. of Diesel Oil | 2.82 | 2.68 |
| Total amount (Rs. Lakhs) | 126.90 | 253.15 |
| Cost/ unit (Rs) | 13.04 | 12.58 |
| ii) Through steam turbine | | |
| Units (KWH) | 131767770 | 124646665 |
| Units per quintal of bagasse (cost/unit) | | |
| | Steam produced by use of own bagasse | |
| 2. Coal (Quantity) | NIL | NIL |
| Total Cost & Average Rate | NIL | NIL |
| 3. Furnace oil (KL.) | NIL | NIL |
| Total Amount/Average Rate | NIL | NIL |
| 4. Other / internal Generation (MT) | | |
| Fire Wood | | |
| Quantity (Qtls) | 323.65 | 1037.45 |
| Total Cost (Rs. Lacs) | 1.40 | 3.39 |
| Average Rate (Rs./Qtls) | 431.80 | 326.99 |

| Particulars | Period ended | |
|----------------------------|---------------------------|---------------------------|
| | 31.03.2011 (12 Months) | 31.03.2010 (15 Months) |
| Baggase (Purchased) | | |
| Quantity (Qtls) | NIL | NIL |
| Total Cost (Rs. Lacs) | NIL | NIL |
| Average Rate (Rs./Qtls) | NIL | NIL |

II. Consumption per unit of production of sugar

| | | |
|--|---------|---------|
| Sugar Production (in Qtls.) | 2046675 | 2433945 |
| Electricity (KWH per Qtls. of Sugar) | 38.51 | 37.89 |
| Furnace Oil | NIL | NIL |
| Coal | NIL | NIL |
| Fire Wood (Per Qtls of Sugar) | 0.0005 | 0.0008 |
| Bagasse (Purchased) (KG. Per Ton of Sugar) | NIL | 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 | Period ended | |
|----------------------------|---------------------------|---------------------------|
| | 31.03.2011 (12 Months) | 31.03.2010 (15 Months) |
| Earnings | NIL | NIL |
| Outgo:- Foreign Travelling | 10.52 | 18.04 |

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

Place: Noida
Date : 23rd June, 2011

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

CORPORATE GOVERNANCE REPORT 2010 - 2011

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 | Director | Promoter/ Non-Executive |
| Mr. Ranjan Adlakha | Director | Promoter/ Non-Executive |
| Mr. Pasha Biswas | Whole Time Director | Non-Promoter/Executive |
| Mr. V.S. Tandon | Director | Independent |
| Dr. R. Vasudevan | Director | Independent |
| Mr. G. S. Matta | Director | Independent |
| Mr. P.S. Lalli(upto 18.02.11) | Director | Independent |
| Mr. Satish Chandra | Nominee-Director – IDBI Bank Ltd. | Independent |
| Mr. Krishan Gopal Sharma (upto 27.05.11) | Nominee-Director – Punjab National Bank | Independent |
| Mr. Kamal Prasad (w.e.f.27.05.11) | Nominee-Director – Punjab National Bank | 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 ¹ and Committee Memberships/Chairmanships | | |
|---|--------------------------------|-------------------|---|-----------------------|-------------------------|
| | | | Other Directorships | Committee Memberships | Committee Chairmanships |
| Mr. Raj Kumar Adlakha | 7 | Yes | 4 | 2 | 2 |
| Mr. Rajan Adlakha | 3 | No | 4 | 1 | – |
| Mr. Ranjan Adlakha | 5 | No | 5 | 3 | – |
| Mr. Pasha Biswas | 2 | Yes | – | – | – |
| Mr. V.S. Tandon | 7 | Yes | – | 2 | 1 |
| Dr. R. Vasudevan | 5 | Yes | – | 3 | 2 |
| Mr. P.S. Lalli(upto 18.02.11) | 2 | No | – | – | – |
| Mr. G. S. Matta | 6 | Yes | – | 2 | – |
| Mr. Satish Chandra | 7 | No | – | 2 | – |
| Mr. Krishan Gopal Sharma (upto 27.05.11) | 6 | No | – | – | – |
| Mr. Kamal Prasad(w.e.f. 27.05.11) | – | N.A. | 1 | 2 | – |

¹ Excludes viz. Private / Overseas Companies.

C. Details of the sitting fees paid to the Independent Directors for the year ended March 31, 2011:-

The Company paid sitting fees to all the Independent Directors for attending the meetings of the Board and / or committees thereof amounting to Rs. 4,90,000/-. The details are as under:-

| S.No. | Name | Sitting Fee (Rs.) |
|-------|--------------------------|-------------------|
| 1. | Sh. V. S. Tandon | 1,20,000 |
| 2. | Dr. R. Vasudevan | 1,00,000 |
| 3. | Sh. G. S. Matta | 1,10,000 |
| 4. | Sh. P.S. Lalli | 20,000 |
| 5. | Sh. Krishan Gopal Sharma | 65,000 |
| 6. | Sh. Satish Chandra | 75,000 |

D. Details of Board Meetings held during the year ended 31st March, 2011 :

| Date of Meeting | No. of Directors Present |
|-----------------|--------------------------|
| 15.05.2010 | 10 |
| 29.06.2010 | 6 |
| 09.08.2010 | 6 |
| 18.10.2010 | 5 |
| 13.11.2010 | 7 |
| 23.11.2010 | 8 |
| 29.01.2011 | 8 |

- The time gap between any two meetings did not exceed four months.
- The last AGM was held on 18.08.2010.

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

| S.No. | Name of Director | Shareholding(Eq. Shares) |
|-------|-----------------------|--------------------------|
| 1. | Sh. Raj Kumar Adlakha | 16,24,610 |
| 2. | Sh. Rajan Adlakha | 3,67,010 |
| 3. | Sh. Ranjan Adlakha | 14,92,550 |
| 4. | Sh. Pasha Biswas | Nil |
| 5. | Sh. V. S. Tandon | Nil |
| 6. | Dr. R. Vasudevan | Nil |
| 7. | Sh. G. S. Matta | Nil |
| 8. | Sh. Satish Chandra | Nil |
| 9. | Sh. 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. Ranjan Adlakha | – | Non-Executive/Promoter Director |

(III) MEETING AND ATTENDANCE:-

During the Financial Year 2010-2011, 5 (Five) Audit Committee Meetings were held on 15.05.2010, 29.06.2010, 09.08.2010, 13.11.2010 and 29.01.2011. The attendance of the members is as follows:-

| S.No. | Name | Attendance |
|-------|--------------------|------------|
| 1. | Mr. V.S. Tandon | 5 |
| 2. | Dr. R. Vasudevan | 5 |
| 3. | Mr. Ranjan Adlakha | 3 |
| 4. | Mr. G. S. Matta | 5 |

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

The Company Secretary acts as secretary to the committee.

4. Remuneration of Directors

The Remuneration Committee has been re-constituted on 18th October, 2010 and further on 27.05.2011.

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

During the Financial Year 2010-11, 1 (One) remuneration committee meeting was held.

| Name | Designation | Category of Directorship | Attendance in meeting |
|---|-------------|-----------------------------|-----------------------|
| Dr. R. Vasudevan | Chairman | Non-Executive & Independent | 1 |
| Mr. Ranjan Adlakha | Member | Non-Executive & Promoter | NIL |
| Mr. Satish Chandra (from 27.05.2011) | Member | Non-Executive & Nominee | N.A. |
| Mr. Kamal Prasad (from 27.05.2011) | Member | Non-Executive & Nominee | N.A. |
| Mr. G. S. Matta (upto 27.05.2011) | Member | Non-Executive & Independent | 1 |
| Mr. P. S. Lalli (upto 18.02.2011) | Member | Non-Executive & Independent | 1 |

Pecuniary relationship and transactions with non-executive directors:

- (a) The company has paid Rs. 8,82,400/- (Rupees Eight Lacs Eighty Two Thousand Four 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. Details of remuneration paid to Managing Director and Whole Time Director are given in Schedule 19(B) Serial No. 20 - Notes forming part of the Accounts.

5. Shareholders / Investors Grievance Committee

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

The Board of Directors of the Company has re-constituted the Shareholders / Investors Grievance Committee in their meeting held on 27.05.2011.

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

During the Financial Year 2010-11, 10 (Ten) committee meeting were held.

| Name | Designation | Category of Directorship | Attendance in meetings |
|-----------------------------------|-------------|-----------------------------|------------------------|
| Dr. R. Vasudevan | Chairman | Non-Executive & Independent | 6 |
| Mr. Ranjan Adlakha | Member | Non-Executive & Promoter | 9 |
| Mr. G. S. Matta (from 27.05.2011) | Member | Non-Executive & Independent | N.A. |
| Mr. P. S. Lalli(upto 18.02.2011) | Member | Non-Executive & Independent | 9 |

During the year 2010-11, no complaint was received from Shareholders. There was no outstanding complaint as at 31.03.2011.

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

6. CEO/CFO Certification

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

7. General Body Meetings

Details of last three Annual General Meetings:

| Meeting | Date | Venue of AGM | Time | Special Resolution Passed |
|----------------------|------------|--|------------|---|
| 13 th AGM | 29.02.2008 | Vill. Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand | 12.00 Noon | • Further Issue of 1,40,00,000 Equity Shares of Rs. 10/- each. |
| 14 th 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 st September, 2009. |
| 15 th 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 |

8. Resolution passed through Postal Ballot

Since the date of last Annual General Meeting, no resolution has been passed through postal ballot.

9. Disclosure

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

10. Means of Communication

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

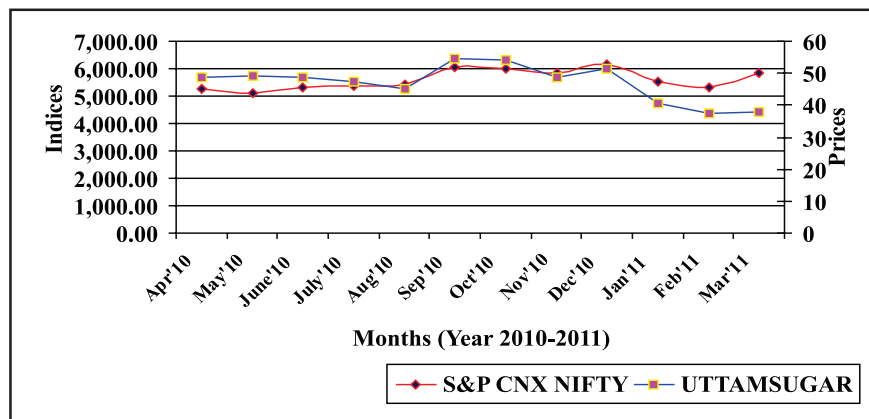
11. General Shareholder Information

| | | |
|------|--|---|
| i. | AGM Date, time and venue | 11 th August, 2011 at 12.00 Noon Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand |
| ii. | Financial calendar 2011-12 Results for quarter ending : (a) 30 th June 2011 (b) 30 th September 2011 (c) 31 st December 2011 (d) 31 st March 2012 Audited yearly results | On or before 14 th day of August , 2011 On or before 14 th day of November, 2011 On or before 14 th day of February, 2012 On or before 15 th day of May, 2012 Before end of 30 th June, 2012 |
| iii. | Book Closure Date | 10 th August, 2011 to 11 th August, 2011. |
| iv. | Dividend Payment Date | N.A. |
| v. | Listing on Stock Exchange | Bombay Stock Exchange Limited (BSE) 1 st Floor, Phiroze, Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Note : Your Company has already paid the Listing fees to both the Stock Exchanges for the F.Y. 2010-11 & F.Y. 2011-12 |
| vi. | Stock Code Bombay Stock Exchange Limited National Stock Exchange of India Ltd | 532729 UTTAMSUGAR |

vii. Market Price Data High/ Low during each month of the Financial Year 2010-11:
(Bombay Stock Exchange)

| Month | High (Rs.) | Low (Rs.) |
|--------------|------------|-----------|
| April'10 | 53.30 | 43.00 |
| May'10 | 72.50 | 42.00 |
| June'10 | 53.05 | 46.20 |
| July'10 | 54.00 | 46.50 |
| August'10 | 52.40 | 45.15 |
| September'10 | 58.00 | 46.00 |
| October' 10 | 61.30 | 51.10 |
| November' 10 | 60.80 | 46.70 |
| December' 10 | 54.45 | 44.00 |
| January'11 | 55.00 | 37.30 |
| February'11 | 43.40 | 33.60 |
| March'11 | 43.00 | 36.85 |

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



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

xi. Distribution of Equity Shareholding as on 31st March, 2011

(i) Category of Equity Shareholders as on 31.03.2011

| S. No | Category of Shareholder | Total Number of Equity Shares | % of shares |
|------------|---|-------------------------------|---------------|
| (A) | Shareholding of Promoter and Promoter Group | | |
| (1) | Indian | | |
| (a) | Individuals/ Hindu Undivided Family | 5673700 | 22.02 |
| (b) | Bodies Corporate | 14443451 | 56.05 |
| (2) | Foreign | 0 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A) | 20117151 | 78.07 |
| (B) | (1) Public Shareholding Institutions | | |
| (a) | Financial Institutions/ Banks | 560723 | 2.18 |
| (b) | Foreign Institutional Investors | 42052 | 0.16 |
| | Sub-Total (B) (1) | 602775 | 2.34 |
| (B) | (2) Non-Institutions | | |
| (a) | Bodies Corporate | 597623 | 2.32 |
| (b) | Individuals : | | |
| (i) | Individual Shareholders holding nominal share capital up to Rs. 1 lakh | 3518442 | 13.65 |
| (ii) | Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh | 752395 | 2.92 |
| (c) | Any others : | | |
| (i) | Trust | 20 | 0.00 |
| (ii) | HUF | 123488 | 0.48 |
| (iii) | Non Resident Indians | 50492 | 0.20 |
| (iv) | Clearing Members | 6614 | 0.03 |
| | Sub-Total (B)(2) | 5049074 | 19.59 |
| | Total Public Shareholding (B) = (B)(1) + (B)(2) | 5651849 | 21.93 |
| | TOTAL (A) + (B) | 25769000 | 100.00 |

(ii) Distribution of Equity Shareholding as on the 31.03.2011

| 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 | 21345 | 86.846 | 710 | 1398937 | 0.003 | 5.429 |
| 02. | 2,501 to 5,000 | 1851 | 7.531 | 0 | 714198 | - | 2.772 |
| 03. | 5,001 to 10,000 | 777 | 3.162 | 0 | 608394 | - | 2.361 |
| 04. | 10,001 to 20,000 | 339 | 1.379 | 0 | 493834 | - | 1.916 |
| 05. | 20,001 to 30,000 | 87 | 0.354 | 0 | 218482 | - | 0.848 |
| 06. | 30,001 to 40,000 | 33 | 0.134 | 0 | 113434 | - | 0.440 |
| 07. | 40,001 to 50,000 | 31 | 0.126 | 0 | 142490 | - | 0.553 |
| 08. | 50,001 to 1,00,000 | 52 | 0.212 | 0 | 384225 | - | 1.491 |
| 09. | 1,00,001 and above | 63 | 0.256 | 1621320 | 20072976 | 6.292 | 77.896 |
| | TOTAL | 24578 | 100.000 | 1622030 | 24146970 | 6.295 | 93.705 |
| | Net Total both columns | | | 25769000 | | 100.000 | |

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

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, 2011 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 : 23rd June, 2011**

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 2010-2011.

Place : Noida
Date : 23rd June, 2011

(RAJ KUMAR ADLAKHA)
MANAGING DIRECTOR

CEO/CFO CERTIFICATION – FINANCIAL YEAR ENDED 31.03.2011

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 : 23rd June, 2011

(RAJ KUMAR ADLAKHA)
MANAGING DIRECTOR

(SANJAY BHANDARI)
CHIEF FINANCIAL OFFICER

MANAGEMENT DISCUSSION AND ANALYSIS

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

1. INDUSTRY STRUCTURE & DEVELOPMENTS

Global Sugar Industry Scenario

As per Quarterly Market Outlook of International Sugar Organization (ISO) released in May 2011, the statistical surplus is put at 0.779 mln tonnes, compared to 196 thousand tonnes only expected in February. The increase in the world surplus can be mainly attributed to the recent crop developments in one country only – a striking improvement in sugar output in Thailand which is now estimated well in excess of 9.5 mln tonnes. Without the gigantic and unforeseen increase in sugar availability in Thailand, the 2010/11 world balance would show a deficit of more than 1 mln tonnes. The third revision of the world sugar balance puts **world production** at a record 166.958 mln tonnes, raw value, up 8.964 mln tonnes or 5.67% from the last season. **World consumption** is now put at 166.179 mln tonnes, raw value, up 3.560 mln tonnes or 2.19% from the previous season. Consumption is still expected to grow at a slower rate than the 10-year average of 2.49%. No stocks rebuilding is foreseen for the current season. After two seasons of large deficits, the stocks/consumption ratio has reduced to the lowest level for more than 20 years – since 1989/90. The ratio is expected to decrease further to 33.79% in 2010/11 from 34.56% in the deficit season of 2009/10. However, the trade balance does not indicate any longer a tightness in sugar availability in 2010/11. Indeed, **world export availability** (51.287 mln tonnes) is expected to exceed **import demand** (50.422 mln tonnes) by 865 thousand tonnes as against less than 200 thousand tonnes projected in February.

A summary of the fourth assessment of the world sugar balance in 2010/11 is given in the table below.

World Sugar Balance

| | 2010/11 | 2009/10 | Change | |
|------------------------------|------------------------------------|---------|-------------------|-------|
| | <i>(million tonnes, raw value)</i> | | in Million tonnes | in % |
| Production | 166.958 | 157.994 | 8.964 | 5.67 |
| Consumption | 166.179 | 162.619 | 3.560 | 2.19 |
| Surplus / Deficit | 0.779 | -4.625 | | |
| Import demand | 50.422 | 53.776 | -3.354 | -6.24 |
| Export availability | 51.287 | 54.236 | -2.949 | -5.44 |
| End Stocks | 56.159 | 56.199 | -0.040 | -0.07 |
| Stocks/Consumption ratio in% | 33.79 | 34.56 | | |

Source: ISO Quarterly Market Outlook, May 2011

ISO expects that the coming crop cycle may bring a significantly higher statistical surplus exceeding 3 mln tonnes putting further bearish pressure on world market prices. It is also important to note that stocks are still low and any currently unforeseen weather induced production shortfall or logistical bottlenecks in key exporters (similar to those witnessed in the middle of 2010 in Brazil) may, at least temporarily, result in the return of extreme volatility.

The US Dollar weakened relative to the currencies of most importers and exporters over the past 6 months. This ensured that the fall of world sugar prices when expressed in the currencies of both sugar exporters and importers was even greater than the collapse of prices in USD. Significant currency appreciation occurred for the Brazilian Real and the Australian Dollar, with the latter reaching an almost 30-year high against the USD in April. Domestic sugar prices reached fresh records in China but have fallen in Brazil and in Russia and to a lesser extent in India. In the US and Mexico, domestic prices have remained flat.

INDIAN PERSPECTIVE OF SUGAR INDUSTRY

(as per USDA Sugar Annual Report)

Sugar production in India is cyclical. After 2 years of low production in 2008/09 and 2009/10, production recovered in 2010/11 and is expected to continue recovery in 2011/12. Despite weak sugar prices during 2010/11, cane area is expected to expand to 5.1 million hectares in 2011/12. With normal monsoon conditions, yields should improve over those in 2010/11. Total centrifugal sugar production, which includes khandsari sugar, is forecast at 28.3 million MTRV in 2011/12. This forecast represents a 1.65 million MTRV increase, or 6.2 percent over estimated sugar production in 2010/11.

Domestic sugar consumption is expected to be high in 2011/12 due to strong growth of the Indian economy and a population growing at a rate of 1.8 percent each year. With the prospect of improved domestic sugar supply, wholesale sugar prices are expected to decline from 2010/11 levels of \$690 to \$700 per tonne. Lower sugar prices will likely limit consumption shifts to gur.

During 2010/11, the Indian Government relaxed many import restrictions due to concerns over food price inflation. Imported sugar was made exempt from levy sugar obligations and market quota release requirements. Duty-free imports of sugar were extended to the end of March 2011. As of April 1, 2011, the normal 60-percent import duty was reimposed. Imports for 2011/12 are expected to be only 100,000 MTRV of raw sugar, down from 1.2 million MTRV of total sugar estimated for 2010/11 (1.0 million MTRV of raw sugar and 200,000 of refined sugar). Ending-year stocks for 2011/12 are forecast at 7.94 million MTRV. This amount is slightly over 25 percent of expected consumption-the level considered to be an optimal stockholding percentage in India at the end of the marketing year. Given expected sugar supply conditions, exports as high as 1.8 million MTRV are forecast in 2011/12.

India has produced a bumper sugar crop of 25.7mn tonnes for the 2010/11 season on the back of good rains and a larger area planted. Main sugar-producing states of Uttar Pradesh and Maharashtra have led the way in the growth of sugar output, marking production growth of 19.7% and 31.5% respectively according to data from the US Department of Agriculture (USDA).

In SS 09-10 performance of the sugar companies was adversely impacted by shortage of sugarcane resulting in very high raw material cost. Besides, increase in government control by hiking levy sugar quota by additional 10% and introduction of fortnightly release mechanism, instead of monthly release, led to a steep fall in sugar price after January 2010.

During SS10-11, sugarcane supply increased on account of expansion of cane acreage by more than 20% owing to government's favourable pricing policies by way of upward revision in both State Advised Price (SAP) as well as Fair & Remunerative Price (FRP). In SS 09-10, on account of short supply of cane, mill owners generally paid premium ranging about Rs. 85-100/quintal over SAP of about Rs. 165/ quintal; however, in SS 10-11, on the back of increased sugarcane supply, the mill owners have been paying as per SAP ranging about Rs. 205-210/quintal.

The sugar price recovered during the quarter ending December, 2010 to about Rs. 28- 29/Kg from a low of Rs. 25/Kg in August, 2010 due to the improved demand scenario on account of festive season along-with various government measures like reinstating levy sugar quota back to the earlier level of 10% (from 20%) and reintroduction of monthly release system from fortnightly system. Despite increase in sugar production, the price is expected to be steady around Rs. 28-29/Kg level in the next two quarters on the back of stable stock position.

On the export front, delay in notification of exports, allowed by the government aggregating 5 lakh tonne, and allowance of further exports may lead to sugar exports becoming an unattractive proposition to the domestic sugar mills fetching them only marginal profits due to softening of global prices on the back of expected arrival of sugar supply from Brazil in the international market.

However, with the upward revision of ethanol price by 26% from Rs. 21.5/litre to Rs. 27.0/litre in September 2010, improvement in levy sugar price and various incentives for cogeneration by the government, CARE expects the overall realisation of the sugar companies to increase further.

Sugarcane Production and Pricing Policy

The GOI establishes a minimum support price (MSP) for sugarcane on the basis of recommendations by the Commission for Agricultural Costs and Prices (CACP) and after consulting State Governments and associations of the sugar industry and cane growers. Last year the GOI announced a new system of fair and remunerative Price (FRP) that

would link the cane prices with sugar price realization by the sugar mills. Several state governments further augment the MSP/FRP, typically by 20-25 percent, due to political compulsions rather than market pricing.

Sugar mills are required to pay the "state advised price (SAP)" to sugarcane farmers irrespective of the market price of sugar which were Rs. 205 per Qtls for the state of Uttar Pradesh and Rs. 210 per Qtls for the State of Uttarakhand.

Current Trends & Developments

As per news reports, with production surging, fortunes of the sugar industry have changed dramatically. Sugar prices appear to have corrected both globally as well as in the domestic market. According to the ISO, the world sugar market could see surplus stocks and the deficit phase is expected to end.

Ethanol Manufacture

India is the fourth largest ethanol producer after Brazil, the United States and China. Ethanol is produced by the fermentation of molasses in India, a by-product of sugar. 88 lbs of molasses is produced from one ton of cane, from which about 10 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 government launched a program to mandate the blending of 5% ethanol in gasoline in 9 states and 4 union territories. In the second stage, it aimed to supply ethanol-blended gasoline across the country and in the third stage, to increase the ethanol-blending ratio from 5% to 10%. The government has also increased the ethanol price by 26% from Rs. 21.5/litre to Rs. 27.0/litre in September 2010. However, with the increase in crude oil prices, the Government is expected to further encourage the ethanol-blending. Your Company has completed existing ethanol distillery project and make it operational soon.

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.
- Excessive Government Controls on Prices of Sugar Cane and the distribution of Sugar.
- Deteriorating quality of soil due to overuse of fertilizer and pesticides.
- Unhealthy competition between mills relating to cane acquisition.

3. RISKS AND CONCERNS

Sugar industry being agro based is vulnerable to commodity cycles and excessive Government Controls 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;
 - Government Controlled 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; 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. The company is also mitigating risk by value addition of by-products and has power co-generation at all its four plant and has also set up the Distillery.

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

Risk mitigation

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

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

Risk mitigation

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

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

(in lacs quintals)

| | SEASON 2010-11 | | | | | SEASON 2009-10 | | | | | SEASON 2008-09 | | | | |
|-------------------|----------------|-----------|-----------|---------|--------|----------------|-----------|-----------|---------|--------|----------------|-----------|-----------|---------|--------|
| | 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 | 5000 | 22750 |
| CANE CRUSHING | 46.72 | 69.52 | 31.87 | 46.72 | 194.83 | 57.95 | 64.24 | 32.00 | 49.17 | 203.36 | 25.10 | 46.64 | 21.73 | 29.12 | 122.59 |
| RECOVERY (%) | 9.39 | 9.61 | 9.58 | 8.91 | — | 9.43 | 9.25 | 9.63 | 9.25 | — | 9.40 | 9.25 | 9.43 | 8.71 | — |
| PRODUCTION | | | | | | | | | | | | | | | |
| SUGAR | 4.39 | 6.68 | 3.05 | 4.16 | 18.28 | 5.46 | 5.94 | 3.34 | 4.55 | 19.29 | 2.35 | 4.31 | 2.04 | 2.53 | 11.23 |
| MOLASSES | 2.17 | 3.48 | 1.55 | 2.48 | 9.68 | 2.85 | 3.66 | 1.65 | 2.51 | 10.67 | 1.12 | 2.36 | 0.98 | 1.48 | 5.94 |
| WORKING DAYS | 145 | 140 | 147 | 134 | — | 138 | 139 | 136 | 134 | — | 107 | 120 | 123 | 113 | — |

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 judgements 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 2011, the Profit & Loss Account 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. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - d) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in Section 211(3C) of the Act;
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of Sub Section (1) of Section 274 of the Act;
 - f) Without qualifying our opinion, we draw your attention to note no.8 (a) of schedule 19 relating to the accounting for sugar cane purchase liability in respect of units situated in the state of Uttar Pradesh for the sugar season 2007-08 at an interim price of Rs.110/- per quintal which is as per the directions of Hon'ble Supreme Court instead of State Advisory Prices of Rs.125/- per quintal fixed by the State Government. Pending the final decision of the Hon'ble Supreme Court in this matter, the effect thereof presently is not ascertainable;
 - g) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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, 2011;
 - ii) in the case of Profit & Loss Account, 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 Number 000852C
Chartered Accountants,

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

Place : Noida
Dated : May 27th 2011

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 31st March, 2011.)

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 of three years which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
(b) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the 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 fully repaid unsecured loans taken by way of conversion into preference shares from four parties covered in the register maintained under section 301 of the Act. There was no outstanding of principal amount of such loan at the year end and maximum outstanding during the year amounts to Rs 2938 Lacs. Further, the Company has not taken any secured loan from the aforesaid referred parties.
(c) The rate of interest and other terms and conditions of the unsecured loans taken by the Company are prima- facie not prejudicial to the interest of the Company.
(d) As informed to us, the repayment of the principal amount of unsecured loans and interest thereon, wherever there is stipulation as regards the payments, are regular.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on our examination and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
6. On the basis of information and explanations given to us, the Company has not accepted any public deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act, and rules framed thereunder.
7. The Company has an internal audit system which needs to be strengthened to make it commensurate with the size and nature of the Company's business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of the cost records under section 209(1) (d) of the Act and are of the opinion

that, prima-facie, the prescribed account and records have been maintained and are being made up. We however as not required have not made a detailed examination of such records with a view to determine whether these are accurate or complete.

9. (a) According to the information and explanations given to us the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it, *except few cases of delay in deposit of Income Tax, Tax Deducted at Source, Wealth Tax and Service Tax*. As explained to us, the provisions of Employees State Insurance are not applicable to the Company, no amount was due to be deposited under investor Education and Protection Fund. Further, there was no arrears of undisputed statutory dues outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable *except the Income Tax dues of Rs 98.87 Lacs plus applicable interest thereon relating to the assessment year 2005-2006 and 2006-2007*.
- (b) According to the information and explanations given to us, the disputed statutory dues of Sales Tax & Excise duty aggregating to Rs 397.16 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 | 3.30 | Commissioner of Trade Tax |
| Central Excise Act, 1944 | Excise Duty | 340.72 53.14 | CESTAT Commissioner(Appeal) |
| | | 397.16 | |

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 company's accumulated losses at the end of the year under report are less than fifty percent of its Net Worth. The company has not incurred any cash losses during the year ended 31th March, 2011, however there was cash losses in the immediately preceding period of fifteen months ended 31st March, 2010.
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 reschedulement of repayment terms of borrowing from Banks, approved by Corporate Debt Restructuring(CDR) Empowered Group which relates to interest/installment during the year ended 31st March 2011 are as follows: -*

| Particulars | Amount (including Interest)* (Rs. in lacs) | Period of Delay (Days) |
|-------------|--|------------------------|
| Banks | 6462.77 | 1-30 |
| | 2362.17 | 31-60 |

* Includes Rs. 8458 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 given corporate guarantees for loans taken by others from Banks. In our opinion, the term & conditions of these guarantees are not prejudicial to the interest of the company.
16. In our opinion and on the basis of information and explanations given to us and on overall basis, term loans availed by the Company were, prima-facie applied by the Company for the purposes for which the loans were raised.



17. *On the basis of overall examinations of the balance sheet of the Company, in our opinion and according to the information and explanations given to us funds raised on the short term basis to the extent of Rs.4820 Lacs upto the date of the Balance Sheet have been used for long-term investment, primarily in the nature of capital expenditures and repayment of Loans.*
18. During the year the Company has made preferential allotment of 840000, 6.5% Cumulative Redeemable Shares Series I @ Rs.100/- each, redeemable at par and 1675000, 10% Cumulative Redeemable Shares Series II @ Rs.100/- each, issued at premium of 100/- each, redeemable at premium of 100/- each to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, prices at which shares have been issued is not prejudicial to the interest of the company.
19. The Company has not issued any debenture, therefore, no comment is required under para 4(xix) of CARO, 2003.
20. The company has not raised any money by way of public issue during the period under report.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

Place : Noida
Dated : May 27th 2011

BALANCE SHEET As At 31st MARCH, 2011

(Rs.in lacs)

| | Schedule No. | As at 31.03.2011 | As at 31.03.2010 |
|---|--------------|-------------------------|-------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 9,419.40 | 6,736.90 |
| Preference Share Application Money | | 150.00 | — |
| Reserves and Surplus | 2 | 15,611.03 | 13,768.53 |
| | | <u>25,180.43</u> | <u>20,505.43</u> |
| Loan Funds | | | |
| Secured Loans | 3 | 66,833.52 | 70,707.80 |
| Unsecured Loans | 4 | 818.84 | 4,021.19 |
| | | <u>67,652.36</u> | <u>74,728.99</u> |
| Deferred Tax Liability (Net) | 5 | 148.90 | (567.83) |
| TOTAL | | <u><u>92,981.69</u></u> | <u><u>94,666.59</u></u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 6 | 55,911.60 | 53,479.00 |
| Depreciation | | 13,223.91 | 10,535.41 |
| Net Block | | <u>42,687.69</u> | <u>42,943.59</u> |
| Capital Work in Progress | | <u>13,853.51</u> | <u>13,486.33</u> |
| | | <u>56,541.20</u> | <u>56,429.92</u> |
| Current Assets, Loans & Advances | | | |
| Inventories | 7 | 38,085.78 | 44,886.16 |
| Sundry Debtors | 8 | 726.65 | 871.46 |
| Cash and Bank Balances | 9 | 2,686.80 | 5,291.17 |
| Loans and Advances | 10 | 1,677.65 | 2,936.05 |
| | | <u>43,176.88</u> | <u>53,984.84</u> |
| Less: Current Liabilities & Provisions | 11 | | |
| Current Liabilities | | 14,179.62 | 21,731.64 |
| Provisions | | 85.98 | 89.06 |
| | | <u>14,265.60</u> | <u>21,820.70</u> |
| Net Current Assets | | <u>28,911.28</u> | <u>32,164.14</u> |
| Miscellaneous Expenditure (To the extent not written off or adjusted) | | | |
| Preliminary Expenses | | 1.95 | 2.95 |
| Profit & Loss Account | | | |
| Loss as per Account Annexed | | 7,527.26 | 6,069.58 |
| TOTAL | | <u><u>92,981.69</u></u> | <u><u>94,666.59</u></u> |

Significant Accounting Policies & Notes forming part of Balance Sheet 19
The Schedules 1 to 19 form an integral part of Balance Sheet

AS PER OUR REPORT OF EVEN DATE
For B.K.Kapur & Co.
Firm Registration Number 000852C
Chartered Accountants

(RAJ KUMAR ADLAKHA)
Managing Director

(RANJAN ADLAKHA)
Director

(V.S.TANDON) **(SANJAY BHANDARI)**
Director Chief Financial Officer

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

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

Place : Noida
Dated : May 27th 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs.in lacs)

| | Schedule No. | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|---|--------------|--------------------------|----------------------------|
| INCOME | | | |
| Sales | | 70,591.10 | 51,049.71 |
| Less : Excise Duty | | 2,434.69 | 1,880.40 |
| Net Sales | | 68,156.41 | 49,169.31 |
| Other Income | 12 | 435.51 | 162.45 |
| Increase/(Decrease) in Stocks | 13 | (1,877.80) | 24,393.03 |
| TOTAL | | 66,714.12 | 73,724.79 |
| EXPENDITURE | | | |
| Material and Manufacturing Expenses | 14 | 53,146.49 | 65,182.82 |
| Cost of Trading Goods | 15 | 1,806.65 | - |
| Salaries, Wages and Benefits | 16 | 2,653.45 | 2,872.81 |
| Administration and Other Expenses | 17 | 1,187.98 | 1,181.15 |
| Interest and Financial Charges | 18 | 5,901.01 | 5,509.67 |
| TOTAL | | 64,695.58 | 74,746.45 |
| Profit/(Loss) before Depreciation | | 2,018.54 | (1,021.66) |
| Depreciation / Amortisation | | 2,697.21 | 3,182.44 |
| Prior Period Items (Net) | | 61.00 | 60.51 |
| (Loss) before Tax | | (739.67) | (4,264.61) |
| Provision for Taxation | | | |
| Deferred Tax Charge | | 716.73 | 136.33 |
| Fringe Benefit Tax | | - | 3.94 |
| Current Tax | | 1.28 | 6.49 |
| Less: Minimum Alternate Tax (MAT) Credit | | - | (4.38) |
| (Loss) after Tax | | (1,457.68) | (4,406.99) |
| Balance brought forward from Previous Period | | (6,069.58) | (1,662.59) |
| (Deficit) transferred to Balance Sheet | | (7,527.26) | (6,069.58) |
| Earning per Share (Note No.21) | | | |
| Nominal Value Rs. 10/- | | | |
| Basic | | (6.79) | (17.50) |
| Diluted | | (6.79) | (17.50) |
| Significant Accounting Policies & Notes forming part of Profit & Loss Account | | | |
| 19 | | | |
| The Schedules 1 to 19 form an integral part of Profit & Loss Account | | | |

AS PER OUR REPORT OF EVEN DATE

For B.K.Kapur & Co.

Firm Registration Number 000852C

Chartered Accountants

(RAJ KUMAR ADLAKHA)

Managing Director

(RANJAN ADLAKHA)

Director

(G.RAMARATHNAM)

Chief-Legal and Corporate Affairs
& Company Secretary

(M.S.KAPUR) F.C.A.

Partner
M. No. 74615

Place : Noida

Dated : May 27th 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. In lacs)

| | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|---|--------------------------|----------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net (Loss) before Tax | (739.67) | (4,264.61) |
| Adjustments for: | | |
| Depreciation /Amortisation | 2,697.21 | 3,184.95 |
| Interest and financial charges | 5,901.01 | 5,509.67 |
| Loss on sale of assets (net) | 5.49 | 1.04 |
| Liability no longer required written back | - | (2.93) |
| Profit on sale of Investments | - | (116.48) |
| Miscellaneous Expenditure written off | 1.00 | 1.25 |
| Interest earned | (12.07) | (17.69) |
| Operating Profit before Working Capital changes | 7,852.97 | 4,295.20 |
| Adjustments for: | | |
| Trade & Other Receivables | 1,403.22 | (904.14) |
| Inventories | 6,800.39 | (30,142.45) |
| Trade Payables | (6,310.05) | 8,948.64 |
| | 1,893.56 | (22,097.95) |
| Cash generated from operations | 9,746.53 | (17,802.75) |
| Direct taxes (paid)/refund | (4.35) | (22.95) |
| Net Cash flow from Operating Activities | 9,742.18 | (17,825.70) |
| B. Cash Flow Investing Activities | | |
| Purchase of Fixed Assets | (3,658.43) | (5,319.69) |
| Sale of Fixed Assets | 1.50 | 0.88 |
| Investments sold | - | 199.68 |
| Interest Received | 12.06 | 13.71 |
| Net Cash used in Investing Activities | (3,644.87) | (5,105.42) |
| C. Cash Flow Financing Activities | | |
| Interest paid | (6,148.16) | (5,181.70) |
| Redeemable Preference Share Capital issued | 2,682.50 | 4,160.00 |
| Premium on Issue of Redeemable Preference Shares | 1,842.50 | - |
| Share Application Money Received | 150.00 | - |
| Proceeds from Borrowings (Term Loans) | 8,352.72 | 8,557.14 |
| Proceeds from Borrowings (Unsecured Loans) | - | 3,360.00 |
| Repayment of Borrowings (Unsecured Loans) | (3,253.00) | (2,881.50) |
| Repayments of Borrowings (Term Loans) | (7,597.74) | (7,858.23) |
| Proceeds from Borrowings (Working Capital) | (4,724.18) | 27,289.17 |
| Net Cash flow from Financing Activities | (8,695.36) | 27,444.88 |
| Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C) | (2,598.05) | 4,513.76 |
| Cash and Cash Equivalents as at Beginning | 5,281.40 | 767.64 |
| Cash and Cash Equivalents as at Closing | 2,683.35 | 5,281.40 |

Notes:

- Cash and Cash Equivalents represent Cash and Bank Balances (Refer Schedule 9)
- Previous period figures have been regrouped / rearranged wherever considered necessary.
- Trade Payables and Cash & Cash Equivalents excludes amount lying in Escrow Accounts amounting to Rs. 3.46 lacs (Previous Period Rs.9.75 lacs)

AS PER OUR SEPERATE REPORT
For B.K. Kapur & Co.
 Firm Registration Number 000852C
 Chartered Accountants

(RAJ KUMAR ADLAKHA)
 Managing Director

(RANJAN ADLAKHA)
 Director

(V.S.TANDON)
 Director

(SANJAY BHANDARI)
 Chief Financial Officer

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

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

Place : Noida

Dated : May 27th 2011

| | As at 31.03.2011 | As at 31.03.2010 |
|---|---------------------|---------------------|
| SCHEDULE 1 : SHARE CAPITAL | | |
| Authorised: | | |
| <u>Equity Share Capital</u> | | |
| 40000000 Equity Shares of Rs.10/- each (Previous Period 40000000 Equity Shares of Rs.10/- each) | 4,000.00 | 4,000.00 |
| <u>Redeemable Preference Share Capital</u> | | |
| 7500000 Preference Shares of Rs.100/- each (Previous Period 5000000 Preference Shares of Rs.100/- each) | 7,500.00 | 5,000.00 |
| Issued, Subscribed & Paid-up Capital | | |
| <u>Equity Share Capital</u> | | |
| 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 |
| <u>6.5% Cumulative Redeemable Preference Share Capital - Series I</u> | | |
| 5000000 Preference Shares of Rs.100/- each (Previous Period 4160000 Preference Shares of Rs.100/- each) (Redeemable at par after two years but not later than sixth year from the date of allotment) | 5,000.00 | 4,160.00 |
| <u>10% Cumulative Redeemable Preference Share Capital - Series II</u> | | |
| 1842500 Preference Shares of Rs.100/- each (Previous Period Nil Preference Shares) (Redeemable at a premium of Rs.100/- each after five year but not later than tenth year from the date of allotment) | 1,842.50 | - |
| TOTAL | 9,419.40 | 6,736.90 |
| SCHEDULE 2 : RESERVES AND SURPLUS | | |
| Share Premium Account | | |
| As per Last Balance Sheet | 13,768.53 | 13,768.53 |
| Additions during the year | 1,842.50 | - |
| TOTAL | 15,611.03 | 13,768.53 |
| SCHEDULE 3 : SECURED LOANS | | |
| A) Term Loans | | |
| - From Banks | | |
| - Term Loan | 27,721.16 | 27,194.91 |
| - Funded Interest Term Loan | 1,225.41 | 1,313.93 |
| - From Govt. of India, Sugar Development Fund | 4,002.96 | 3,581.65 |
| | 32,949.53 | 32,090.49 |
| B) Cash Credit from Banks | | |
| | 33,883.99 | 38,608.17 |
| | 33,883.99 | 38,608.17 |
| C) Vehicle Loans from Banks | | |
| | - | 9.14 |
| | - | 9.14 |
| TOTAL | 66,833.52 | 70,707.80 |

Notes:-

- (1) Term Loans from Banks are secured/to be secured on first pari passu charge by way of joint equitable mortgage on Company's immovable properties and a first charge by way of hypothecation of all movable properties of the Company on pari passu basis, subject to prior charge created / to be created in favour of Company's Bankers for securing borrowings for working capital requirements of the Company. (Repayable within one year Rs. 2480.70 lacs (Previous Period Rs.716.82 lacs)).
- (2) Term Loans includes Rs.1149 lacs from Punjab National Bank and Rs.227.50 lacs from State Bank of India under Government sponsored 'Scheme for extending financial assistance to Sugar Undertaking, 2007' are secured by way of residual pari passu charge on moveable and immovable assets of the company. (Repayable within one year Rs. 1376.50 lacs (Previous Period Rs.1683.50 lacs)).
- (3) Cash Credit from Banks are secured/to be secured by first pari passu charges by hypothecation/pledge of stocks of raw materials, sugar/ molasses, other stores and spares and book debts/receivables of the company both present and future and third pari passu charge on immovable assets of the Company.
- (4) Term Loans from Banks (except the term loan as referred in note 2 above) and Cash Credit are guaranteed by Managing Director and two other promoter Directors of the Company and corporate guarantees of three Promoter Companies.
- (5) Term Loan from Govt. of India, Sugar Development Fund through Industrial Finance Corporation of India Ltd. is secured/ to be secured by an exclusive second charge on movable assets (except book debts) and Company's immovable properties. (Repayable within one year Rs. 755.84 lacs (Previous Period Rs.520.41 lacs)).
- (6) Vehicle loans from banks are secured by way of hypothecation of vehicle financed by them. (Repayable within one year Rs.Nil (Previous Period Rs.9.14 lacs)).
- (7) Term Loan and Funded Interest Term Loan includes interest accrued & due thereon Rs.247.31 lacs (Previous Period Rs.150.73 lacs) and Rs.4.20 lacs (Previous Period Rs.5.85) respectively.

(Rs.in lacs)

| | As at 31.03.2011 | As at 31.03.2010 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

SCHEDULE 4 : UNSECURED LOANS

| | | |
|---|----------------------|------------------------|
| From Body Corporates | - | 3,253.00 |
| Soft Loan from Uttarakhand State Government | 656.68 | 656.68 |
| Interest Accrued & Due on above Loans | 162.16 | 111.51 |
| TOTAL | <u>818.84</u> | <u>4,021.19</u> |

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

SCHEDULE 5 : DEFERRED TAX LIABILITY (Net)

(Rs.in lacs)

| | As at 01.04.2010 | During the Year | As at 31.03.2011 |
|--|---------------------|--------------------|---------------------|
| DEFERRED TAX LIABILITY | | | |
| Difference between Book & Tax Depreciation | 5,079.34 | 530.16 | 5,609.50 |
| | <u>5,079.34</u> | <u>530.16</u> | <u>5,609.50</u> |
| DEFERRED TAX ASSETS | | | |
| Expenses Allowed U/s 43-B on paid basis | 815.35 | (137.55) | 677.80 |
| Unabsorbed Business Losses | 4,765.11 | - | 4,765.11 |
| | <u>5,580.46</u> | <u>(137.55)</u> | <u>5,442.91</u> |
| NET DEFERRED TAX LIABILITY | (501.12) | 667.71 | 166.59 |
| Tax effect of share issue expenses eligible for Income | | | |
| Tax deduction under section 35D, credited to Share Premium | (66.71) | 49.02 | (17.69) |
| | <u>(567.83)</u> | <u>716.73</u> | <u>148.90</u> |

SCHEDULE - 6 : FIXED ASSETS

(Rs. in lacs)

| Nature of Assets | GROSS BLOCK | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|---|------------------|---------------------------|---------------------------|-----------------------------|------------------|-----------------|---------------------|------------------------|------------------|------------------|
| | As on 01.04.2010 | Additions during the Year | Sold/Adj. during the Year | As on 31.03.2011 | Upto 31.03.2010 | For the Year | On Sale/ Adjustment | UP TO 31.03.2011 | As on 31.03.2011 | As on 31.03.2010 |
| Freehold Land | 2,441.92 | - | 92.24 | 2,349.68 | - | - | - | - | 2,349.68 | 2,441.92 |
| Building | 5,270.42 | 232.89 | - | 5,503.31 | 666.13 | 160.91 | - | 827.04 | 4,676.27 | 4,604.29 |
| Leasehold Building Developments | 79.32 | - | - | 79.32 | 4.09 | 7.93 | - | 12.02 | 67.30 | 75.23 |
| Plant and Machinery | 43,878.70 | 2,199.68 | - | 46,078.38 | 9,156.32 | 2,373.13 | - | 11,529.45 | 34,548.93 | 34,722.38 |
| Furniture and Fixtures | 270.47 | 1.91 | - | 272.38 | 87.76 | 16.17 | - | 103.93 | 168.45 | 182.71 |
| Office Equipments | 373.97 | 53.59 | - | 427.56 | 193.46 | 46.28 | - | 239.74 | 187.82 | 180.51 |
| Weigh Bridges | 526.82 | 3.80 | - | 530.62 | 100.26 | 24.93 | - | 125.19 | 405.43 | 426.56 |
| Vehicles & Tractors | 635.03 | 25.59 | 15.70 | 644.92 | 327.39 | 67.28 | 8.71 | 385.96 | 258.96 | 307.64 |
| Live Stock | 2.35 | - | - | 2.35 | - | - | - | - | 2.35 | 2.35 |
| Intangible Assets | - | 23.08 | - | 23.08 | - | 0.58 | - | 0.58 | 22.50 | - |
| Previous Period | 53,479.00 | 2,540.54 | 107.94 | 55,911.60 | 10,535.41 | 2,697.21 | 8.71 | 13,223.91 | 42,687.69 | 42,943.59 |
| | 48,367.51 | 5,116.08 | 4.59 | 53,479.00 | 7,353.14 | 3,184.95 | 2.68 | 10,535.41 | | |
| Capital Work-in-Progress: | | | | | | | | | | |
| Land, Building, Plant & Machinery (including capital advances) | | | | | | | | | 10,796.46 | 11,352.65 |
| Expenditure during Construction Period (Pending Capitalisation) | | | | | | | | | 3,057.05 | 2,133.68 |
| | | | | | | | | Total | 56,541.20 | 56,429.92 |
| | | | | | | | | Previous Period | 56,429.92 | 55,607.30 |

Note: Vehicles includes Motor Cars having gross book value of Rs.39.71 lacs (Previous Period Rs.79.03 lacs), which are yet to be transferred in the name of the Company.

| | As at 31.03.2011 | As at 31.03.2010 |
|--|---------------------|---------------------|
| SCHEDULE 7 : INVENTORIES | | |
| (As taken, valued and certified by the Management) | | |
| Raw Material (including Raw Sugar) | 117.35 | 4,892.79 |
| Stores, Spare Parts and Packing Materials | 942.14 | 908.21 |
| Finished Goods | | |
| Sugar | 34,492.55 | 35,774.95 |
| Banked Power | 30.99 | 31.04 |
| Work-in-Progress | 917.49 | 791.01 |
| By-Products | 1,585.26 | 2,488.16 |
| TOTAL | 38,085.78 | 44,886.16 |
| SCHEDULE 8 : SUNDRY DEBTORS | | |
| (Unsecured - Considered good) | | |
| Debts exceeding six months | 73.57 | 37.33 |
| Others | 653.08 | 834.13 |
| TOTAL | 726.65 | 871.46 |
| SCHEDULE 9 : CASH AND BANK BALANCES | | |
| Cash in Hand | 127.62 | 69.54 |
| Balance with Scheduled Banks : | | |
| In Current Accounts | 2,338.12 | 5,032.01 |
| In Fixed Deposit Account (incl. in Margin Money & interest accrued thereon) | 217.61 | 179.87 |
| In Escrow Accounts (incl. Rs.0.60 lacs Unclaimed Share Application Money) (Previous Period 0.60 lacs) | 3.45 | 9.75 |
| TOTAL | 2,686.80 | 5,291.17 |
| SCHEDULE 10 : LOANS AND ADVANCES | | |
| (Unsecured - Considered good) | | |
| Advances Recoverable in cash or in kind or for value to be received | 638.09 | 1,617.24 |
| Balance with Excise Department | 393.80 | 748.87 |
| Cenvat Receivable | 163.71 | 103.58 |
| MAT Credit Entitlement | 233.72 | 233.72 |
| Security Deposits | 187.99 | 154.88 |
| Interest Accrued thereon | 13.12 | 13.11 |
| Prepaid Expenses | 47.22 | 64.65 |
| TOTAL | 1,677.65 | 2,936.05 |
| SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| Sundry Creditors – Micro, Small and Medium Enterprises (Refer Note B(6) of Schedule '19') | 156.12 | 99.26 |
| – Others (Refer Note B(10) of Schedule '19') | 9,980.93 | 16,738.57 |
| Other Liabilities | 2,666.34 | 2,916.07 |
| Due to Directors | 2.22 | 16.06 |
| Advance from Customers | 401.79 | 708.98 |
| Share Application Money Refundable | 0.60 | 0.60 |
| Security Deposits | 117.61 | 111.16 |
| Due to scheduled Bank (Book Overdraft) | 185.28 | 79.47 |
| Interest Accrued but not Due | 668.73 | 1,061.47 |
| | 14,179.62 | 21,731.64 |
| Provisions | | |
| Provision for Taxation (Net of Advance Payments) | 85.98 | 89.06 |
| TOTAL | 14,265.60 | 21,820.70 |

| | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|---|--------------------------|----------------------------|
| SCHEDULE 12 : OTHER INCOME | | |
| Interest Earned (TDS Rs.1.38 lacs (Previous Period Rs.2.05 lacs)) | 12.07 | 17.69 |
| Miscellaneous Income | 423.44 | 25.35 |
| Liability no longer required written back | - | 2.93 |
| Profit on sale of Investments | - | 116.48 |
| TOTAL | 435.51 | 162.45 |
| SCHEDULE 13 : INCREASE IN STOCKS | | |
| Opening Stocks | | |
| Finished Goods | 35,805.99 | 12,208.40 |
| Work-in-Progress | 791.01 | 492.57 |
| By-products | 2,488.16 | 1,222.69 |
| | 39,085.16 | 13,923.66 |
| Closing Stocks | | |
| 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 |
| Excise & Other Duties on Increase/(Decrease) of Stocks | (181.07) | 768.47 |
| Increase / (Decrease) in Stocks | (1,877.80) | 24,393.03 |
| SCHEDULE 14 : MATERIAL AND MANUFACTURING EXPENSES | | |
| Raw Material Consumed | | |
| Opening Stocks | 4,892.79 | 21.18 |
| Purchases | 44,923.07 | 67,378.09 |
| | 49,815.86 | 67,399.27 |
| Less : Closing Stocks | 117.35 | 4,892.79 |
| | 49,698.51 | 62,506.48 |
| Manufacturing Expenses | | |
| Consumption of Stores, Spares & Packing Materials | 1,178.00 | 1,275.68 |
| Power and Fuel | 239.81 | 265.38 |
| Other Manufacturing Expenses | 207.69 | 194.96 |
| Repairs to: | | |
| Plant and Machinery | 1,766.50 | 899.22 |
| Buildings | 20.69 | 8.92 |
| Others | 35.29 | 32.18 |
| | 1,822.48 | 32.18 |
| TOTAL | 53,146.49 | 65,182.82 |

| | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|--|--------------------------|----------------------------|
| SCHEDULE 15 : COST OF TRADING GOODS | | |
| Cost of Trading Goods | | |
| Opening Stocks | - | - |
| Purchases | 1,806.65 | - |
| | <u>1,806.65</u> | <u>-</u> |
| Less : Closing Stocks | - | - |
| TOTAL | <u><u>1,806.65</u></u> | <u><u>-</u></u> |
| SCHEDULE 16 : SALARIES, WAGES & BENEFITS | | |
| Salary & Wages | 2,424.22 | 2,606.76 |
| Contribution to Provident and other funds | 85.58 | 106.77 |
| Staff & Workers Welfare | 143.65 | 159.28 |
| TOTAL | <u><u>2,653.45</u></u> | <u><u>2,872.81</u></u> |
| SCHEDULE 17 : ADMINISTRATION AND OTHER EXPENSES | | |
| Rent | 36.88 | 38.76 |
| Rates and Taxes | 109.75 | 85.32 |
| Printing and Stationery | 29.26 | 29.08 |
| Postage, Courier and Telephones | 47.83 | 59.97 |
| Advertisement and Publicity | 4.42 | 5.84 |
| Travelling and Conveyance : | | |
| Directors | 18.76 | 23.42 |
| Others | 184.13 | 160.83 |
| | <u>202.89</u> | <u>184.25</u> |
| Fees and Subscription | 27.09 | 53.70 |
| Legal and Professional Charges | 202.06 | 189.01 |
| Auditors' Remuneration | 10.21 | 12.03 |
| Vehicle Running and Maintenance | 89.73 | 108.87 |
| Insurance | 47.91 | 78.63 |
| Sugar Handling Expenses | 33.32 | 23.26 |
| Commission on Sales | 264.86 | 209.61 |
| Freight Outward | 3.49 | 4.57 |
| Cane Development Expenses | 6.01 | 15.03 |
| Business Promotion | 11.79 | 10.25 |
| Office & Other Administration Expenses | 53.99 | 70.68 |
| Loss on sale/damage of Fixed Assets | 5.49 | 1.04 |
| Miscellaneous Expenditure written off | 1.00 | 1.25 |
| TOTAL | <u><u>1,187.98</u></u> | <u><u>1,181.15</u></u> |
| SCHEDULE 18 : INTEREST AND FINANCIAL CHARGES | | |
| Interest on Term Loans | 2,631.76 | 2,366.42 |
| Others (including bank charges) | 3,269.25 | 3,143.25 |
| TOTAL | <u><u>5,901.01</u></u> | <u><u>5,509.67</u></u> |

SCHEDULE - '19' SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

A. SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of Accounting:

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

ii. Fixed Assets and Capital Work in Progress:

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

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

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

iii. Depreciation/Amortization :

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

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

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

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

iv. Leases :

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

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

v. 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.

vi. Taxes on Income:

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

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

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

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

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.

vii **Sales :**

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

viii. **Borrowing Costs:**

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

ix. **Impairment of Assets:**

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

x. **Foreign Currency Transactions:**

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

xi. **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.

B. NOTES FORMING PART OF THE ACCOUNTS:

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounting to Rs. 4795.55 Lacs (Previous Period Rs.5069.36 Lacs)
2. Contingent Liabilities not provided for :
 - a) Bank guarantee in favour of U.P.Pollution Control Board Rs. 17.00 Lacs (Previous Period Rs. 1.00 Lac).
 - b) Bank guarantee in favour of Deputy Commissioner Commercial Tax, Dehradun Rs.Nil (Previous Period Rs. 22.19 Lacs).
 - c) Letter of credit in favour of suppliers Rs. 716.03 Lacs (Previous Period Rs.610.39 Lacs).
 - d) Excise duty / Sales Tax / Income Tax demands and show cause notices aggregating to Rs. 676.46 Lacs (Previous Period Rs.608.62 Lacs) against which company / Department has preferred appeals/filed replies. However in respect of certain notices since there is no present and possible obligation of any kind and based on the legal opinion, the same has not been considered as liability of any kind.
 - e) In respect of pending court cases by/against ex-employees amount not ascertainable at this stage.
 - f) Cane Price payable, if any, for the season 2007-08, presently not ascertainable, (Refer Note no. 8(a)).
 - g) Preference Dividend payable on Cumulative Redeemable Preference Shares Rs. 407.14 lacs (Previous Period Rs.113.52 lacs).

3. Amount of borrowing cost capitalized to fixed assets during the year is Rs. 840.99 Lacs (Previous Period Rs. 905.30 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 the interest thereafter amounting to Rs. 13.17 lacs (Previous Period Rs. 79.35 Lacs) has been charged to Profit and loss account in accordance with the Accounting Standard (AS) – 16 on “Borrowing Costs”.

4. All the Current Assets, Loans and Advances, in the opinion of the Board, have a value on realization which in the ordinary course of business shall at least be equal to the amount, at which it is stated in the Balance Sheet.
5. Advances recoverable in cash or in kind as appearing in schedule no. 10 Rs.5.39 Lacs (Previous Period Rs. 3.78 Lacs) as other advances and also capital advances as appearing in schedule no. 6 of Balance Sheet includes a sum of Rs.1550.98 Lacs (Previous Period Rs. 1920.29 Lacs) given against purchase of capital goods in ordinary course of business to companies in which some directors of the company are interested as its directors/shareholders.
6. Based upon the information received from vendors regarding their status under the “Micro, Small and Medium Enterprises Development Act, 2006”, the relevant information is provided below:

(Rs.in lacs)

| Particulars | Current Year | Previous Period |
|---|---------------|-----------------|
| (a) Amount due to Micro and Small Enterprises as on | | |
| i) Principal amount | 126.74 | 69.88 |
| ii) Interest due on above | 29.38 | 29.38 |
| (b) i) Principal amount paid after due date or appointed day during the year | NIL | NIL |
| ii) Interest paid during the year on (i) above | NIL | NIL |
| (c) Interest due & payable (but not paid) on principal amounts paid during the year after the due date or appointed day | NIL | NIL |
| (d) Total interest accrued and remaining unpaid as on | NIL | NIL |
| (e) Further interest in respect of defaults of earlier years due and payable in current year upto the date when actually paid | NIL | NIL |

7. 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.
8. (a) Consequent to the interim order of the Hon’ble Supreme Court, Company has accounted for the Sugar Cane purchases liability for the season 2007-08 at Rs.110/- per quintal in respect of its units situated in State of Uttar Pradesh, instead of State Advised Price (SAP) of Rs.125/- per quintal fixed by the Government. Necessary adjustment, if any, will be given effect by the Company in accordance with the final order of Hon’ble Supreme Court in this matter.
- (b) Raw material consumed includes Rs. Nil (Previous Period Rs.373.34 lacs) being the differential cane price for the Season 2007-08 paid in accordance with the State Advised Price(SAP) fixed by the State Government of Uttarakhand.
9. The Company has made an investment of the requisite amount for setting up New Projects in the state of Uttar Pradesh in accordance with the UP Sugar Industry Promotion Policy,2004 and has accordingly filed application for eligibility under the above policy, which is still pending. However, the new State Government has terminated the Policy with effect from June 4, 2007 and has expressed its intention to introduce another policy. Company has been legally advised that it is eligible for the benefits under the said policy.
10. Sundry Creditors - others includes short term loan of Rs. 3860.32 Lacs (including interest accrued Rs.20.31 lacs) (Previous Period Rs. 5042.61 lacs (including interest accrued Rs.42.61 lacs)) from Punjab National Bank under the scheme for loan to farmers against Sugar Cane Receivables wherein the Company is acting as ‘Management and Collection Agent’.

11. Disclosure in respect of Operating Lease:

The company has entered into non-cancelable Operating Lease for premises and lease rent amounting to Rs. 36.88 Lacs (Previous Period Rs. 38.76 lacs) have been charged to Profit & Loss account and Rs. NIL Lacs (Previous Period Rs. 4.04 Lacs) are debited to Expenses during construction. The future minimum lease payments are as under:-

(Rs.in lacs)

| Particulars | Current Year | Previous Period |
|---|--------------|-----------------|
| (a) Not later than one Year | 24.20 | 14.65 |
| (b) Later than one year & not later than Five Years | 22.77 | 14.88 |
| (c) Later than Five years | NIL | NIL |

12. 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.

13. Company availed a term loan of Rs. 3365.00 Lacs (Previous Period Rs.3365.00 Lacs) for payment of cane dues for the season 2006-07 and 2007-08 as per scheme for "Extending Financial Assistance to Sugar Undertakings 2007" issued by Government of India. As per the Scheme the interest charged by the bank on such loan is to be reimbursed by the Government of India. A sum of Rs. 250.50 Lacs was recoverable as on 31st March, 2011(Previous Period Rs.527.21 lacs), pending reimbursement, the same has been included in 'Advance Recoverable in cash or Kind' in Schedule '10'.

14. 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 Period |
|---|--------------|-----------------|
| — Employer's Contribution to provident fund | 85.58 | 106.77 |

II) **Defined Benefit plan**

— Employee benefits in respect of Gratuity and Leave Encashment are based on Actuarial Valuation as on 31st March 2011. The details are given below:

(Rs. In lacs)

| Particulars | Gratuity- Unfunded | Leave Encashment- Unfunded |
|--|-----------------------|----------------------------------|
| A) Change in the Present Value of obligation | | |
| a) Present Value of obligation as at 1 st April 2010 | 133.48 (87.10) | 40.62 (35.71) |
| b) Interest Cost | 11.04 (7.76) | 3.51 (3.37) |
| c) Past Service Cost | 0.90 (-) | - (-) |
| d) Current Service Cost | 31.85 (30.01) | 14.48 (15.60) |
| e) Benefits Paid | (1.84) (-) | (1.38) (-) |
| f) Actuarial Loss/(Gain) | 8.51 (8.61) | 4.81 (-14.06) |
| g) Present Value of Obligation as at 31 st March 2011 | 183.94 (133.48) | 62.04 (40.62) |
| B) Change in Fair Value of Plan Assets | - (-) | - (-) |

| | | |
|--|---------------------------|-------------------------|
| C) Amount recognized in Balance Sheet (A-B) | 183.94 (133.48) | 62.04 (40.62) |
| D) Expenses recognized in the Profit & Loss Account | | |
| a) Current Service Cost | 31.85 (30.01) | 14.47 (15.60) |
| b) Past Service Cost | 0.90 (-) | - (-) |
| c) Interest Cost | 11.04 (7.76) | 3.51 (3.37) |
| d) Actuarial Loss/(Gain) | 8.51 (8.61) | 4.81 (-14.06) |
| e) Net Cost | 52.30 (46.38) | 22.79 (4.91) |
| E) Details of Plan Assets | - (-) | - (-) |
| F) Actuarial Assumptions | | |
| 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 |

15. 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.
16. Statement of Expenses during construction period pending allocation as on 31st March 2011 is as under:-

(Rs. in lacs)

| Particulars | Current Year | Previous Period |
|--|---------------------|------------------------|
| Salary & Wages | 305.99 | 269.05 |
| Staff & Workers Welfare | 5.52 | 4.84 |
| Rent | 14.88 | 14.88 |
| Printing & Stationary | 1.24 | 0.35 |
| Postage, Courier & Telephone | 1.46 | 1.41 |
| Travelling & Conveyance | 60.85 | 57.56 |
| Fees & Subscription | 10.41 | 10.41 |
| Legal & Professional Charges | 85.48 | 52.32 |
| Auditors' Remuneration | 0.31 | 0.36 |
| Insurance | 6.91 | 6.91 |
| Business Promotion | 0.54 | 0.54 |
| Fringe Benefit Tax | 0.72 | 1.37 |
| Interest & Financial Charges | 2573.79 | 1719.81 |
| Office & other administration expenses | 21.87 | 13.80 |
| | 3089.97 | 2153.61 |
| Less:- Interest earned (TDS Rs. 1.27 lacs (Previous Period Rs.2.26 lacs)) | 32.92 | 19.93 |
| Total | 3057.05 | 2133.68 |

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

(Rs. in lacs)

| Particulars | Current Year | Previous Period |
|--|--------------|-----------------|
| Expenditure | | |
| Rent | – | 7.17 |
| Legal & Professional Charges | – | 0.87 |
| Repair - Plant & Machinery | – | 5.40 |
| Consumption of Stores, Spares & Packing Material | – | 0.63 |
| Office & Other Administration Expenses | – | 13.05 |
| Auditors' Remuneration | – | 2.48 |
| Advertisement & Publicity | – | 0.47 |
| Travelling & Conveyance | – | 0.88 |
| Raw Material Consumed | 59.46 | 0.28 |
| Staff Welfare Expenses | – | 0.01 |
| Salary & Wages | 1.54 | 47.26 |
| Depreciation for earlier years | – | 2.51 |
| TOTAL | 61.00 | 81.01 |
| Income | | |
| Office & Other Administration Expenses | – | 0.73 |
| Commission on sales | – | 18.57 |
| Staff Welfare Expenses | – | 0.68 |
| Repair - Plant & Machinery | – | 0.52 |
| TOTAL | – | 20.50 |
| Net Expenditure | 61.00 | 60.51 |

18. 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

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.

– G.M.Colonisers Pvt. Ltd.

– Sekhri Finance Investment Pvt. Ltd.

– New Castle Finance & Leasing Pvt. Ltd.

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

| Name of related Parties | Nature of Transactions | Amount of Transactions (Rs. In Lacs) | | Outstanding Balances (Rs. In Lacs) | | |
|---|--|---|--------------------------|---|-------------------|-------------------|
| | | Year ended 31.03.11 | Period ended 31.03.10 | | As at 31.03.11 | As at 31.03.10 |
| Key Management Personnel (KMP) | | | | | | |
| Raj Kumar Adlakha | Remuneration & Perquisites | 39.93 | 54.15 | Remuneration Payable | 0.98 | 3.78 |
| | Lease Rent | 6.00 | 7.50 | Lease Rent | 0.45 | 10.17 |
| Pasha Biswas | Remuneration & Perquisites | 9.51 | 11.82 | Remuneration Payable | 0.79 | 0.73 |
| Relative of KMP | | | | | | |
| Amita Adlakha | Office Rent | 3.60 | 4.50 | Office Rent | 1.81 | 0.57 |
| | Security Deposit (Given) | - | - | Security Deposit | - | 3.60 |
| Enterprises Significantly Influenced by Directors and/or their relatives | | | | | | |
| Uttam Sucrotech Ltd. | Purchase of Fixed Assets | 194.23 | 37.17 | | | |
| | Receiving of Services (Machinery) | 55.09 | 29.67 | Creditors | - | 3.41 |
| | Advance given for purchase of capital assets/Services | - | 150.00 | Advance given for purchase of capital assets/services | - | 184.00 |
| | Unsecured Loan Received | - | 1390.00 | Unsecured Loan | - | 375.00 |
| | Unsecured Loan refund/transfer to Preference Share Application Money | 375 | 1135.00 | | | |
| | Sugar Sales made | - | 1.45 | | | |
| | Interest on Unsecured Loan | 41.79 | 65.05 | Interest | 17.94 | 60.12 |
| | Interest on Unsecured Loan Paid | 83.98 | 11.59 | | | |
| | Allotment of Redeemable Preference Shares (Series -I)) of Rs.100/- each at par | 350 | 1350 | | | |
| | Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each | 450 | - | | | |
| | Guarantee received/(Satisfied) (Net) | (4375.86) | 4051 | Guarantee | 62830.56 | 67206.42 |
| Uttam Industrial Engg. Ltd. | Purchase of Fixed Assets | 831.15 | 282.73 | | | |
| | Receiving of Services (Machinery) | 203.23 | 87.01 | Creditors | 46.32 | 45.34 |
| | Advance given for purchase of capital assets/services | - | 150.00 | Advance given for purchase of capital assets/services | 680 | 969.00 |
| | Advance Refund | - | 11.00 | | | |
| | Sugar Sales made | 0.87 | 2.15 | | | |
| | Unsecured Loan refund/transfer to Preference Share Application Money | 1030 | - | Unsecured Loan | - | 1030.00 |
| | Interest on Unsecured Loan | 110.56 | 144.51 | Interest | 47.31 | 263.10 |
| | Interest Paid on Unsecured Loan | 326.34 | 27.23 | | | |
| | Allotment of Redeemable Preference Shares (Series -I)) of Rs.100/- each at par | 150 | 450 | | | |
| | Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each | 1195 | - | | | |
| | Guarantee received/(Satisfied) (Net) | (4375.86) | 4051 | Guarantee | 62830.56 | 67206.42 |
| The Standard Type Foundry P. Ltd. | Purchase of Fixed Assets | 25.59 | 1.10 | | | |
| | Receiving of Services (Machinery & Vehicles) | 79.65 | 39.91 | Creditors | 36.58 | 12.14 |
| | Advance given for purchase of capital assets/services | - | - | Advance given for purchase of capital assets/services | 59 | 59.00 |
| | Sugar Sales made | 0.33 | 1.71 | | | |
| Lipi Boilers Ltd. | Purchase of Fixed Assets | 0.54 | 28.87 | | | |
| | Receiving of Services (Machinery) | 9.31 | 4.25 | (Advance to supplier)/Creditors | (143.81) | 37.57 |
| | Advance given for purchase of capital assets/services | - | 150.00 | Advance given for purchase of capital assets | 708.30 | 708.30 |
| | Advance Refund | - | 8.20 | | | |
| | Interest on Unsecured Loan | 113.06 | 147.41 | Interest | 44.24 | 225.26 |

| Name of related Parties | Nature of Transactions | Amount of Transactions (Rs. In Lacs) | | Outstanding Balances (Rs. In Lacs) | | |
|---|--|---|--------------------------|---------------------------------------|-------------------|-------------------|
| | | Year ended 31.03.11 | Period ended 31.03.10 | | As at 31.03.11 | As at 31.03.10 |
| | Interest Paid on Unsecured Loan | 294.08 | 25.94 | | | |
| | Unsecured Loan refund/transfer to Preference Share Application Money | 1075 | - | Unsecured Loans | - | 1075.00 |
| | 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. | 150.00 | - | Preference Share Application Money | 150 | - |
| | Guarantee received/(Satisfied) (Net) | (4375.86) | 4051 | Guarantee | 62830.56 | 67206.42 |
| Shubham Sugars Ltd. | Purchase of Sugar Cane | 7.52 | 21.80 | (Advance Recoverable)Creditors | (1.97) | 14.25 |
| Adharshila Capital Services Ltd. | Unsecured Loan Refund | - | 377.25 | | | |
| | Interest on Unsecured Loan | - | 21.51 | | | |
| | Interest Paid on Unsecured Loan | - | 21.51 | | | |
| | Investment Sold | - | 99.84 | | | |
| Pariksha Fin Invest Lease Ltd. | Unsecured Loan Refund | - | 172.25 | | | |
| | Interest on Unsecured Loan | - | 9.93 | | | |
| | Interest Paid on Unsecured Loan | - | 9.93 | | | |
| | Investment Sold | - | 99.84 | | | |
| G.M.Colonisers Pvt. Ltd. | Unsecured Loan Received | - | 1015.00 | Unsecured Loan | - | 458.00 |
| | Interest on Unsecured Loan | 64.86 | 60.27 | Interest | 27.85 | 18.62 |
| | Interest Paid on Unsecured Loan | 55.65 | 41.65 | | | |
| | Unsecured Loan refund/transfer to Preference Share Application Money | 458 | 557 | | | |
| | Allotment of Redeemable Preference Shares (Series -I) of Rs.100/- each at par | - | 1760 | | | |
| | Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each | 506 | - | | | |
| Sekhri Finance & Investment Pvt. Ltd. | Unsecured Loan Received | - | 955.00 | Unsecured Loan | - | 315.00 |
| | Interest on Unsecured Loan | 36.04 | 40.68 | Interest | 15.47 | 4.38 |
| | Interest paid on unsecured loan | 24.95 | 36.30 | | | |
| | Unsecured Loan refund/transfer to Preference Share Application Money | 315.00 | 640 | | | |
| | Allotment of Redeemable Preference Shares (Series -I) of Rs.100/- each at par | - | 600 | | | |
| | Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each | 335 | - | | | |
| New Castle Finance & Leasing Pvt. Ltd. | Allotment of Redeemable Preference Shares (Series -I) of Rs.100/- each at par | 150.00 | - | | | |

19. Auditors' Remuneration:

(Rs. in lacs)

| Particulars | Current Year | Previous Period (*) |
|---------------------------|--------------|---------------------|
| (a) As Statutory Auditors | 6.75 | 6.73 |
| (b) For Tax Audit | 0.50 | 0.50 |
| (c) For Taxation Matters | 0.30 | 0.30 |
| (c) For other Matters | 2.66 | 5.00 |
| Total | 10.21 | 12.53 |

(*) Rs. 0.50 lacs capitalized during the period

20. Remuneration to Directors (included under Schedule 16)

a) Managerial Remuneration:

(Rs. in lacs)

| Particulars | Managing Director | | Directors | |
|------------------|-------------------|-----------------|--------------|-----------------|
| | Current Year | Previous Period | Current Year | Previous Period |
| Remuneration | 39.00 | 51.25 | 9.51 | 11.82 |
| Perquisites | 0.93 | 2.90 | – | – |
| Sitting Fees | – | – | 4.90* | 5.60* |
| Total Rs. | 39.93 | 54.15 | 14.41 | 17.42 |

* Represents payment made to Non-Executive Independent Directors.

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

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

21. Earning per share (EPS)

(Rs. in lacs)

| Particulars | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|---|--------------------------|----------------------------|
| a) (Loss) attributable to the Equity Shareholders | (1457.68) | (4406.99) |
| Less: Preference Dividend as per Note B(2)(g) | 293.62 | 113.52 |
| Profit/(Loss) attributable to the Equity Shareholders | (1751.30) | (4520.51) |
| b) Weighted average number of equity shares outstanding | | |
| i) Basic: | | |
| Weighted average number of equity shares at the end | 25769000 | 25769000 |
| ii) Diluted | | |
| Weighted average number of shares as in b(i) | 25769000 | 25769000 |
| c) Paid up value of share | Rs. 10/- | Rs.10/- |
| d) Basic Earnings per share (Rs.) (a/bi) | (6.79) | (17.50) |
| e) Diluted Earnings per share (Rs.) (a/bii) | (6.79) | (17.50) |

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

A. Capacity & Production

| Products | Unit | *Capacity Installed (As certified by the management) | Unit | Production |
|--------------------------|----------------------------------|---|------------|--------------------------|
| Sugar | TCD (Tonnes crushing per day) | 23750 (23750) | (in Qtls.) | 2046675 (2433945) |
| Molasses (By Product) | | | (in Qtls.) | 1041553 (1300875) |
| Power | MW | 96 (81) | KWH | 131767770 (124646665) |

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

B. Stock and Sales

i) Manufactured Goods

(Rs. in lacs)

| Particulars | Unit | Opening Stock | | Closing Stock | | Sales | |
|-----------------|------|---------------------|------------------------|----------------------|------------------------|------------------------|------------------------|
| | | Qty | Value | Qty | Value | Qty | Value |
| Sugar | Qtls | 1580178 (814907) | 35774.95 (12208.40) | 1415750 (1580178) | 34492.55 (35774.95) | 2211103 (1668674) | 62382.65 (44745.07) |
| Molasses | Qtls | 426500 (187686) | 1471.42 (786.21) | 385039 (426500) | 1156.94 (1471.42) | 1083014 (1062061) | 3289.27 (4455.22) |
| Power | KWH | 750952 (–) | 31.04 (–) | 1032604 (750952) | 30.99 (31.04) | 51926404 (31678725) | 2086.68 (1176.94) |
| Total | | | 37277.41 | | 35680.48 | | 67758.60 |
| Previous Period | | | (12994.61) | | (37277.41) | | (50377.23) |

ii) Trading Goods

(Rs. in lacs)

| Particulars | Unit | Opening Stock | | Purchases | | Closing Stock | | Sales | |
|---------------------------------|-------------|---------------|----------|--------------|----------------|---------------|----------|--------------|----------------|
| | | Qty | Value | Qty | Value | Qty. | Value | Qty | Value |
| Sugar | Qtls (-) | - (-) | - (-) | 66666 (-) | 1806.65 (-) | - (-) | - (-) | 66666 (-) | 1979.98 |
| Total Previous Period | - (-) | - (-) | - (-) | 66666 (-) | 1806.65 (-) | - (-) | - (-) | 66666 (-) | 1979.98 (-) |

NOTES:

- Sales appearing in the Profit & Loss Account also include sale of Bagasse Rs. 831.28 Lacs (Previous Period Rs. 481.85 Lacs), sale of Bio Fertilizer Rs. 7.12 Lacs (Previous Period Rs. 176 Lacs) and other sale Rs. 14.12 Lacs (Previous Period Rs. 14.63 Lacs). Sales quantity of Molasses includes wastage of 4893 Qtls. (Previous period 311 Qtls.)
- Production and stock of Sugar includes Brown Sugar.(BISS). Production of Power includes captive consumption/import against power banked of 79559714 KWH (Previous Period 92216985 KWH) and Stocks of Power represent power banked.
- Value has been Rounded-Off to the nearest lacs rupee and the quantities have been Rounded-off to the nearest Qtl.
- Closing Stock of By Products as appearing in Balance Sheet and Profit & Loss Account include stock of Bagasse Rs. 280.98 Lacs (Previous Period Rs. 720.13 Lacs) and stock of Bio-Fertilizer Rs. 47.03 Lacs (Previous Period Rs. 236.69 Lacs) and others Rs. 100.31 Lacs (Previous Period Rs. 59.92 Lacs)

C. Raw Material Consumed:

(Rs. in lacs)

| Particulars | Unit | Quantity | Value |
|---------------------------------|-------|------------------------|------------------------|
| Sugar Cane | Qtls. | 20022252 (25251298) | 44804.75 (59223.23) |
| Raw Sugar | Qtls. | 171855.50 (92524) | 4893.76 (3283.25) |
| Total Previous Period | | | 49698.51 (62506.48) |

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

| Particulars | Sugar Cane | | Raw Sugar | | Stores & Spares | |
|---------------------------------|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
| | Value (Rs. in lacs) | Percentage % | Value (Rs. in lacs) | Percentage % | Value (Rs. in lacs) | Percentage % |
| Imported | - (-) | - (-) | - (1296.35) | - (25.14) | - (-) | - (-) |
| Indigenous | 44804.75 (59223.23) | 100 (100) | 4893.76 (1986.90) | 100 (74.86) | 1178.00 (1275.68) | 100 (100) |
| Total Previous Period | 44804.75 (59223.23) | 100 (100) | 4893.76 (3283.25) | 100 (100) | 1178.00 (1275.68) | 100 (100) |

E. Expenditure in Foreign Currency:

(Rs.in lacs)

| | |
|--------------------|------------------|
| Foreign Travelling | 10.52 (18.04) |
|--------------------|------------------|

- After considering sufficient availability of raw materials and the sugar inventory available with the company for disposal as well as capacity of power, resulting into de-risking of the business operations, the management is confident that there is virtual certainty that sufficient future taxable income will be available against which deferred tax asset on account of unabsorbed business loss amounting to Rs. 4765.11 lacs will be realized in the normal course of business. However, the management, out of abundant caution, has decided to restrict recognition of deferred tax assets on account of unabsorbed business loss during the Year.
- The figures for the current year comprises twelve months whereas the corresponding previous period figures are for a period of fifteen months from 1st January 2009 to 31st March 2010, as such not comparable. The previous period figures have been re-arranged, regrouped and reclassified wherever necessary.
- The Other information as required under Paragraphs 3,4 and 4-D of Part-III of Schedule VI of the Companies Act, 1956 not given being either Nil or Not Applicable.

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

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

| | | |
|--|-----------------------|--------------|
| I. Registration Details: | | |
| Registration No. | L99999UR1993PLC032518 | |
| State Code | Uttarakhand | |
| Balance Sheet Date | 31-03-2011 | |
| II. Capital raised during the Year: | | |
| | (Rs. in lacs) | |
| Public Issue | NIL | |
| Right Issue | NIL | |
| Bonus Issue | NIL | |
| Private Placement | 2682.50 | |
| III. Position of Mobilization and Deployment of Funds: | | |
| Total Liabilities | 92981.69 | |
| Total Assets | 92981.69 | |
| Sources of Funds: | | |
| Paid-up Capital | 9419.40 | |
| Reserves & Surplus | 15611.03 | |
| Preference Share Application Money | 150.00 | |
| Secured Loans | 66833.52 | |
| Unsecured Loans | 818.84 | |
| Deferred Tax Liability (Net) | 148.90 | |
| Application of Funds: | | |
| Net Fixed Assets | 56541.20 | |
| Net Current Assets | 28911.28 | |
| Miscellaneous Expenditures | 1.95 | |
| Profit & Loss Account | 7527.26 | |
| IV. Performance of Company: | | |
| Turnover (including other Income) | 71026.61 | |
| Total Expenditures | 71766.28 | |
| Loss Before Tax | (739.67) | |
| Loss After Tax | (1457.68) | |
| Earning Per Share (Rs.) | (6.79) | |
| Dividend Rate % | - | |
| V. Generic Names of Principal Products/Services of Company: | | |
| (as per monetary terms) | | |
| Item Code No. (ITC Code) | 1701.11 | N.A. |
| Product Description | White Sugar | Cogeneration |

27. Schedule 1 to 19 has been duly authenticated.

For and on Behalf of the Board

AS PER OUR REPORT OF EVEN DATE

For B.K.Kapur & Co.

Firm Registration Number 000852C

Chartered Accountants,

(RAJ KUMAR ADLAKHA)

Managing Director

(RANJAN ADLAKHA)

Director

(G.RAMARATHNAM)

*Chief-Legal and Corporate Affairs
& Company Secretary*

(M.S.KAPUR) F.C.A.

*Partner
M. No. 74615*

(V.S.TANDON)

Director

(SANJAY BHANDARI)

Chief Financial Officer

Place : Noida

Dated : May 27th 2011



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 16th Annual General Meeting held on 11th August, 2011 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.....
ofor failing him.....
of.....or failing him.....
of.....as my/our proxy to attend and vote for me/ us/ on
my / our behalf at the 16th Annual General Meeting of the Company to be held at Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand - 247667 on 11th August, 2011 at 12.00 Noon and at any adjournment thereof.

Signed this.....day of.....2011

**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

