

13th Annual Report 2006-2007

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to excel
the determination
to **deliver**

Report

to

deliver



Uttam Sugar Mills Limited

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Uttam Sugar Mills Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Raj Kumar Adlakha (Chairman & Managing Director)
Rajan Adlakha
Ranjan Adlakha
V.S. Tandon
N.K. Sawhney
R. Vasudevan
P.S. Lalli

REGISTERED OFFICE

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

FACTORIES

Unit - 1 :
 Village Libberheri, Tehsil Roorkee,
 District Haridwar, Uttarakhand - 247667
 Tel. : 01332 - 229193,
 Fax : 01332 - 229194

CORPORATE OFFICE

A-2E, 3rd Floor, C.M.A. Tower, Sector – 24,
 Noida – 201 301 (U.P.)
 Tel. : 0120 - 2412716 - 18, 2412722 - 26
 Fax : 0120 - 2412715
 E-mail : usmlnoi@sancharnet.in

Unit – 2 :

Village Barkatpur,
 Tehsil Nazibabad
 District Bijnor (U.P.)
 Tel. : 01342 - 286028,
 Fax : 01342 - 286027

AUDITORS

B.K. Kapur & Co.
 Chartered Accountants

Unit – 3 :

Village Khaikheri,
 Tehsil & District Muzaffarnagar (U.P.)
 Tel. : 09760002977

CHIEF - LEGAL AND CORPORATE AFFAIRS &

COMPANY SECRETARY

G. Ramarathnam

Unit – 4 :

Village Shermou,
 Tehsil Nakur,
 District Saharanpur (U.P.)
 Tel. : 01331 - 292080

BANKERS

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



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NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the members of Company will be held at the registered office of the company at Village Libberehri, Tehsil Roorkee, Distt. Haridwar Uttarakhand on Friday the 29th day of February, 2008 at 12.00 Noon to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2007, 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. N.K. Sawhney, 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, the following resolution as an **ORDINARY RESOLUTION** :-

“RESOLVED THAT Mr. Prabhakaran Singh Lalli, who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 28th March, 2007 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation.”

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

“RESOLVED THAT in partial modification of the previous resolutions dated 22nd March, 2002 , 18th October, 2004 and 8th July 2005 passed in this behalf, consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and/or movable properties of the Company, wheresoever situate both present and future and/or whole or substantially the whole of the undertaking(s) of the Company, to or in favour of any public financial institutions, Banks, Central Government, State Governments or any other Lending Institutions participating in extending financial assistance, to secure any term loans, working capital facilities, debentures or any other type of financial assistance, not exceeding Rs. 1250 Crores (Rupees One Thousand Two Hundred Fifty Crores Only) lent and advanced/ agreed to be lent and advanced by them, together with interest, compound interest, additional interest, liquidated damages, premia on pre-payment or on redemption, costs, charges, expenses or monies payable by the Company to them under loan agreements/letters of sanction/debenture trust deed etc”.

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

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



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

“RESOLVED THAT in partial modification of the earlier resolutions passed by the Company in its Extraordinary General Meetings of the Members of the Company held on 7th November, 2000 , 1st September, 2001, 18th October 2004 and 8th July 2005, consent of the company be and is hereby accorded to the Board of Directors of the company pursuant to Sec. 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money, from time to time, at its discretion either from the Company’s Bank or any other Banks, Financial Institution, Central Government, State Government, Body Corporate or any other Lending Institution on such terms and conditions as may be considered suitable by the Board of Directors, notwithstanding that the money(s) to be borrowed together with the moneys already borrowed by the company (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes; provided however the total amount so borrowed shall not exceed Rs. 1000 Crores (Rupees One Thousand Crores Only).”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board of Directors to be in the best interests of the Company”.

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

“RESOLVED THAT pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, and Articles of Association of the Company, the Authorised Share Capital of the Company be increased from Rs. 30,00,00,000 (Rupees Thirty Crores only) to Rs. 40,00,00,000 (Rupees Forty Crores Only) divided into 4,00,00,000 Equity Shares of Rs. 10/- each by creation of 1,00,00,000 Equity Shares of Rs. 10/- each ranking pari-passu with the existing equity shares of the Company.”

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

Clause V

The Authorised Share Capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores only) divided into 4,00,00,000 (Four Crores) Equity Share of Rs. 10/- (Rupees Ten) each.

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

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Reserve Bank of India, if required, and such other approvals, permissions and sanctions required by law and subject to such conditions and modifications as may be considered necessary, proper or expedient by the Board of Directors of the Company or as may be prescribed, in granting the said consent, approvals, permissions and sanctions, and which are agreed to by the Board and any other relevant provisions and sanctions of law and guidelines issued by the Government of India, Securities and Exchange Board of India (SEBI) and/or such other provisions, permissions and sanctions as may be necessary and subject to such conditions, stipulations, variations and modifications as may be in the guidelines or by any authorities in granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board to issue and allot at any one time or from time to time out of the Capital of the Company, either in one or more tranches , upto 1,40,00,000 (One Crore Forty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each for cash at par or premium, on such terms and conditions and to such persons whether shareholders of the Company or not, as the Board may deem proper.”

“RESOLVED FURTHER THAT the aforesaid issue of equity shares shall rank pari passu with existing Equity Shares of the Company .”

“FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things



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and accept any alteration(s) or modification(s) as they may deem fit and proper and to give such directions as may be necessary to settle any question or difficulty that may arise in regard to the issue and allotment of the said equity shares, including the power to allot the unsubscribed equity shares, if any, in such manner as may appear to the Board of Directors to be most beneficial to the Company.”

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

Place : Noida
Date : 31st January, 2008

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

NOTES:

1. Explanatory Statement setting out all material facts relating to special business contained in item Nos. 5 to 9, as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of this meeting. A proxy shall not vote except on a poll. A proxy form is appended with the admission slip.

Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

3. The Register of Members and the Share Transfer Books of the company will remain closed from 25th February, 2008 to 29th February, 2008 (both days inclusive).
4. Members are requested to bring their copies of Annual Report in the AGM.
5. Any query relating to Accounts must be sent to Company's Corporate Office A-2E 3rd Floor, C.M.A. Tower Sector -24, Noida (U.P.) at least 10 days before the date of the meeting.
6. Members are informed that in the case of joint holders attending the meeting, only such joint holder whose name appears first in the order will be entitled to vote.
7. Members / Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
8. Members are requested to always quote their Folio No./ Client ID & DP ID in all correspondence with the Company's Registrars and the Company. Members are also requested to notify any change of address to their Depository Participants. Members are requested to send all communications relating to shares to the Registrar and Share Transfer Agent of the Company at the following address :-

Intime Spectrum Registry Limited
A-40, 2nd Floor, Naraina Industrial Area,
Phase - II, New Delhi - 110 028.
Tel. :- 011-41410592-93, Fax : 011-41410591

Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking reappointment at the forthcoming Annual General Meeting

1. Mr. Ranjan Adlakha

Mr. Ranjan Adlakha, aged 44 years, has an overall experience of about 23 years in managerial capacity. He is the Managing Director in Uttam Industrial Engineering Ltd., one of the Promoter company.

Directorship held in other Companies

- 1) Uttam Industrial Engg. Ltd.



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- 2) Uttam Sucrotech Ltd.
- 3) Uttam Distilleries Ltd.
- 4) Mansinghgroup Hotels & Resorts Ltd
- 5) The Standard Type Foundry Pvt. Ltd.
- 6) Uttam Car Wash Pvt. Ltd.
- 7) Uttam Properties Pvt. Ltd.
- 8) Shree Uttam Colonisers Pvt. Ltd.
- 9) Shubham Sugars Ltd.
- 10) Idea Engineering Pvt. Ltd.
- 11) Uttam Lifestyle Hotels Pvt. Ltd.
- 12) Janak Handicap Agencies Pvt. Ltd.
- 13) Deepjyoti Electronics Pvt. Ltd.
- 14) Kailash Automobiles Pvt. Ltd.
- 15) Autocare Mart Pvt. Ltd.
- 16) JPC Apparels Pvt. Ltd.
- 17) JPC Mercantiles Pvt. Ltd.
- 18) Idea Pacific Pty. Ltd.

Membership in committees in other Companies

Nil

Shareholding in the Company

858940 Equity Shares

2. **Mr. N.K. Sawhney**

Mr. N.K. Sawhney aged 65 years, is an Engineer and a Qualified B.Tech (IIT), ANSI (Tech.) and MBA. He has an overall experience of over 37 years with various industries in senior positions. Presently, he is serving as Advisor to the IFFCO Foundation, New Delhi. He retired as the Executive Director of National Co-operative Development Corporation (NCDC) after serving for 18 years. He served as a manager in IFCI Limited during 1973-79. He has also worked with companies like Triveni Engg, Daurala Sugars of DCM and Ganga Sugar Corporation Ltd.

Directorship held in other Companies

Nil

Membership in committees in other Companies

Nil

Shareholding in the Company

Nil

3. **Mr. Prabhkaran Singh Lalli**

Mr. P.S. Lalli aged 28 years is one of the founding partner of SLK & Associates, a Legal Firm based in New Delhi. Mr. P.S. Lalli obtained his basic Law Degree in India with high honours. He then pursued his Masters in Law at the Oxford University with specialization in areas like Competition Law, Banking and Finance, International dispute settlement, WTO dispute settlement etc. After his return to India he was one of the founding members to set up the above mentioned Legal Firm to provide legal services in India on par with global standards.

Mr. Lalli is practicing in High Court, District Court and appeared in the Supreme Court of India and other Quasi-Judicial Bodies/ Tribunals like D.R.T., B.I.F.R., A.A.I.F.R., C.A.T. etc.

Directorship held in other Companies

Nil



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Membership in committees in other Companies

Nil

Shareholding in the Company

Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED AND FORMING PART OF THE NOTICE DATED 31ST DECEMBER, 2007

Item No. 5

Mr. Prabhkaran Singh Lalli was appointed on 28.03.2007 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Prabhkaran Singh Lalli as Director of the Company.

The Board also considers that it would be in the interest of the Company to have Mr. Prabhkaran Singh Lalli on the Board of the Company for his valuable contribution and members are requested to pass the said resolution as an Ordinary resolution.

None of the Director except Mr. Prabhkaran Singh Lalli is concerned or interested in this resolution.

Item No. 6

The shareholders of the Company have already authorised the Board of Directors under section 293(1)(a) of the Companies Act, 1956 to mortgage and/or charge the assets for the banking/ credit facilities upto limit of Rs. 750 Crores. In view of the likely increase in the borrowings from the Banks/ Financial Institutions/ Sugar Development Fund and other lenders which would be required to be secured by way of mortgaging / charging in favour of the lenders over the Company's movable and/or immovable properties, present and future, the said limits need to be increased to Rs. 1,250 Crores (Rupees One Thousand Two Hundred Fifty Crores Only). The consent of the members is, therefore, required by way of an Ordinary Resolution under section 293(1)(a) for mortgaging/ charges the assets of the Company.

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

Item No. 7

The shareholders of the Company have already authorised the Board of Directors under section 293(1)(d) of the Companies Act, 1956 to borrow monies upto to Rs. 500 Crores. In the context of the on going expansion/ diversification plan in respect of sugar cane crushing capacity, ethanol project, co-generation of power, it is felt that the total borrowings of the Company could exceed the limit fixed by the shareholders. The consent of the members is, therefore, required by way of an Ordinary Resolution under section 293(1)(d) of the Companies Act, 1956 to modify the authorisation to borrow monies to the extent of Rs. 1,000 Crores (Rupees One Thousand Crores Only).

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

Item No. 8

At present the Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs. 10/- each. To facilitate issue of further capital as and when required, it is considered desirable to increase the Authorised Capital from Rs. 30,00,00,000/- (Rupees Thirty Crores only) to Rs. 40,00,00,000/- (Rupees Forty Crores only) .

Amendment of Clause V of the Memorandum of Association as set out in item No. 8 of the notice is consequential. Your approval is also sought to the proposed resolution. The Directors recommend adoption of the aforesaid resolution.

None of the Directors of the Company is interested in the resolution.



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Item No. 9

The Company is in the process of expansion/ diversification in respect of sugar cane crushing capacity, ethanol project, co-generation of power. In order to part fund the capital expenditure involved in expansion/diversification, it is proposed to raise the funds through issue of securities as described in the resolution, in one or more tranches, in such form, on such terms, in such manner, at such price or prices and at such time as may be considered appropriate by the Board, to various categories of investors in the domestic/ international market over the next few years.

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the Issued/ Subscribed Capital of a Company by allotment of further shares, such further shares shall be offered to persons who, on the date of the offer, are holders of the equity shares of the Company in proportion to the capital paid-up on that date, unless the shareholders in a General Meeting decide otherwise. The listing agreements executed by the Company with the various Stock Exchanges also provide that the Company shall, in the first instance, offer all securities for subscription pro rata to the existing equity shareholders unless the shareholders in a General Meeting decide otherwise. Hence, consent of the shareholders is sought to authorise the Board of Directors, as set out in the Resolution at Item No. 9, to issue in one or more tranches the securities referred to therein to person/entities, whether shareholders of the Company or not, on a private placement basis or otherwise.

The equity shares on issue shall rank in all respects pari passu with the existing equity shares of the Company.

The proposed issue is in the interest of the Company and your directors recommend the resolution for acceptance. None of the Directors is interested in the resolution.

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

Place : Noida
Date : 31st January, 2008

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



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DIRECTOR'S REPORT

The Shareholders of the Company,

Your Directors take pleasure in presenting their Thirteenth Annual Report together with the audited accounts for the year ended 30th September 2007.

FINANCIAL RESULTS

The financial results of the Company for the year ended on 30th September 2007 are as under:-

(Rs. in Lacs)

Details	Year ended 30.09.2007	Year ended 30.09.2006
Net Sales	27886.56	21454.90
Profit/ (Loss) before Depreciation and Tax	(1118.08)	4123.77
Depreciation	(1888.83)	(983.10)
Profit/ (Loss) before Tax	(3006.91)	3140.67
Provision for taxation:		
Current Tax	—	(287.03)
Less MAT credit	—	257.07
Deferred Tax	330.47	(815.58)
Fringe Benefit Tax	(30.77)	(19.79)
Profit/ (Loss) after taxation	(2707.21)	2275.35
Balance brought forward from Previous Year	5420.35	3145.00
Less : Income Tax for earlier year	—	—
Surplus transferred to Balance Sheet	2713.14	5420.35

REVIEW OF OPERATIONS

During the Financial Year 2006-07, your Company crushed 216.72 lacs of qtls of cane and produced 21.35 lacs of qtls of sugar at a recovery rate of 9.86% as compared to 112.39 lacs of qtls of cane crushed and 11.12 lacs of qtls of sugar produced for the previous Financial Year 2005-06. During the year under review, two new Green field sugar plants at Shermau, District Saharanpur (U.P.) and Khaikheri, District Muzaffarnagar (U.P.), have been commissioned with an installed capacity of 5000 TCD and 4500 TCD respectively.

DIVIDEND

In view of the unfavorable performance, your Directors are not in a position to recommend any dividend for the financial year 2006-07.

SHIFTING OF REGISTERED OFFICE

Registered Office of the Company has been shifted from 7C, 1st Floor, 'J' Block Shopping Centre, Saket, New Delhi – 110 017 to Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand with effect from 2nd November, 2007, pursuant to Section 17 read with Section 146 and other applicable provisions of the Companies Act, 1956 as approved by Company Law Board order dated 26th day of October, 2007, confirming the alteration in Clause II of the Memorandum of Association of the Company.

FUTURE OUTLOOK

The Financial Year 2006-07 was not good for the Sugar Industry as a whole. Your Company was no exception despite best efforts to improve the operations of the factories. The depressed sugar market due to high production of about 28 Million MT for the season caused steep fall in the selling price of the sugar. After taking into account consumption, there was a huge carry forward of stocks. The Central Government banned export of sugar some time in July, 2006 which was an unwarranted action when the international price of sugar was favorable. This action on the part of the Central Government resulted in building larger inventory with the consequential impact