



Draft Letter of Offer
November 28, 2011
For Equity Shareholders of the Company only

UTTAM SUGAR MILLS LIMITED

(The Company was incorporated as Associated Sugar Mills Limited on October 04, 1993 under the Companies Act, 1956 and received the Certificate of Commencement of Business on April 08, 1994 from the Registrar of Companies, NCT of Delhi & Haryana. The name of our Company was changed to Uttam Sugar Mills Limited w.e.f. November 24, 1998. The Corporate Identification Number of the Company is L99999UR1993PLC032518.

Registered Office: Village Libberheri, Roorkee, District Haridwar - 247 667 (Uttarakhand)
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FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. [●] PER EQUITY SHARE (I.E. AT AN ISSUE PRICE OF RS. [●] PER EQUITY SHARE) AGGREGATING TO AN AMOUNT NOT EXCEEDING RS. 2750 LACS TO THE EXISTING EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] EQUITY SHARES HELD BY THE SHAREHOLDERS ON THE RECORD DATE, I.E., [●], ALONG WITH [●] DETACHABLE OPTION WARRANTS (REFERRED TO AS "WARRANTS") FOR EVERY [●] EQUITY SHARE OFFERED ("ISSUE"). THE ISSUE PRICE OF EQUITY SHARES IS [●] TIMES OF THE FACE VALUE OF RS. 10/- PER EQUITY SHARE.

EACH WARRANT SHALL BE ENTITLED TO ISSUE AND ALLOTMENT OF ONE EQUITY SHARE OF FACE VALUE RS. 10/- EACH AT A PREMIUM. FOR DETAILS REFER TO THE SECTION TITLED "OFFERING INFORMATION" ON PAGE NO. 175 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Offering. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Offer including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to the "Risk Factors" given on page no. 8 of this Draft Letter of Offer before making an investment in this Offer.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has received "in-principle" approvals from NSE & BSE for listing of securities being offered through this Draft Letter of Offer vide their letters dated [●] and [●], respectively. For the purpose of this Issue, the Designated Stock Exchange is NSE.



| LEAD MANAGER TO THE ISSUE | | REGISTRAR TO THE ISSUE | |
|--|---|--|--|
| <div style="text-align: center;">  <p>Corporate Professionals WHERE EXCELLENCE IS LAW</p> </div> <p>CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED D-28, South Extn. Part 1, New Delhi - 110049 Contact Person: Mr. Manoj Kumar/Ms. Ruchi Hans Ph.: 91-11-40622228/51 Fax: 91-11-40622201 Email: manoj@indiap.com / ruchi@indiap.com Website: www.corporateprofessionals.com SEBI Regn. No: INM000011435</p> | | <div style="text-align: center;">  <p>LINK INTIME INDIA PVT LTD</p> </div> <p>LINK INTIME INDIA PRIVATE LIMITED C - 13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai - 400 078 Tel: +91 22 2596 0320 Fax: +91 22 2596 0329 Toll Free: 1-800-22-0320 E-mail: usml.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Pravin Kasare SEBI Regn. No: INR 000004058</p> | |
| Issue Programme | | | |
| Issue Opens on | Last Date for Request for Split Application Forms | Issue Closes on | |
| [●] | [●] | [●] | |

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DEFINITIONS AND ABBREVIATIONS

Conventions / General Terms

| Term | Description |
|-------------------------------------|--|
| Act or Companies Act | The Companies Act, 1956, as amended from time to time |
| AGM | Annual General Meeting |
| BIFR | Board for Industrial and Financial Reconstruction |
| BSE | Bombay Stock Exchange Limited |
| CARO | Companies (Auditors' Report) Order, 2003 |
| CDSL | Central Depository Services (India) Limited |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Depository / Depositories | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL |
| Depository Participant / DP | A depository participant as defined under the Depositories Act |
| ECS | Electronic Clearing System |
| EGM | Extraordinary General Meeting |
| EPS | Earnings per Equity Share |
| Equity Shares or Shares | Equity shares of the Company of face value of Rs.10/- each unless otherwise specified in the context thereof |
| FCNR Account | Foreign Currency Non Resident Account |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed hereunder |
| FII/ Foreign Institutional Investor | Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India |
| FIPB | Foreign Investment Promotion Board |
| FIs | Financial Institutions |
| HUF | Hindu Undivided Family |
| I.T. Act | The Income Tax Act, 1961, as amended from time to time |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IRR | Internal rate of return |
| NAV | Net Asset Value |
| Non Residents | All Bidders who are not NRIs or FIIs and are not persons resident in India |
| NRE Account | Non Resident External Account |
| NRI / Non Resident Indian | A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| PAN | Permanent Account Number |
| RBI | Reserve Bank of India |
| ROC | Registrar of Companies |
| RONW | Return on Net Worth |
| SCRR | Securities Contracts (Regulations) Rules, 1957 as amended from time to time |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI ICDR Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI effective from August 26, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time, including instructions and clarifications issued by SEBI from time to time. |

Issue Related Terms

| Term | Description |
|---|--|
| Allotment / Allot | Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue |
| Allottee | The successful applicant to whom the Equity Shares are being / or have been issued |
| Application Supported by Blocked Amount/ ASBA | The application (whether physical or electronic) used by the investors to make a Bid authorizing the SCSB to block the Bid Amount in their specified bank account maintained with the SCSB |
| ASBA Investor | An applicant who: (a) holds the shares of the Company in dematerialized form as on the record date and has applied for entitlements and / or additional shares in dematerialized form; (b) has not renounced his / her entitlements in full or in part; (c) is not a renouncee; (d) is applying through a Bank account maintained with SCSBs. |
| Banker(s) to the Issue | The Bank with which the Account for the Rights issue will be opened and which acts as such, in terms of this Draft Letter of Offer |
| CAF | Composite Application Form |
| Controlling Branches | Such Branches of SCSB which co-ordinates applications under the Issue by the ASBA Investor with the Registrar to the Issue and the Stock Exchanges and the list of which is available at http://www.sebi.gov.in/ . |
| Designated Branches | Such branches of the SCSBs which shall collect CAF from ASBA investor and a list of which is available on http://www.sebi.gov.in/ |
| Designated Stock Exchange | The Designated Stock Exchange for this Issue shall be NSE |
| Draft Letter of Offer | The Draft Letter of Offer dated November 28, 2011 filed with SEBI. |
| Equity Shares | Equity shares of the Company of face value of Rs.10 each, unless otherwise specified in the context thereof. |
| Issue / Rights Issue | Issue of [●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share for cash aggregating to Rs. [●] to the existing shareholders on rights basis in the ratio of [●] equity share for every [●] equity shares held by the shareholders on the record date i.e. [●] along with [●] Detachable Option Warrants (referred to as “Warrants”) for every [●] equity share offered (“issue”). The issue price of equity shares is [●] times of the face value of rs. 10/- per equity share. For details refer to the section titled “Offering Information” on page no. 175 of this Draft Letter of Offer. |
| Issue Closing Date | [●] |
| Issue Opening Date | [●] |
| Issue Price | Rs. [●] per equity share. |
| Investor | Shall mean the Equity Shareholders and Renouncees |
| Lead Manager / LM | Corporate Professionals Capital Private Limited |
| Letter of Offer | Letter of Offer dated [●] as filed with the Stock Exchanges after incorporating SEBI comments on the Letter of Offer |
| Promoters and Promoter Group | Raj Kumar Adlakha, Rajan Adlakha, Ranjan Adlakha, Uttam Industrial Engineering Limited, Uttam Sucrotech Limited, Lipi Boilers Limited, Uttam Adlakha & Sons Holdings Private Limited (formerly known as G M Colonisers Pvt Ltd.) , New Castle Finance & Leasing Pvt Ltd, Shubham Sugars Ltd, Bharat Adlakha, Saieesha Adlakha, Sonia Adlakha, Raj Kumar Adlakha Karta of R K Sons HUF, Shomna Adlakha, Jai Adlakha, Rajni Babbar, Ranjana Chopra, Balram Adlakha and Shanta |
| Record Date | [●] |
| Registrar / Registrar to the Issue | Registrar to the Issue, in this case being Link Intime India Private Limited |
| Renouncees | Shall mean the person who have acquired rights entitlements from Equity |

| Term | Description |
|--------------------|---|
| | Shareholders |
| Rights Entitlement | Being [●] equity shares of Rs. 10/- each for every [●] equity share held as on the Record Date i.e. [●] along with [●] detachable option warrants (referred to as “warrants”) for every [●] equity share offered |
| SAF | Split Application Form |
| Stock Exchanges | NSE and BSE, collectively |
| SCSB | The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/ . |

Company / Industry Related Terms

| Term | Description |
|---|--|
| Uttam Sugar Mills Limited / USML / We / Us / the Company / Our Company / the Issuer | Unless the context otherwise indicates or implies refers to Uttam Sugar Mills Limited. |
| Auditors | The statutory auditors of our Company M/s B K Kapur & Company, Chartered Accountants |
| Board / Board of Directors | The Board of Directors of Uttam Sugar Mills Limited |
| Bagasse | A fibrous residue obtained after the crushing and extraction of juice from sugarcane |
| Cogeneration / Co-generation | Cogeneration of Power implies generation of power from by-product i.e. bagasse while main operations of the Company are different from power generation. |
| Compliance Officer | Compliance Officer of the Company in this case, Mr. G Ramarathnam, Chief-Legal and Corporate Affairs & Company Secretary |
| CDR | Corporate Debt Restructuring |
| CDR-EG | Corporate Debt Restructuring – Empowered Group |
| Director(s) | Director(s) of our Company unless otherwise specified |
| Ethanol | Ethyl alcohol produced from fermentation of Molasses |
| Fuel Ethanol | Dehydrated ethyl alcohol, which contains at least 99.5% ethyl content. This is used for blending in petrol |
| ISMA | Indian Sugar Mills Association |
| KLPD | Kilo litre Per Day |
| KWH | Kilo Watt Per Hour |
| MOA / Memorandum / Memorandum of Association | The Memorandum of Association of Uttam Sugar Mills Limited |
| Molasses | A thick liquid residue of sugar manufacturing process, which still contains sugar, which cannot be crystallized |
| MT | Metric Tonne |
| MW | Mega Watt |
| ROC | Registrar of Companies, Uttarakhand, Nainital |
| Registered Office of the Company | Registered office of the Company situated at Village Libberheri, Roorkee, District Haridwar - 247 667, Uttarakhand |
| SAP | State Advised Price |
| SDF | Sugar Development Fund |
| SMP | Statutory Minimum Price |
| SY (Sugar Year) / SS (Sugar Season) | Sugar Year, being a period of twelve months ending September 30 of a particular year |
| TCD | Tonnes Crushed Per Day |
| TPD | Tonnes Per Day |

Abbreviations

| Term | Description |
|-------------|---|
| AS | Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006 |
| AY | Assessment Year |
| BPLR | Bank's Prime Lending Rate |
| BSE | Bombay Stock Exchange Limited |
| CDSL | Central Depository Services (India) Limited |
| CAGR | Compound Annual Growth Rate |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CIN | Corporate Identification Number |
| DGTD | Director General of Technical Development |
| DIN | Director Identification Number |
| D/E Ratio | Debt Equity Ratio |
| DP | Depository Participant |
| EAI | Equated Annual Installments |
| EMI | Equated Monthly Installments |
| EPS | Earnings Per Share |
| EQI | Equated Quarterly Installments |
| FCCB | Foreign Currency Convertible Bonds |
| FDI | Foreign Direct Investment |
| HUF | Hindu Undivided Family |
| INR / Rs. | Indian Rupees |
| IDBI | IDBI Bank Limited |
| IPO | Initial Public Offer |
| IOB | Indian Overseas Bank |
| MAT | Minimum Alternate Tax |
| MMT | Million Metric Tonnes |
| NAV | Net Asset Value |
| NRE Account | Non Resident External Account |
| NRO Account | Non Resident Ordinary Account |
| NSE | National Stock Exchange of India Limited |
| OBC | Oriental Bank of Commerce |
| P.A | Per Annum |
| PAN | Permanent Account Number |
| PNB | Punjab National Bank |
| P/E Ratio | Price/Earnings Ratio |
| Qtls. | Quintals |
| RBI | The Reserve Bank of India |
| RTGS | Real Time Gross Settlement |
| SBI | State Bank of India |
| TAN | Tax deduction Account Number |
| U.P. | Uttar Pradesh |
| UPERC | Uttar Pradesh Electricity Regulatory Commission |
| UPPCL | Uttar Pradesh Power Corporation Limited |
| UPCL | Uttarakhand Power Corporation Limited |
| WC | Working Capital |

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Draft Letter of Offer and the issue of our Rights Issue Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Issue Equity Shares on a rights basis to its Rights Equity Shareholders, and will dispatch the Letter of Offer, the Offering Memorandum and CAF to overseas shareholders who have an Indian address and QIBs who have provided to our Company (and from whom our Company has accepted) a duly executed Investor Representation Letter. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer, the Offering Memorandum and the CAF, shall not be sent the Letter of Offer, the Offering Memorandum and the CAF.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with the SEBI for observations. Accordingly, the Rights Issue Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the issue of the Rights Issue Equity Shares or the Rights Entitlements, distribute or send the Draft Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. A shareholder shall not renounce his entitlement to any person resident in the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Draft Letter of Offer.

The contents of the Draft Letter of Offer and the Offering Memorandum should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Entitlements or Rights Issue Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Entitlements or Rights Issue Equity Shares. In addition, neither our Company nor any Lead Manager is making any representation to any offeree or purchaser of the Rights Entitlements or Rights Issue Equity Shares regarding the legality of an investment in the Rights Entitlements or Rights Issue Equity Shares by such offeree or purchaser under any applicable laws or regulations.

CURRENCY OF FINANCIAL PRESENTATION

In this Draft Letter of Offer, unless the context otherwise requires, all references to the word “lakh” or “lac” means “one hundred thousand”, the word “ten lakh” means “one million”, the word “crore” means “ten million”, the word “billion” means “one thousand million” and the word “trillion” means one thousand billion”. In this Draft Letter of Offer, any discrepancies in any table between the total and the sum of the amounts listed may be due to rounding off.

Throughout this Draft Letter of Offer, all the figures have been expressed in Rupees in Lakh, except when stated otherwise. All reference to “Rupees” and “Rs.” in this Draft Letter of Offer are to the legal currency of India.

Unless stated otherwise, the financial information given in this Draft Letter of Offer is derived from the audited financial statements as for the financial year ended March 31, 2011 and March 31, 2010 approved by the Board of Directors at their meeting held on May 27, 2011 and June 29, 2010 respectively and Unaudited Financial Statements for six months period ended September 30, 2011 and September 30, 2010 subjected to limited review conducted by the Statutory Auditors, M/s B K Kapur & Company, Chartered Accountants in accordance with Indian GAAP and the Companies Act, 1956 and approved by the Committee of the Board of Directors at their meeting held on November 28, 2011 after making such regroupings as considered appropriate.

For additional definitions used in this Draft Letter of Offer, see the section Definitions and Abbreviations on page 1 of this Draft Letter of Offer. In the section entitled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

USE OF MARKET DATA

Unless stated otherwise, market data used throughout this Draft Letter of Offer has been obtained from industry publications and Government sources. Industry publication and other website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in this Draft Letter of Offer is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS

We have included statements in this Draft Letter of Offer which contain words or phrases such as “will”, “may”, “aim”, “is likely to result”, “believe”, “expect”, “continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- Pricing and availability of sugarcane;
- Volatility in the sale price of sugar and by-products;
- General economic conditions;
- Changes in political and social conditions in India;
- The outcome of legal or regulatory proceedings that we are or might become involved in;
- Contingent liabilities, environmental problems and uninsured losses;
- Developments affecting the Indian economy;
- Uncertainty in global financial markets.
- Natural Calamities

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors” of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither us nor the Lead Managers nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges requirements, we and Lead Managers shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

Any investment in Equity Shares involves a high degree of risk and so you should carefully consider all of the information in this Draft Letter of Offer including the risks and uncertainties described below before you make an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors. We have numbered the risk factors to facilitate ease of reading and reference, and such numbering should not indicate the importance, relative or otherwise, of any risk factor over another.

Investors are advised to read the risk factors described below carefully before making an investment decision in this offering. In making an investment decision, prospective investors must rely on their own examination of our business and operations and the terms of the Issue, including the merits and risks involved. This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and under "Forward Looking Statements" on page 7.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- Some events may not be material individually but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may be having material impacts in future.

Note: We have tried to quantify the risks to the extent possible. However there are many of the risk factors described herein below we are not in a position to quantify the financial or other implications and hence no such disclosure has been made in those Risk Factors.

INTERNAL RISK FACTORS

- There are outstanding litigations involving our Company. We cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes described below, our business and results of operations may be adversely affected.***

Summary of material litigations outstanding involving our Company:

| <i>Nature of Litigations</i> | <i>No. of Cases</i> | <i>Extent of Liability/Claim*</i> |
|--|---------------------|-----------------------------------|
| Criminal | 21 | Rs. 7.90 Lacs |
| Civil | 38 | Rs. 170.21 Lacs |
| Labour Laws | 1 | Rs. 4.34 Lacs |
| Government / Tax Authorities Notices / Proceedings and Appeals | 37 | Rs. 957.87Lacs |

*the amount mentioned are only to the extent ascertainable. There are other liabilities/claims under these litigations which are not ascertainable/ quantifiable.

Our Company has not made any financial provisions in respect of the outstanding litigations. Any adverse outcomes of any Criminal Cases against our Company, its Promoters, Directors or other managerial persons could adversely affect our business reputation and may also affect the operations of our business. For further details, please refer to the section titled 'Outstanding Litigations and Material Developments' on page 123 of this Draft Letter of Offer.

2. ***There is an overdue amount of Rs. 656.68 Lakhs towards payment of installment of soft loan to Uttarakhand State Government.***

Our Company has availed the entire sanctioned amount of loan aggregating Rs. 656.68 lakhs from Uttarakhand State Government. The loan was repayable in 3 years with an initial moratorium period of three years from the date of sanction i.e. starting from January 2008. In view of lower sugar price realization and high cane prices, we could not pay the installment of loan which became due with effect from January 2011 and have requested the Uttarakhand State Government to extend the re-payment period. So far we have not received any confirmation from the Uttarakhand State Government. Further the State Government has not demanded any re-payment and has not levied any penalty for re-payment.

3. ***There have been some delays in payment to Banks in the financial year ended March 31, 2011 and 6 months period ended September 30, 2011.***

There were some delays in payment of dues to certain Banks in the financial year ended March 31, 2011 and 6 months period ended September 30, 2011 as per the details of the delayed payments of installments and interest thereon given below:

| (in Rs. Lakhs) | | | |
|----------------|---|--|-----------------|
| Particulars | 6 months period ended September 30, 2011 | For 15 months period ended March 31, 2011 | Period of delay |
| | Principal | Amount including interest | |
| Banks | 2804.23 | 6462.77 | 1-30 |
| | 73.59 | 2362.17 | 31-60 |
| Total → | 2877.82 | 8824.94 | |

These delays were on account of lower sugar price realization and high inventory resulting in increased working capital requirements.

4. ***We have incurred significant losses in the recent past, which has affected our ability to service the debt.***

As per audited financial statement, we incurred a net loss of Rs. 1457.68 lakhs and Rs. 4406.99 lakhs for the year ended March 31, 2011 and March 31, 2010 respectively. The financial performance of the Company dipped due to then prevailing depressed sugar market which was on account of high production of sugar, steep fall in the selling prices and high cane prices. Company's accumulated losses stood at Rs. 7527.26 lakhs and Rs 6069.58 lakhs for year ended March 31, 2011 and March 31, 2010 respectively. Further, during the 6 months period ended September 30, 2011 the Company had incurred a net loss of Rs. 2822.92 Lakhs and accumulated losses has increased to Rs. 10350.18 lakhs,

If we are unable to generate adequate revenues in the future, we may not be able to meet our debt repayment obligations and our lenders may initiate legal proceedings to recover any outstanding payments including proceedings for winding up. Any such proceedings by such lenders to declare us in default may trigger cross-defaults under other loan agreements, and may have a material adverse effect on our business, prospects, financial condition and results of operations.

In view of cash losses in the financial year 2006-07, 15 months period ended December 31, 2008, and 3 months period ended March 31, 2009 resulting in our inability to repay the term loan installments in time, we had approached our term lenders for a comprehensive re-structuring proposal on March 12, 2009. The lenders in the joint meeting held on March 18, 2009 referred our proposal to Corporate Debt Restructuring (CDR). The proposal was admitted by CDR EG (Empowered Group) at its meeting held on April 22, 2009 and on November 07, 2009, it approved the Debt Restructuring. Subsequently all Banks sanctioned the CDR package and the required documents were executed on March 04, 2010.

5. ***We have a high Total Debt - Equity ratio of 3.38 as on September 30, 2011.***

We have undertaken major expansions of our sugar mills and increased capacity of co-generation power plants within the short span of 5 years. These have been funded through a mix of debt, equity and internal accruals. Consequent to this, our Total Debt to Equity Ratio (Total Debt divided by Total Shareholders Fund) as on September 30, 2011 is 3.38, which is on the higher side. Our capacity to service the debt depends on our profitability. In case we are not able to achieve the required growth, due to internal constraints or external factors

like adverse developments in the industry, we may find it difficult to service the debt and this will have an impact on the return to the shareholders.

6. ***All of our sugar mills are located within Uttar Pradesh and Uttarakhand, where recovery rates are typically lower than the National Average and we may be unable to compete with other domestic sugar mills that achieve higher recovery rates.***

Our 3 sugar mills are located within the state of Uttar Pradesh and 1 sugar mill is located in the state of Uttarakhand, which have experienced sugar recovery rates below that of the national average. For the fiscal years 2009 and 2010, the national recovery rate was 10.03% and 10.19%, respectively, as compared with Uttar Pradesh's average recovery rate of 8.94% and 9.13% for the respective periods. Recovery rates have a direct impact on the sucrose we obtain and our overall sugar production.

7. ***We have paid cane dues for the crushing season 2007-08 to farmers at a price of Rs. 110 per quintal of sugarcane as directed by the Hon'ble Supreme Court as per its order dated May 15, 2008 as an interim measure. Any decision leading to upward revision in support price of sugarcane may increase our financial liability and thereby impact our financial position.***

The State Governments of Uttar Pradesh and Uttarakhand fixed the State Advised Price (SAP) at Rs. 125 per quintal and Rs. 127 per quintal respectively for the sugar season 2007-08. The Sugar Mills in protest of the above SAP had filed a petition with the Hon'ble High Court of Allahabad, which has vide its order dated November 15, 2007 fixed the interim price at Rs. 110 per quintal. The UP State Government preferred an appeal in the Supreme Court against the decision of High Court, Allahabad. However the Hon'ble Supreme Court on May 15, 2008, as an interim measure, directed that for the crushing year 2007-08 the rate fixed by the Lucknow bench of Allahabad High Court shall be applicable. 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 the state of Uttar Pradesh instead of SAP of Rs.125 per quintal fixed by the State Government.

8. ***Availability of sugarcane for our sugar mills is predominantly dependent upon the cultivation of sugarcane within our reserved cane area. Any shortfall in cultivation of sugarcane in the cane areas by the farmers may adversely impact the raw material supply to our mills thereby adversely impacting our production and results of operation.***

We do not own any land for the cultivation of sugarcane and we purchase all of our sugarcane from farmers, directly or through farmers' cooperative societies. Under the State laws, we are bound by law to purchase sugarcane from farmers' cooperative societies in areas reserved and assigned to us by the Cane Commissioner, together referred to as "Cane Area". However, the farmers within our Cane Area have no obligation to cultivate sugarcane and may instead grow other more profitable crops. If the farmers within our Cane Area cultivate other crops, or otherwise limit their cultivation of sugarcane, we may have a shortage of raw material. Sugarcane grown within our Reserved Cane Area may be sold to manufacture of Gur & Khandsari and others instead of us. Any reduction in the supply of sugarcane may adversely affect our operations and financial condition.

9. ***High cost of raw material and inability to pass it to the consumer may put a pressure on the profit margins.***

In our industry the rates of both the raw material as well as finished good is government regulated having major impact on our margins. Sugarcane costs constitute a major portion of our direct expenditure. As per the existing norms, we have to purchase sugarcane at State Advised Price (SAP). The UP State Government has increased the SAP from Rs. 165 per quintal in 2009-10 to Rs. 205 per quintal in 2010-11. Further the SAP for 2011-12 has been fixed at 250 per quintal. At the same time the quantity of sugar that can be sold in the market is regulated. As per the present regulatory framework, a sugar mill has to deliver 10% of the sugar production under "Levy Sugar" to the Government at a fixed price and deliver this sugar monthly under "Levy Quota" and sale the balance 90% of the sugar production in the open market under "General Market Quota" at market price. Further, sugar is subject to price fluctuations resulting from adverse weather conditions, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our control. Sugar is sold in the open market at market determined prices. Thus we have little control over the quantity or the price at which we can sell the sugar produced. As a result, any prolonged decrease in sugar prices could have a material adverse effect on our Company and our results of operations.

10. *Sugar industry is a highly regulated industry.*

Sugar is an essential commodity, and is included within the purview of the Essential Commodities Act, 1955. Consequently, sugar production, supply and distribution are regulated by the State and Central Government. The purchase price of sugarcane is regulated as the Central Government fixes the minimum price of sugarcane, termed the Statutory Minimum Price (SMP). Further, states can declare their own State Advised Price (SAP) higher than the SMP. Presently, the regions in which our Company has and proposes operations are governed by the SAP. The quantity to be sold is based on a Monthly Release Mechanism governed by the Directorate of Sugar, Ministry of Consumer Affairs. As per current release mechanism as mandated by the Sugar Directorate, Millers have to deliver 10% of their sugar production as “Levy Sugar” to Government at fixed price and deliver this sugar monthly under “Levy Quota”, issued by Directorate of sugar and sale the balance 90% of sugar production in open market monthly under “General Market Quota” at market price. The levy obligation to the millers is to the extent the quantity allocated in the levy quota on monthly basis. In “General Market Quota” the delivery/dispatch of the allocated quantity of sugar shall be completed within the prescribe month. Further the sugar factory shall sell/deliver and dispatch entire released quantity for the month within the prescribed validity period in the order, subject to the condition that, the sale and dispatch of non-levy quota released for the month, shall be made on monthly basis. We thus operate in an industry, which is highly regulated and any change in governmental or legal policies to the detriment to us could adversely affect the business, operations and profitability of our Company.

11. *We have applied for certain new registrations and certain applications in respect of existing registrations are pending for renewal, for which we have not received approvals / renewals. If we do not receive the registrations, we may not be able to carry on our operations from such locations and it could adversely affect our business.*

We have applied for certain registration / renewal under applicable laws. We are yet to receive the registrations / renewals from the appropriate authorities. For further details please refer to section titled “Government Approvals” on page 167 of this Draft Letter of Offer.

12. *We may face competition from other established companies and future entrants into the industry.*

In the past few years, there has been an aggressive increase in capacities made by the existing sugar companies and the new entrants in the state of Uttar Pradesh. The supply of sugar in the market will further increase once these additional capacities start production. This additional supply of sugar in the market will affect the sugar price if it is not supported by proportionate increase in demand. Our profit margin may reduce in case of fall in future sugar prices and the same will have a direct impact on our share price.

13. *Our success depends largely on our senior management and our ability to attract and retain our key personnel. Any significant changes in the key managerial personnel, may affect the performance of our company.*

Our success depends on the continued services and performance of the members of the senior management team and other key employees. Competition for senior and experienced personnel in the industry is intense at present. Any loss of the services of our senior management or other key personnel could seriously impair our ability to continue to manage and expand our business, which may adversely affect our financial condition.

14. *We are subject to restrictive covenants in certain long term debt facilities provided to us by our lenders*

We have taken long term and short term loans from Banks. As per the signed loan agreements with them, there are certain standard restrictions imposed on us regarding change in capital structure, payment of dividend out of reserves and other such matters. We are required to obtain their prior approval before initiating such changes.

Certain Significant Restrictive/Negative Covenants are:

Some of our borrowings subject us to certain restrictive covenants which require us to obtain the prior permission of such banks before undertaking certain activities such as alteration of our capital structure, payment of any dividend etc. Some of these restrictive covenants which affect our shareholders’ interest include:

1. Any new project / diversification / modernization or substantial expansion of the project.
2. Issue any debentures, raise any loans, deposits from public, change its capital structure or create any charge on its assets or give any guarantees save and except Permitted Indebtedness.
3. Pay any commission to its promoters, directors, managers, or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained for or by the Borrower or in connection with any other obligation undertaken for or by the Borrower for the purpose of the Project.
4. Create any subsidiary or permit any company to become its subsidiary.

5. Any merger / demerger, consolidation reorganisation, scheme of arrangement or compromise with its creditors or shareholders or affect any scheme of amalgamation or reconstruction.
6. Remove any person, by whatever name called, exercising substantial powers of management of the affairs of the Borrower at the time of execution of this Agreement.
7. Recognize or register any transfer of shares in the Borrower's capital made or to be made by promoters, their friends or associates as may be specified by the Lenders.
8. Make any investments by way of deposits, loans, share capital etc. in any concern.
9. Revaluation of our assets at any time during the currency of the Facilities.
10. Enter into any one time settlement or any other settlement with any lenders other Existing Lenders.
11. Enter into any joint venture, merger & acquisition deals, sale of investment and fixed assets, hiving off of divisions or substantial parts of its normal business or any such deal of a similar nature.
12. Undertake any major capital expenditure other than normal capital expenditure as per the restructuring scheme.
13. Any change in its management set-up.
14. Declare/ pay dividend on equity shares unless otherwise and pay recompense amount payable by the Borrower.

15. *We currently enjoy certain tax benefits, which may not be available to us in the future which may affect our financial performance and future projections.*

As per the provisions of Section 80-IC of the Income Tax Act, 1961, we are eligible to claim a deduction with respect to profits derived from our sugar mill at village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand on the basis of substantial expansion of Industrial Undertaking. Similarly, certain other tax benefits in this regard, which are currently being enjoyed by us, may not be available to us in the future. Such non-availability of tax benefits could adversely affect our results of operations and financials. For details of tax benefits available to our Company, please refer to “Statement of Tax Benefits” beginning on page 47 of this Draft Letter of Offer.

16. *Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material effect on our business.*

We maintain insurance policies in respect of our principal places of business, including our sugar mills and vehicles. While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully or in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

17. *We have not registered our brand i. e. ‘Uttam Sugar’ and we do not have a registered trademark.*

We are marketing the sugar manufactured by us under the brand ‘Uttam Sugar’ which has not been registered. This subjects us to the risk of imitation and loss of revenue owing to sub-standard quality sugar being sold by others under our brand name.

18. *Any loss or break down of operations at any of our manufacturing facilities may have a material effect on our business, financial conditions and results of operations*

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We are required to carry out planned shutdowns of our plants for maintenance, statutory inspections and testing. Although precautions are taken to minimize the risk of any significant operational issues at our manufacturing facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

19. *We have entered into certain related party transactions.*

We have entered into certain related party transactions with our Promoters, Directors and Promoter Group entities and key managerial personnel. For details refer Note 18 of section titled “Financial Statements” on page no. 82 of this Draft Letter of Offer.

20. We have not provided for certain contingent liabilities which may affect our financial position.

As on March 31, 2011 and September 30, 2011, we have not provided for the following contingent liabilities:

(Rs. in Lakhs)

| Particulars | As at September 30, 2011 | As at March 31, 2011 |
|--|-----------------------------|-------------------------|
| Bank Guarantee | 21.00 | 17.00 |
| Letter of Credit | 502.60 | 716.03 |
| Excise duty, Income tax & Sales tax demand & show cause notice | 723.60 | 676.46 |
| Dividend payable on cumulative Redeemable Preference Shares | 661.77 | 407.14 |

The amount of contingent liability in respect of pending cases by / against ex-employees and cane price payable for the season 2007-08 is not ascertainable.

21. Bagasse, which is derived from sugarcane, and other biomass based fuels are the basic raw materials for our co-generation business. Any constraint in the availability or fluctuations in the price of sugarcane may affect the current or future capacity utilisation of the co-generation plant.

Bagasse and other biomass based products such as rice husk, cane trash, mustard stalk/husk woodchips, are raw materials for the co-generation business. Availability of the primary fuel, Bagasse is dependent on the supply of sugarcane. Further, these raw materials are also used in some industries such as paper and paperboard. The availability of Bagasse and other biomass based raw materials for co-generation is subject to changes in the consumption patterns and other market forces in such other industries. Additionally, other industries may offer higher prices which may divert the supply of externally sourced raw material, which may in turn adversely affect the availability or pricing of these raw materials could impact our co-generation business and our profitability. Any constraint in the availability of sugarcane may affect the availability of Bagasse and consequently, the business of our co-generation plant.

Our Company has its cogeneration facilities situated at four units located at Uttar Pradesh and Uttarkhand with an installed capacity of 103 MW. The surplus power over and above our captive consumption is exported/supplied to Uttar Pradesh Power Corporation Limited and Uttarakhand Power Corporation Limited. During the year 2010-2011, we had produced 13,17,67,770 KWH and exported 5,19,26,404 KWH amounting to Rs.2086.68 lacs to power grids.

22. Certain of our Promoter Group entities have incurred losses during recent fiscal years.

The following are our Promoter Group Companies which has incurred net loss in the recent fiscal years details of which are given below:

(Rs. in Lakhs)

| S.No | Name of the Promoter Group Companies | 2010-11 | 2009-10 | 2008-09 |
|------|--|---------|---------|---------|
| 1 | Autocare Mart Private Limited | — | (0.26) | (0.33) |
| 2 | Uttam Car Wash Private Ltd | (11.75) | (1.39) | (1.94) |
| 3 | Lipi Consultants Private Limited | — | — | (5.09) |
| 4 | Deepjyoti Electronics Private Limited | — | (0.08) | (0.17) |
| 5 | Uttam Distilleries Limited | (0.18) | (0.22) | (0.85) |
| 6 | Divine Grace Enterprises Private Limited | (0.07) | (0.14) | — |
| 7 | Uttam Foma Techno Cast Private Limited | (49.69) | (4.06) | — |
| 8 | Idea Engineering Private Limited | — | (0.28) | — |
| 9 | JPC Infra Private Limited (Formerly known as JPC Apparels Pvt Ltd.) | (1.50) | — | — |
| 10 | Uttam Lifestyle Hotels Private Limited | (3.13) | — | — |
| 11 | Uttam Luxury Hotels & Resorts Limited (Formerly known as Mansinghgroup Hotels & Resorts Ltd.) | — | (0.17) | (0.14) |

| | | | | |
|----|---|--------|---------|---------|
| 12 | Pariksha Fin-Invest Lease Limited | (1.53) | — | — |
| 13 | Sekhri Finance & Investments Private Limited | — | — | (17.85) |
| 14 | Strok Engineering Private Limited | (0.32) | (0.41) | — |
| 15 | Telma Trading Private Limited | (0.23) | (0.29) | (0.88) |
| 16 | Uttam Adlakha & Sons Holdings Private Limited (Formerly known as <i>G.M.Colonisers Pvt Ltd</i>) | — | (30.62) | — |

For more details, please refer the chapter “Material Contracts and Documents for Inspection” on page no. 198 of this Draft Letter of Offer.

23. *There were certain delays in implementation of the projects and utilization of proceeds from the IPO of our Company in March 2006*

Our Company has made an Initial Public Offering of 40,00,000 equity shares of Rs. 10 each in March 2006 to part finance the project cost for setting up sugar mills and co-generation facilities at Khaikheri and Shermau where we had made certain promises in relation to the objects and capacity utilisation. The details of our Promises v/s Performance of the stated objects are as follows:

| Particulars | Promise | Performance |
|--|---|---|
| Setting up of Unit III at village Khaikheri having a capacity of 4500 TCD alongwith co generation plant of power with a capacity of 15MW | To start Commercial Production by the end of October 2006 | Commercial Production commenced in January 2007 |
| Setting up of Unit III at village Shermau having a capacity of 5000 TCD alongwith co generation plant of power with a capacity of 30 MW | To start Commercial Production by the end of October 2006 | Commercial Production commenced in April 2007 |

The delay in implementation of our project was due to delay in supply and erection of critical equipments and prolonged trial period. The funds raised from the Initial Public Offering were utilized for the Objects as mentioned in our IPO Offer Document.

24. *Our Company has filed Offer Document for Rights Issue previously as detailed below*

a) *Offer Document dated July 14, 2008 for Rights Issue of 64,42,250 equity shares along with a one detachable warrant with SEBI which was withdrawn by us in September 2009.*

Our Company withdrew the said Draft Letter of Offer dated July 14, 2008 on September 03, 2009 due to substantial changes/modification in the objects of the issue.

b) Offer Document dated September 22, 2009 for Rights Issue of 42,94,833 equity shares along with two detachable warrant with SEBI which could not be materialize.

Our Company received the Observation Letter of SEBI on the said Draft Letter of Offer on December 23, 2009. 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 dated December 23, 2009. Accordingly the issue should be opened before December 22, 2010. After all clarifications and updations as required by SEBI, we received the final approval to Issue on December 08, 2010. After finalization of Letter of Offer on December 8, 2010 atleast 4 weeks time was required to complete the statutory compliances and other arrangements which was not left. Hence, due to lack of sufficient time 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.

25. ***SEBI had in 2001 initiated proceeding and imposed penalty against Mr. Ranjan Adlakha (one of our Promoter) Mrs. Amita Adlakha - wife of Mr Raj Kumar Adlakha (one of the Promoter Director) and one of our Promoter Group Company namely New Castle Finance & Leasing Private Limited for violation of the Securities Laws***

In the year 2001, the Adjudicating Officer of SEBI, Mumbai initiated proceedings and imposed a penalty of Rs. 33,500 against Mr. Ranjan Adlakha (one of our promoter) for late submission of the requisite report as acquirer and against Mrs. Amita Adlakha, wife of Mr. Raj Kumar Adlakha and New Castle Finance & Leasing Private Limited (one of our group companies) for being considered as acquirer and hence due to non submission of the requisite report as acquirer in the matter of acquisition of shares in Pariksha Fin-Invest-Lease Limited (one of our Promoter Group entity).

26. ***Our Company has in recent past issued & allotted 6.5% and 10% cumulative redeemable preference shares to Promoter Group. The payment of dividend to holders of such cumulative redeemable preference shares is likely to impact the cash flow of our Company. For details please refer to page no. 33 under the section titled “Capital Structure” in this Draft Letter of Offer.***

27. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cashflows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.***

Our future ability to pay dividends will depend on the earnings, financial condition and capital requirements of our Company. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements, financing arrangements, results of operations and financial condition.

EXTERNAL RISK FACTORS

28. ***Our business is dependent on the Sugar cane production during the sugar season***

Sugar industry is an agro based industry and its main raw material is sugarcane. In any year, if there is a shortfall in sugarcane production on account of adverse climatic conditions, the amount of sugar produced by the sugar mills is affected adversely. Apart from climatic conditions, the sugar cane crop may also be impacted by the occurrence of crop disease. Proper water management through irrigation during the formative stage of the cane is critical to the sucrose content and overall quality of the cane. In case the quality /quantity of cane is affected by any of the aforementioned conditions, we may not be able to optimally utilize our crushing capacity. This will directly affect our profitability.

29. ***We operate in Sugar industry which is cyclic***

Domestic sugar industry typically follows a 4 to 6 years cycle. Higher sugarcane and sugar production results in a fall in sugar prices and non-payment of dues to farmers. This compels the farmers to switch to other crops thereby causing a shortage of sugarcane, consequently an increase in sugarcane prices. Taking into account the prevalent higher prices for sugarcane, farmers then switch back to sugarcane. Profitability of sugar manufacturing units like ours depends largely on the stage of the cycle witnessed by the industry. The sugar production which was 127 lakh tones in sugar season 2004-05 has grown up substantially to 193 lakh tonnes in sugar season 2005-06 and further to 283 lakh tonnes in sugar season 2006-07. For the sugar season 2007-08, the sugar production was 263 lakh tones and for sugar season 2008-2009 it was 145 lakh tones. Sugar production in Sugar year 2009-2010 and 2010 – 2011 was 189 lakh tones and 294 lakh tones respectively (source: Indian Sugar Mills Association).

The sugar industry has historically been subject to commodity cycles and is sensitive to changes in domestic market prices, supply and demand. The market in India has experienced periods of limited supply, causing sugar prices and industry profit margins to increase. Sugar imports are governed by Government of India's policies. In the event of any changes in these policies, import of white sugar may be an attractive option and which, in turn, would drop domestic prices and thereby impact our financial condition.

Conversely, years of low production and declining sugar stocks may be followed by years of excess production that result in over-supply of sugar to the domestic markets, causing a decline in sugar prices and industry profit margins.

30. *Adverse weather conditions, crop disease, pest attacks may adversely affect sugarcane crop yields and sugar recovery rates for any given harvest.*

Our sugar production depends on the volume and sucrose content of the sugarcane that is supplied to us. Crop yields and sucrose content depends primarily on the variety of sugarcane grown, the presence of any crop disease and weather conditions such as adequate rainfall and temperature, which vary. Adverse weather conditions have caused crop failures and reduced harvests and resulted in volatility in the sugar and ethanol industries and consequently in our operating results. Flood, drought or frost can adversely affect the supply and pricing of the agricultural commodities that we sell and use in our business. There can be no assurance that future weather patterns, potential crop disease or the cultivation of certain sugarcane crop varieties will not reduce the amount of sugarcane or sugar that we can recover in any given harvest. Any reduction in the amount of sugar recovered could have a material adverse effect on our results of operations.

31. *The sugar prices in India are impacted by the world sugar production and consumption. The global demand and production may affect the prices for Sugar.*

Sugar is produced in around 110 countries. The increase in production of Sugar in major sugar producing countries like Brazil, China, Thailand, European Union (EU) has created surplus in the global sugar market and has resulted in lowering of the sugar prices in past few years. If such surplus phase characterized by a significant excess of global production over consumption continues, we cannot assure of higher realization prices of sugar being produced by us.

32. *Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company*

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. We cannot provide any assurance that the process of liberalization will be sustained in future. There could be a slowdown in the pace of economic development. The rate of economic liberalization could change specific laws and policies, foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well. Any adverse change in Government policies relating to the Sugar Industry in general may have an impact on our profitability.

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the services provided by us. All our facilities are located in India and our officers and directors are residents in India. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

33. *Regional or International hostilities, terrorist attack or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government Policy. Such incidents could also create a greater perception that investment in Indian Companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our company's equity shares.*

34. *Our Company is subject to risk arising from changes in interest rates and banking policy.*

We are dependent on various banks for arranging our working capital requirements, etc. Accordingly, any change in the existing banking policy or increase in interest rates may have an adverse impact on our Company's profitability.

35. *Statutory taxes and other levies may affect our margin in the event of our inability to factor such expense in our selling prices.*

Any increase in taxes and / or levies, or the imposition of new taxes and / or levies in the future, could increase the cost of production / operating expenses. To the extent, our Company is not able to factor such increase in the selling price; it may have a material adverse impact on our business operations and financial conditions.

36. A slowdown in economic growth in India could cause our business to suffer.

Substantially all of our assets are located in India and substantial portion of our total income originated from India. Consequently, our performance and growth are dependent on the health of the Indian economy. Various factors, such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices, could adversely affect the Indian economy. Any slowdown in the Indian economy may adversely affect our business and financial performance and the price of our Equity Shares.

37. If the rate of price inflation in India increases, our business and results of operations may be adversely affected.

In the recent past, due to the global economic downturn, India has experienced fluctuating wholesale price inflation, as compared to historical levels. Constant high rate of inflation in India could cause a rise in the price of raw materials and wages and all other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations.

38. Any disruption in supply of power, water or other basic infrastructure facilities could adversely affect the business and production process of our Company or subject it to excess cost, which in turn will have an adverse impact on our profitability.

39. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase our costs and negatively affect our stock price. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain our ability to do business, increase our costs and negatively affect our stock price.

40. Natural calamities could have a negative impact on the Indian economy and cause the business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect the business and the market price of the Equity Shares.

41. The market value of the Equity Shares may fluctuate due to the volatility of the securities markets. As such shareholders will bear the risk of fluctuation in the price of Equity Shares

The securities markets are volatile and stock exchanges have in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges have experienced problems, which, if these were to continue or recur, could affect the market price and liquidity of the securities of Indian Companies, including the Equity Shares. The governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements.

Prominent Notes:

1. The Net Worth of the Company as on September 30, 2011 and March 31, 2011 as per audited financial statements and Limited Review Report was Rs. 14,678.80 Lakhs & Rs. 17,501.22 Lakhs respectively.
2. Book value of per equity share of the Company as per Audited Accounts as on March 31, 2011 and Limited Review Report as on September 30, 2011 is Rs. 41.36 and Rs. 30.41 respectively.
3. The average cost of acquisition of the Equity Shares by the Promoters is as under:

| Name of the Promoter | Average cost of acquisition |
|--------------------------------------|------------------------------------|
| Mr. Raj Kumar Adlakha | Rs. 15/- per share |
| Mr. Rajan Adlakha | Rs. 15/- per share |
| Mr. Ranjan Adlakha | Rs. 8.63/- per share |
| Uttam Industrial Engineering Limited | Rs. 15/- per share |
| Lipi Boilers Limited | Rs. 15/- per share |
| Uttam Sucrotech Limited | Rs. 15/- per share |

4. Issue is of [●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share for cash aggregating to Rs. [●] to the existing shareholders on rights basis in the ratio of [●] equity share for every [●] equity shares held by the shareholders on the record date i.e. [●], along with [●] detachable warrants for every [●] equity shares offered. Each detachable warrant shall be entitled to issue and allotment of one equity share of face value Rs. 10/- each at a premium. For details refer to the section titled “Offering Information” on page no. 175 of this Draft Letter of Offer.
5. Except as disclosed in the “Related Party Transactions” on page 107 of this Draft Letter of Offer, we have not paid any consideration to our Promoters / Promoter Group Entities / Directors / Key Management Personnel.
6. Our Promoters, Promoter Group entities, Directors of our Promoter Companies, our Directors and their relatives have not financed the purchase by any other person of securities of the Issuer during the six months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.
7. Our Company is eligible to make disclosures in the Draft Letter of Offer as per Part E of Schedule VIII of the SEBI Regulations as it is in compliance with the following:
 - a) our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Draft Letter of Offer with SEBI;
 - b) the reports, statements and information referred to in sub-clause (a) above are available on the website of any recognised stock exchange with nationwide trading terminals or on a common e-filing platform specified by SEBI;
 - c) our Company has investor grievance-handling mechanism which includes meeting of the Shareholders’ or Investors’ Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.
8. The Investors may contact the Compliance Officer or Registrar to the Issue or Lead Manager to the Issue for any complaint / clarification / information pertaining to the Issue.
9. Our Company and the Lead Managers shall make all the information available to the public and the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
10. The information about the Company is available on the website of the National Stock Exchange of India Limited (www.nseindia.com) and Bombay Stock Exchange Limited (www.bseindia.com).

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “Offering Information” of this Draft Letter of Offer.

| | |
|---|--|
| Securities proposed to be issued by the Company | [●] Equity Shares |
| Rights Entitlement | [●] Equity shares for every [●] Equity Share held on the Record Date and [●] Warrants for every [●] Rights Shares offered, convertible/ exchangeable into [●] Equity Shares of the Company |
| Record Date | [●] |
| Issue Price per Equity Share (Face Value of Rs. 10/- each) | Rs. [●] |
| Issue Size | Rs. [●] |
| Equity Shares outstanding prior to the issue | 2,57,69,000 Equity Shares |
| Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement) | [●] |
| Equity Shares to be issued on exercise of Warrants | [●] |
| Equity Shares outstanding after exercise of Warrants (assuming all the Warrants are exercised) | [●] |
| Terms of the Issue | For more information, please see “Offering Information” on page 175 of this Draft Letter of Offer. |
| Objects of the Issue | Please refer to section “Objects of the Issue” on page 44 of this Draft Letter of Offer |

Terms of payment for equity shares

| Due date | Face Value | Premium | Total |
|----------------------|-------------|------------|------------|
| On application (Rs.) | 10/- | [●] | [●] |
| Total (Rs.) → | 10/- | [●] | [●] |

Terms of payment for warrants

Each Warrant attached to the Rights Equity Shares shall be entitled to be converted /exchanged with one Equity Share. The Warrants shall be exercisable at any time at the call of Company between 9 to 12 months from the date of allotment under this Issue at a price of [●]. The exercise price for Warrant shall be payable in full on exercise of warrants for allotment of equity shares.

For more information see “Offering Information” on page 175 of this Draft Letter of Offer.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth our selected financial information derived from our audited financial statements for the financial year ended March 31, 2011 and Limited Review Report for 6 months period ended September 30, 2011. These financial statements have been prepared in accordance with the Companies Act. The summary of financial information presented below should be read in conjunction with our financial statements, the notes thereto appearing on page 82 of this Draft Letter of Offer.

Summary Financial Information for the Financial Year ended March 31, 2011

(Rs. in lacs)

| | As at 31.03.2011 (Audited) | As at 31.03.2010 (Audited) |
|---|---|---|
| SOURCES OF FUNDS | | |
| Shareholders' Funds | | |
| Share Capital | 9,419.40 | 6,736.90 |
| Preference Share Application Money | 150.00 | - |
| Reserves and Surplus | 15,611.03 | 13,768.53 |
| | 25,180.43 | 20,505.43 |
| Loan Funds | | |
| Secured Loans | 66,833.52 | 70,707.80 |
| Unsecured Loans | 818.84 | 4,021.19 |
| | 67,652.36 | 74,728.99 |
| Deferred Tax Liability (Net) | 148.90 | (567.83) |
| TOTAL | 92,981.69 | 94,666.59 |
| APPLICATION OF FUNDS | | |
| Fixed Assets | | |
| Gross Block | 55,911.60 | 53,479.00 |
| Depreciation | 13,223.91 | 10,535.41 |
| Net Block | 42,687.69 | 42,943.59 |
| Capital Work in Progress | 13,853.51 | 13,486.33 |
| | 56,541.20 | 56,429.92 |
| Current Assets, Loans & Advances | | |
| Inventories | 38,085.78 | 44,886.16 |
| Sundry Debtors | 726.65 | 871.46 |
| Cash and Bank Balances | 2,686.80 | 5,291.17 |
| Loans and Advances | 1,677.65 | 2,936.05 |
| | 43,176.88 | 53,984.84 |
| Less: Current Liabilities & Provisions | | |
| Current Liabilities | 14,179.62 | 21,731.64 |
| Provisions | 85.98 | 89.06 |
| | 14,265.60 | 21,820.70 |
| Net Current Assets | 28,911.28 | 32,164.14 |
| 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 | 92,981.69 | 94,666.59 |

Profit and Loss Account for the Financial Year ended March 31, 2011

(Rs.in lacs)

| | Year Ended 31.03.2011 (Audited) (12 Months) | Period Ended 31.03.2010 (Audited) (15 Months) |
|---|--|--|
| 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 | 435.51 | 162.45 |
| Increase/(Decrease) in Stocks | (1,877.80) | 24,393.03 |
| | 66,714.12 | 73,724.79 |
| EXPENDITURE | | |
| Material and Manufacturing Expenses | 53,146.49 | 65,182.82 |
| Cost of Trading Goods | 1,806.65 | - |
| Salaries, Wages and Benefits | 2,653.45 | 2,872.81 |
| Administration and Other Expenses | 1,187.98 | 1,181.15 |
| Interest and Financial Charges | 5,901.01 | 5,509.67 |
| | 64,695.58 | 74,746.45 |
| | TOTAL | 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/(Credit) | 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 | | |
| Nominal Value Rs. 10/- | | |
| Basic | (6.79) | (17.50) |
| Diluted | (6.79) | (17.50) |

Summary Financial Information for the 6 months ended September 30, 2011

(Rs. in lacs)

| | As at 30.09.2011 (Reviewed) | As at 30.09.2010 (Reviewed) | As at 31.03.2011 (Audited) |
|---|-----------------------------------|-----------------------------------|----------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 9,419.40 | 6,736.90 | 9,419.40 |
| Preference Share Application Money | 150.00 | 200.00 | 150.00 |
| Reserves and Surplus | 15,611.03 | 13,768.53 | 15,611.03 |
| | 25,180.43 | 20,705.43 | 25,180.43 |
| Loan Funds | | | |
| Secured Loans | 48,805.69 | 62,053.65 | 66,833.52 |
| Unsecured Loans | 831.97 | 4,104.08 | 818.84 |
| | 49,637.66 | 66,157.73 | 67,652.36 |
| Deferred Tax Liability (Net) | 639.77 | (205.47) | 148.90 |
| TOTAL | 75,457.86 | 86,657.69 | 92,981.69 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 55,951.83 | 53,675.80 | 55,911.60 |
| Depreciation | 14,595.36 | 11,860.71 | 13,223.91 |
| Net Block | 41,356.47 | 41,815.09 | 42,687.69 |
| Capital Work in Progress | 14,989.61 | 14,587.49 | 13,853.51 |
| | 56,346.08 | 56,402.58 | 56,541.20 |
| Current Assets, Loans & Advances | | | |
| Inventories | 14,598.56 | 26,301.19 | 38,085.78 |
| Sundry Debtors | 91.11 | 203.65 | 726.65 |
| Cash and Bank Balances | 3,185.47 | 1,652.12 | 2,686.80 |
| Loans and Advances | 1,625.37 | 2,667.14 | 1,677.65 |
| | 19,500.51 | 30,824.10 | 43,176.88 |
| Less: Current Liabilities & Provisions | | | |
| Current Liabilities | 10,652.86 | 9,214.76 | 14,179.62 |
| Provisions | 87.50 | 84.76 | 85.98 |
| | 10,740.36 | 9,299.52 | 14,265.60 |
| Net Current Assets | 8,760.15 | 21,524.58 | 28,911.28 |
| Miscellaneous Expenditure (To the extent not written off or adjusted) | | | |
| Preliminary Expenses | 1.45 | 2.45 | 1.95 |
| Profit & Loss Account | | | |
| Loss as per Account Annexed | 10,350.18 | 8,728.08 | 7,527.26 |
| TOTAL | 75,457.86 | 86,657.69 | 92,981.69 |

Profit and Loss Account for 6 months ended September 30, 2011

(Rs.in lacs)

| | Period Ended 30.09.2011 (Reviewed) (6 Months) | Period Ended 30.09.2010 (Reviewed) (6 Months) | Year Ended 31.03.2011 (Audited) (12 Months) |
|---|--|--|--|
| INCOME | | | |
| Sales | 31,753.89 | 27,766.07 | 70,591.10 |
| Less : Excise Duty | 914.68 | 1,129.12 | 2,434.69 |
| Net Sales | 30,839.21 | 26,636.95 | 68,156.41 |
| Other Income | 87.74 | 409.08 | 435.51 |
| Increase/(Decrease) in Stocks | (22,691.99) | (14,783.69) | (1,877.80) |
| Total | 8,234.96 | 12,262.34 | 66,714.12 |
| EXPENDITURE | | | |
| Material and Manufacturing Expenses | 3,615.60 | 8,581.43 | 53,146.49 |
| Cost of Trading Goods | 838.21 | - | 1,806.65 |
| Salaries, Wages and Benefits | 1,065.92 | 1,031.56 | 2,653.45 |
| Administration and Other Expenses | 563.48 | 462.94 | 1,187.98 |
| Interest and Financial Charges | 3,103.15 | 3,097.79 | 5,901.01 |
| Total | 9,186.36 | 13,173.72 | 64,695.58 |
| Profit/(Loss) before Depreciation | (951.40) | (911.37) | 2,018.54 |
| Depreciation / Amortisation | 1,371.45 | 1,325.30 | 2,697.21 |
| Prior Period Items (Net) | 7.74 | 59.46 | 61.00 |
| (Loss) before Tax | (2,330.59) | (2,296.14) | (739.67) |
| Provision for Taxation | | | |
| Deferred Tax Charge/(Credit) | 490.88 | 362.36 | 716.73 |
| Fringe Benefit Tax | - | - | - |
| Current Tax | 1.45 | - | 1.28 |
| Less: Minimum Alternate Tax (MAT) Credit | - | - | - |
| (Loss) after Tax | (2,822.92) | (2,658.50) | (1,457.68) |
| Balance brought forward from Previous Period | (7,527.26) | (6,069.58) | (6,069.58) |
| (Deficit) transferred to Balance Sheet | (10,350.18) | (8,728.08) | (7,527.26) |
| Earning per Share | | | |
| Nominal Value Rs. 10/- | | | |
| Basic | (11.94) | (10.84) | (6.79) |
| Diluted | (11.94) | (10.84) | (6.79) |

GENERAL INFORMATION

The equity shares now being issued are subject to the terms and conditions of this Draft Letter of Offer, the enclosed CAF, the Memorandum and Articles of Association, Government and RBI approval, if applicable, the provisions of the Companies Act, 1956, Regulations/ Guidelines issued by SEBI, Listing Agreements with Stock Exchanges where the equity shares are listed and such other notifications and regulations as may be issued by statutory authorities in this regard from time to time.

This issue is pursuant to the resolutions passed by the Board of Directors of our Company in their meetings held on November 5, 2011.

Present Issue

ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. [●] PER EQUITY SHARE (I.E. AT AN ISSUE PRICE OF RS. [●] PER EQUITY SHARE) AGGREGATING TO RS. [●] TO THE EXISTING EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] EQUITY SHARES HELD BY THE SHAREHOLDERS ON THE RECORD DATE, I.E., [●], ALONG WITH [●] DETACHABLE WARRANTS FOR EVERY [●] EQUITY SHARE OFFERED (“ISSUE”). THE ISSUE PRICE OF EQUITY SHARES IS [●] TIMES OF THE FACE VALUE OF RS. 10/- PER EQUITY SHARE.

EACH DETACHABLE WARRANT SHALL BE ENTITLED TO ISSUE AND ALLOTMENT OF ONE EQUITY SHARE OF FACE VALUE RS. 10/- EACH AT A PREMIUM OF RS. [●] FOR DETAILS REFER TO THE SECTION TITLED “OFFERING INFORMATION” ON PAGE NO. 175 OF THIS DRAFT LETTER OF OFFER.

REGISTERED OFFICE OF THE COMPANY

Uttam Sugar Mills Limited

Village Libberheri, Roorkee

District Haridwar - 247 667

Uttarakhand.

Tel.: + 91 1332 229 445 Fax: + 91 1332 229 194

Website: www.uttamsugar.com

CORPORATE OFFICE

A - 2E, III Floor, CMA Tower

Sector 24, Noida - 201 301

Tel.: +91 120 452 5000

Fax: +91 120 452 5015, 452 5020

e-mail: uttam.right@yahoo.co.in

Website: www.uttamsugar.com

Corporate Identification Number: L99999UR1993PLC032518

Address of the Registrar of Companies: *

Registrar of Companies (Uttar Pradesh and Uttarakhand)

10/499-B, Allenganj, Khalasi Line, Kanpur - 208 002

Tel. No.: +91 512 352304, Fax No: +91 512 291769

e-mail: roc.kanpur@mca.gov.in

*Note: Ministry of Corporate Affairs, New Delhi vide its notification dated 13th November, 2011 has notified separate Registrar of Companies for the State of Uttarakhand. However, the address of RoC, Uttarakhand is not available as of now.

Listing

The existing Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has received “in-principle” approvals from NSE & BSE for

listing of securities being offered through this Draft Letter of Offer dated [●] and [●] respectively. For the purpose of this Issue, the Designated Stock Exchange is NSE.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

| | |
|---|-----|
| Issue Opening Date | [●] |
| Last date for receiving requests for split application forms | [●] |
| Issue Closing Date | [●] |

Company Secretary and Compliance Officer

Mr. G. Ramarathnam

Chief - Legal and Corporate Affairs & Company Secretary

A-2E, III Floor, CMA Tower

Sector-24, Noida - 201 301

Tel.: +91 120 654 5766

Fax: +91 120 452 5020

E-mail: uttam.right@yahoo.co.in

Website: www.uttamsugar.com

Note: Investors are advised to contact the Compliance Officer or the Registrar to the Issue in case of any pre / post issue related problems such as non-receipt of Letter of Offer / CAF / allotment advice / share certificate(s) / refund orders.

Note:

1. This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company at the close of business hours on the Record Date i.e. [●].
2. Your attention is drawn to the section on "Risk Factors" appearing on page no. 8 of this Draft Letter of Offer.
3. Please ensure that you have received the CAF with the Letter of Offer.
4. Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the Letter of Offer or the CAF.
5. All enquiries in connection with this Letter of Offer or CAF should be addressed to the Registrar to the Issue, [●] quoting the Registered Folio number / DP and Client ID number and the CAF numbers as mentioned in the CAF.
6. The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.
7. All the legal requirements as applicable till the filing of the Letter of Offer with the Designated Stock Exchange has been complied with.
8. The Lead Manager and the Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

ISSUE MANAGEMENT TEAM

Lead Manager to the Issue

CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED

D-28, South Extn., Part I,

New Delhi - 110049

Contact Person: Mr. Manoj Kumar/Ms. Ruchi Hans

Ph.: 91-11-4062228/51

Fax: 91-11-40622201

Email: manoj@indiap.com / ruchi@indiap.com

SEBI Regn. No: INM000011435

Underwriters

[●]

Legal Advisors to the Issue

JurisPrudent Consulting Partners

1st Floor, Paramount Tower

C - 17, Community Centre

Janak Puri, New Delhi - 110 058

Tel.: +91 11 3200 0177

Fax: +91 11 4158 8441

E-mail: ajay@jurisprudentconsulting.in

Contact Person: Mr. Ajay Jain

Bankers to the Issue

[●]

Self Certified Syndicate Banks

The list of banks who have been notified by SEBI to act as Self Certified Syndicate Banks (SCSBs) for ASBA process is available at <http://www.sebi.gov.in/>.

Registrar to the Issue

Link Intime India Private Limited

SEBI Reg. No.: INR 000004058

C - 13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West) Mumbai - 400 078

Tel: +91 22 2596 0320

Fax: +91 22 2596 0329

E-mail: usml.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Pravin Kasare

Auditors of the Company

B K Kapur & Company

Chartered Accountants

17, Navyug Market

Ghaziabad - 201 001

Telefax: +91 120 279 0951

E-mail: bkkapurco@rediffmail.com

Contact Person: Mr. Madhu Sudan Kapur

Bankers of the Company

IDBI Bank Limited

1, Red Cross Road

Indian Red Cross Building,

New Delhi – 110 001

Tel.: +91 11 2371 6181 - 81

Fax: +91 11 2371 1664

Indian Overseas Bank

Rajiv Circle Branch

D - 28, 29, Connaught Place,

New Delhi - 110 001

Tel.: +91 11 2341 7768

Fax: +91 11 2341 6241

Oriental Bank of Commerce

Industrial Finance Branch

H-15, Connaught Circus,

New Delhi – 110 001

Tel.: +91 11 2373 9767

Fax: +91 11 2331 8473

Punjab National Bank

Mohan Nagar, Ghaziabad, (U. P.)

Tel.: +91 120 294 0103

Fax: +91 120 294 0394

State Bank of India

Commercial Branch, M-47, Connaught Circus,
Opposite: Super Bazar, New Delhi – 110 001
Tel.: +91 11 2341 7018, 2341 8701;
Fax: +91 11 2341 7026

Credit Rating

This being a rights issue of equity shares, no credit rating is required.

IPO Grading

This being a rights issue of equity shares, no IPO Grading is required.

Trustees

This being a Rights Issue of Equity Shares, appointment of Trustees is not required.

Appraising Agency

The issue has not been appraised.

Monitoring Agency

There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI (ICDR) Regulations. The Audit Committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to section titled “Objects of the Issue” on page 44 of Draft Letter of Offer.

Underwriting / Standby Support

This Rights Issue of Equity shares is underwritten to the extent of rights of Non-promoters shareholders. The Company is in the process of finalizing the Underwriter(s). The details of underwriting agreements, if entered into, shall be included in the Letter of Offer to be filed with the Stock Exchanges pursuant to receipt of Observations from SEBI on Draft Letter of Offer. Our Company shall ensure that the underwriter(s) appointed shall have sufficient resources to enable them to discharge their underwriting obligations in full.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act which is reproduced below:

“Any person who

(a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or
(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a
fictitious name

shall be punishable with imprisonment for a term which may extend to five years.”

Minimum Subscription

If the Issuer does not receive the minimum subscription of ninety percent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after the issuer becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), the Issuer will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

Declaration by the Board on creation of separate account

The Board of Directors declares that funds received against this issue will be transferred to a separate bank account opened in compliance with sub-section (3) of the Section 73 of the Companies Act.

Principal terms of Secured Loans and Assets charged as securities:

| Secured Loans | Nature of loan | Principal Loan outstanding as on 30.09.11 (Rs. in lacs) | Loan availed/ disbursed (Rs. in lacs) | Rate of Interest (%) | Repayment Schedule | | Security Offered |
|----------------------|----------------------------------|---|---------------------------------------|----------------------|---------------------|--|----------------------------|
| | | | | | No. of Installments | Commencing from | |
| A) Term Loans | | | | | | | |
| IDBI Bank Limited | Term Loan | 7673 | 860 | 11.50 | 20 QI | 01.01.11 | (Refer Note(1) & (4)below) |
| | | | 2400 | 11.50 | 20 QI | 01.01.11 | |
| | | | 4830 | 11.50 | 20 QI | 01.01.11 | |
| | | | 2520 | 11.50 | 24 QI | 01.01.12 | |
| | | | 1081 | 11.50 | 20 QI | 01.01.11 | |
| | | | 669 | 8.00 | 24 EMI | 01.07.10 | |
| TOTAL | | 7673 | 12360 | | | | |
| Indian Overseas Bank | Term Loan | 2717 | 1300 | 11.50 | 20 QI | 01.01.11 | (Refer Note(1) & (4)below) |
| | | | 1000 | 11.50 | 20 QI | 01.01.11 | |
| | | | 788 | 11.50 | 24 QI | 01.01.12 | |
| | | | 569 | 11.50 | 20 QI | 01.01.11 | |
| | | | 213 | 8.00 | 24 EMI | 01.07.10 | |
| TOTAL | | 2717 | 3870 | | | | |
| Punjab National Bank | Term Loan | 8080 | 1800 | 11.50 | 20 QI | 01.01.11 | (Refer Note(1) & (4)below) |
| | | | 4000 | 11.50 | 20 QI | 01.01.11 | |
| | | | 1904 | 11.50 | 20 QI | 01.01.11 | |
| | | | 453 | 8.00 | 24 EMI | 01.07.10 | |
| | | | 2240 | 14.25 | 18 QI | 01.07.12 | |
| | | | 250 | 14.25 | 2 Installment | Mar'12 & Apr'12 | |
| | Term Loan For Cane Price Payment | 459 | 2759 | 12.00 | 24EMI | after the moratorium period of 2 years from the date of disbursement i.e. jan 08 | (Refer Note (2) below) |
| TOTAL | | 8539 | 13406 | | | | |
| State Bank of India | Term Loan | 6069 | 890 | 11.50 | 20 QI | 01.01.11 | (Refer Note(1) & (4)below) |
| | | | 1600 | 11.50 | 20 QI | 01.01.11 | |
| | | | 1700 | 11.50 | 20 QI | 01.01.11 | |
| | | | 1700 | 11.50 | 20 QI | 01.01.11 | |

| Secured Loans | Nature of loan | Principal Loan outstanding as on 30.09.11 (Rs. in lacs) | Loan availed/ disbursed (Rs. in lacs) | Rate of Interest (%) | Repayment Schedule | | Security Offered |
|--|----------------------------------|---|---------------------------------------|----------------------|-----------------------|--|----------------------------|
| | | | | | No. of Installments | Commencing from | |
| | | | 3000 | 11.50 | 24 QI | 01.01.12 | |
| | | | 1088 | 11.50 | 20 QI | 01.01.11 | |
| | | | 516 | 8.00 | 24EMI | 01.07.10 | |
| | Term Loan For Cane Price Payment | 51 | 606 | 12.00 | 24EMI | after the moratorium period of 2 years from the date of disbursement ie Jan 08 | (Refer Note (2) below) |
| TOTAL | | 6120 | 11100 | | | | |
| Oriental Bank Of Commerce | Term Loan | 2173 | 1200 | 11.50 | 20 QI | 01.01.11 | (Refer Note(1) & (4)below) |
| | | | 1485 | 11.50 | 24 QI | 01.01.12 | |
| | | | 358 | 11.50 | 20 QI | 01.01.11 | |
| | | | 188 | 8.00 | 24EMI | 01.07.10 | |
| TOTAL | | 2173 | 3231 | | | | |
| Govt. of India, Sugar Development Fund (SDF) | Term Loan | 832 | 1665 | 4.00 | 5 Annual installments | After expiry of one year of repayment of IDBI loan and interest thereon or on the expiry of a period of 8 years from the date of disbursement of fund loan to IDBI whichever is earlier. | (Refer Note (5)below) |
| Govt. of India, Sugar Development Fund (SDF) | Term Loan | 1500 | 1500 | 4.00 | 10 half yealy | After expiry of 3 years reckoned from the date of disbursement and shall be repaid in half yearly installments not exceeding ten in number. | (Refer Note (5)below) |

| Secured Loans | Nature of loan | Principal Loan outstanding as on 30.09.11 (Rs. in lacs) | Loan availed/ disbursed (Rs. in lacs) | Rate of Interest (%) | Repayment Schedule | | Security Offered |
|--|----------------|---|---------------------------------------|----------------------|-----------------------|--|-----------------------|
| | | | | | No. of Installments | Commencing from | |
| Govt. of India, Sugar Development Fund (SDF) | Term Loan | 824 | 942 | 4.00 | 8 half yearly | After expiry of 1 year reckoned from the date of disbursement and shall be repaid in half yearly installments not exceeding eight in number. | (Refer Note (5)below) |
| Govt. of India, Sugar Development Fund (SDF) | Term Loan | 150 | 200 | 4.00 | 4 Annual installments | Repayment shall be made in four equal annual installment commencing after expiry of one year from the date of disbursement of loan. | (Refer Note (5)below) |
| Govt. of India, Sugar Development Fund (SDF) | Term Loan | 188 | 250 | 4.00 | 4 Annual installments | Repayment shall be made in four equal annual installment commencing after expiry of one year from the date of disbursement of loan. | (Refer Note (5)below) |
| Govt. of India, Sugar Development Fund (SDF) | Term Loan | 113 | 150 | 4.00 | 4 Annual installments | Repayment shall be made in four equal annual installment commencing after expiry of one year from the date of disbursement of loan. | (Refer Note (5)below) |

| Secured Loans | Nature of loan | Principal Loan outstanding as on 30.09.11 (Rs. in lacs) | Loan availed/ disbursed (Rs. in lacs) | Rate of Interest (%) | Repayment Schedule | | Security Offered |
|--|----------------|---|--|----------------------|-----------------------|---|------------------------|
| | | | | | No. of Installments | Commencing from | |
| Govt. of India, Sugar Development Fund (SDF) | Term Loan | 113 | 150 | 4.00 | 4 Annual installments | Repayment shall be made in four equal annual installment commencing after expiry of one year from the date of disbursement of loan. | (Refer Note (5)below) |
| Total A | | 30942 | 48824 | | | | |
| | | | | | | | |
| <u>B) Working Capital Facilities: #</u> | | Amount Outstanding as on 30.09.11 (Rs.in Lacs) | Sanctioned Working Capital Limit (Rs. in Lacs) | Rate of Interest (%) | | | |
| Punjab National Bank | Working Cap. | 13851 | 21349 | 11.50* | | | (Refer Note (3) below) |
| State Bank of India | Working Cap. | 1908 | 5492 | 11.50 | | | |
| IDBI Bank Ltd | Working Cap. | 631 | 3462 | 11.50 | | | |
| Oriental Bank Of Commerce | Working Cap. | 294 | 1500 | 11.50 | | | |
| Indian Overseas Bank | Working Cap. | 983 | 4480 | 11.50 | | | |
| | | | | | | | |
| Total B | | 17667 | 36283 | | | | |
| | | | | | | | |
| Total A + B | | 48609 | 85107 | | | | |

* The PNB Working Capital facilities beyond Rs. 16940 Lacs shall carry interest rate of PNB Base Rate + 3.00% i.e 13.75% p.a. at present.

Security Offered

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.

- (2) Term Loans of Rs.2759 lacs from Punjab National Bank and Rs.606 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.
- (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 loans as referred to in Note (2) above) and Cash Credit are guaranteed by Managing Director and two other Promoters of the Company and corporate guarantees of three Promoter Companies.
- (5) Term Loan from Govt. of India, Sugar Development Fund through IFCI Ltd. is secured/ to be secured by an exclusive second charge on movable assets (except book debts) and Company's immovable properties.

Principal terms of unsecured loans outstanding as on September 30, 2011:

| Unsecured Loans | Nature of loan | Loan outstanding as on 30.09.11 (Rs. in lacs) | Repayment Schedule | |
|---|----------------|---|--------------------|--|
| | | | Rate of Interest | Commencing from |
| Soft Loan from Uttarakhand State Government | Soft Loan | 656.68 | 4.00% | 3 equated annual installments 3 years after 3.1.05 |
| Total | | 656.68 | | |

CAPITAL STRUCTURE

1. Capital Structure of the Company

(Rs. In Lacs)

| | Share Capital | Aggregate value at face value | Aggregate Value at Issue Price |
|-----------|---|-------------------------------|--------------------------------|
| A. | Authorised Share Capital | | |
| | 4,00,00,000 Equity Shares of Rs. 10/- each | 4000.00 | |
| | 75,00,000 Redeemable Preference Shares of Rs. 100/- each | 7500.00 | |
| B. | Current Issued, Subscribed & Paid up Capital before the Issue | | |
| | 2,57,69,000 Equity Shares of Rs. 10/- each | 2576.90 | |
| | 6.5% Cumulative Redeemable Preference Share Capital - Series I | | |
| | 50,00,000 Preference Shares of Rs.100/- each | 5000.00 | |
| | 10% Cumulative Redeemable Preference Share Capital - Series II | | |
| | 18,42,500 Preference Shares of Rs.100/- each | 1842.50 | |
| C. | Present Issue being Offered to the Equity Shareholders through this Draft Letter of Offer: | | |
| | (i) Equity Shares: [●] Equity Shares of Rs. 10/- each for cash at a premium of Rs. [●] per equity share | [●] | [●] |
| | (ii) Warrants: [●] Warrants convertible into [●] Equity Shares of Rs. 10/- each for cash at a premium of Rs. [●] per Equity Shares. | [●] | [●] |
| D. | Issued, Subscribed and Paid-up Capital after the Issue: | | |
| | [●] Equity Shares of Rs. 10/- each outstanding after the issue but before exercise of warrants | [●] | |
| | [●] Equity Shares of Rs. 10/- each outstanding after the issue post exercise of Warrants | [●] | |
| E. | Share Premium Account: | | |
| | Before the Issue | 15611.03 | |
| | After the Issue | [●] | |

Changes in Authorised Share Capital

| Date of shareholders approval | Details of modification to the Authorised Share Capital |
|-------------------------------|---|
| On Incorporation | The Authorised Share Capital was Rs. 20,000,000/- divided into 2,000,000 equity shares of Rs. 10/- each |
| August 29, 2000 | The authorized share capital was increased to Rs. 125,000,000/- divided into 12,500,000 equity shares of Rs. 10/- each. |
| December 31, 2001 | The authorized share capital was increased to Rs. 150,000,000/- divided into 15,000,000 equity shares of Rs. 10/- each |
| April 24, 2004 | The authorized share capital was increased to Rs. 170,000,000/- divided into 17,000,000 equity shares of Rs. 10/- each |
| June 19, 2004 | Sub-division of Capital: One equity share of face value Rs. 10/- each was sub-divided into 2 equity shares of face value Rs. 5/- each. Consequent of sub-division, the authorised share capital was Rs. 170,000,000/- divided into 34,000,000 equity shares of Rs. 5/- each |
| April 30, 2005 | The authorized share capital was increased to Rs. 200,000,000/- divided into 40,000,000 equity shares of Rs. 5/- each |
| August 16, 2005 | The authorized share capital was increased to Rs. 300,000,000/- divided into 60,000,000 equity shares of Rs. 5/- each |
| September 02, 2005 | Consolidation of Capital: The equity share capital was consolidated from face value of Rs. 5/- each to Rs. 10/- each. Consequent to consolidation, the authorized share capital was Rs. 300,000,000/- divided into 3,00,00,000 equity shares of Rs. 10/- each |

| | |
|-------------------|---|
| February 29, 2008 | The authorized share capital was increased to Rs. 400,000,000/- divided into 40,000,000 equity shares of Rs. 10/- each. |
| August 13, 2009 | Increased from Rs.40 crores to 90 crores divided into 4 crore Equity share of Rs 10 each and 50 Lacs Preference Shares of Rs 100 each. |
| August 18, 2010 | Increased from Rs.90 crores to 115 crores divided into 4 crore Equity share of Rs 10 each and 75 Lacs Preference Shares of Rs 100 each. |

2. Details of the Equity Shareholding of the Promoters and Promoter Group in our Company as on September 30, 2011 is as under

| Sr. No. | Name of the Promoters | Total Equity Shares held | |
|---------|---|--------------------------|--|
| | | Number of shares | As a % of total Paid-up Equity Share Capital |
| (I) | (II) | (III) | (IV) |
| 1 | Sonia Adlakha | 10 | 0.00004 |
| 2 | Rajan Adlakha | 367,010 | 1.42423 |
| 3 | Shanta | 60,000 | 0.23284 |
| 4 | Balram Adlakha | 193,100 | 0.74935 |
| 5 | Ranjana Chopra | 373,300 | 1.44864 |
| 6 | Rajni Babbar | 139,910 | 0.54294 |
| 7 | Jai Adlakha | 166,500 | 0.64613 |
| 8 | Shomna Adlakha | 870,410 | 3.37774 |
| 9 | Ranjan Adlakha | 1,492,550 | 5.79204 |
| 10 | Raj Kumar Adlakha Karta Of R.K. & Sons (Huf) | 53,300 | 0.20684 |
| 11 | Raj Kumar Adlakha | 1,624,610 | 6.30451 |
| 12 | Saieesha Adlakha | 166,500 | 0.64613 |
| 13 | Bharat Adlakha | 166,500 | 0.64613 |
| 14 | Shubham Sugars Limited | 28,000 | 0.10866 |
| 15 | Uttam Industrial Engineering Limited | 4,652,043 | 18.05287 |
| 16 | Uttam Sucrotech Limited | 3,474,267 | 13.48235 |
| 17 | New Castle Finance and Leasing Pvt Ltd | 2,262,650 | 8.78051 |
| 18 | Lipi Boilers Limited | 3,212,841 | 12.46785 |
| 19 | Uttam Adlakha & Sons Holdings Pvt. Ltd. (formerly known as G M Colonisers Pvt Ltd.) | 813,650 | 3.15748 |
| | TOTAL | 20,117,151 | 78.06726 |

3. Details of pledge: Some of our promoters have pledged a part of their holding in our Company with the IDBI Bank Limited, Punjab National Bank, State Bank of India, Indian Overseas Bank and Oriental Bank of Commerce as collateral security for loans being availed by us as per details given below:

| Name of the Promoter | Name of the Pledgee | No. of Equity Shares | % of total Promoters shareholding | Terms and Conditions of the Pledge |
|--------------------------------------|---|-----------------------------|--|--|
| Uttam Industrial Engineering Limited | IDBI Bank Limited acting for itself and on behalf of and for the benefit of other lenders viz. PNB, SBI & OBC | 27,50,000 | 13.67 | Collateral security of Shares by means of pledge for securing due repayment of the Term Loans, Corporate Loans and Working Capital Limits together with interest and other monies payable by the Borrower to the Lenders |
| Uttam Sucrotech Limited | IDBI Bank Limited, acting for itself and on behalf of and for the benefit of other lenders viz. PNB, SBI & OBC | 3,00,000 | 1.49 | Collateral security of Shares by means of pledge for securing due repayment of the Term Loans, Corporate Loans and Working Capital Limits together with interest and other monies payable by the Borrower to the Lenders |
| Lipi Boilers Limited | IDBI Bank Limited, acting for itself and on behalf of and for the benefit of other lenders viz. PNB, SBI & OBC | 29,50,000 | 14.66 | Collateral security of Shares by means of pledge for securing due repayment of the Term Loans, Corporate Loans and Working Capital Limits together with interest and other monies payable by the Borrower to the Lenders |
| Raj Kumar Adlakha | IDBI Bank Limited, acting for itself and on behalf of and for the benefit of other lenders viz. PNB, SBI, OBC & IOB | 16,24,610 | 8.08 | Collateral security of Shares by means of pledge for securing due repayment of the Term Loans, Corporate Loans and Working Capital Limits together with interest and other monies payable by the Borrower to the Lenders |
| Rajan Adlakha | IDBI Bank Limited, acting for itself and on behalf of and for the benefit of other lenders viz. PNB, SBI, OBC & IOB | 3,67,010 | 1.82 | Collateral security of Shares by means of pledge for securing due repayment of the Term Loans, Corporate Loans and Working Capital Limits together with interest and other monies payable by the Borrower to the Lenders |
| Ranjan Adlakha | IDBI Bank Limited, acting for itself and on behalf of and for the benefit of other lenders viz. PNB, SBI, OBC & IOB | 14,92,550 | 7.42 | Collateral security of Shares by means of pledge for securing due repayment of the Term Loans, Corporate Loans and Working Capital Limits together with interest and other monies payable by the Borrower to the Lenders |

4. None of the shares of our Company are under lock-in.
5. The Company has not availed of “bridge loans” to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.

6. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of this Draft Letter of Offer. We have no partly paid up equity shares or call in arrears.
7. Our Promoters, Directors, Promoter Group entities and Directors of our Promoters have not sold / purchased any equity shares of our Company during the preceding twelve months from the date of filing of the Draft Letter of Offer with SEBI.
8. The Promoters and Directors of the Company and Lead Manager to the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Draft Letter of Offer.
9. The Equity shares offered through this Issue shall be made fully paid up or will be forfeited within 12 months from the date of allotment.
10. **Details of persons holding more than 1% of the Equity Shares of our Company as on September 30, 2011**

| Sr. No. | Name of the shareholder | Total shares held | | Shares pledged or otherwise encumbered | | |
|--------------------------------|---|-------------------|---|--|--------------------------------------|---|
| | | Number of shares | As a % of total Paid-up equity share capital of the company | Number | As a percentage of Total Shares held | As a % of total Paid-up equity share capital of the company |
| Category: Promoters | | | | | | |
| 1. | Rajan Adlakha | 367,010 | 1.42423 | 367,010 | 100.00 | 1.4242 |
| 2. | Ranjana Chopra | 373,300 | 1.44864 | 0 | 0 | 0 |
| 3. | Shomna Adlakha | 870,410 | 3.37774 | 0 | 0 | 0 |
| 4. | Ranjan Adlakha | 1,492,550 | 5.79204 | 1,492,550 | 100.00 | 5.79204 |
| 5. | Raj Kumar Adlakha | 1,624,610 | 6.30451 | 1,624,610 | 100.00 | 6.30451 |
| 6. | Uttam Industrial Engineering Limited | 4,652,043 | 18.05287 | 2,750,000 | 59.1138 | 10.6717 |
| 7. | Uttam Sucrotech Limited | 3,474,267 | 13.48235 | 300,000 | 8.6349 | 1.1642 |
| 8. | New Castle Finance And Leasing Pvt Ltd | 2,262,650 | 8.78051 | 0 | 0 | 0 |
| 9. | Lipi Boilers Limited | 3,212,841 | 12.46785 | 2,950,000 | 91.8191 | 11.4479 |
| 10. | Uttam Adlakha & Sons Holdings Pvt. Ltd. (formerly known as G M Colonisers Pvt Ltd.) | 813,650 | 3.15748 | 0 | 0 | 0 |
| Category: Non-Promoters | | | | | | |
| 11. | Punjab National Bank | 5,60,723 | 2.17596 | | | |

11. Details of Partly paid up shares/outstanding convertible securities and warrants of the Company as on September 30, 2011

| Partly paid up shares | No. of partly paid up shares | As a % of total no. of partly paid up shares | As a % of total no. of shares of the company |
|---|--------------------------------------|--|--|
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| | | | |
| Outstanding convertible securities | No. of outstanding securities | As a % of total no. of Outstanding convertible securities | As a % of total no. of shares of the company assuming full conversion of the convertible securities |
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| | | | |
| Warrants | No. of warrants | As a % of total no. of warrants | As a % of total no. of shares of the company assuming full conversion of warrants |
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| Total paid up capital of the company assuming full conversion of warrants and convertible securities | 25769000 | | |

12. The Shareholding Pattern of our Company as on September 30, 2011 as filed with Stock Exchanges:

| Category Code | Category Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | | Shares Pledged or otherwise encumbered | |
|---------------|--|------------------------|------------------------|--|--|----------------------------|--|--------------------------|
| | | | | | As a percentage of(A+B) ¹ | As a percentage of (A+B+C) | Number of shares | As a percentage |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX)= (VIII)/(IV)*100 |
| (A) | Shareholding of Promoter and Promoter Group | | | | | | | |
| 1 | Indian | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 13 | 5,673,700 | 4,373,870 | 22.02 | 22.02 | 3,484,170 | 61.41 |
| (b) | Central Government/ State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Bodies Corporate | 6 | 14,443,451 | 14,415,451 | 56.05 | 56.05 | 6,000,000 | 41.54 |
| (d) | Financial Institutions/ Banks | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (e) | Any Others(Specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub Total(A)(1) | 19 | 20,117,151 | 18,789,321 | 78.07 | 78.07 | 9,484,170 | 47.14 |
| 2 | Foreign | | | | | | | |
| (a) | Individuals (Non-Residents Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (d) | Any Others(Specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub Total(A)(2) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2) | 19 | 20,117,151 | 18,789,321 | 78.07 | 78.07 | 9,484,170 | 47.14 |

| (B) | Public shareholding | | | | | | | | | | NA | NA |
|------------|--|---------------|------------------|------------------|------------------|------------------|--------------|--------------|--------------|--|----|----|
| I | Institutions | | | | | | | | | | NA | NA |
| (a) | Mutual Funds/ UTI | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | | NA | NA |
| (b) | Financial Institutions / Banks | 1 | 560,723 | 560,723 | 560,723 | 560,723 | 2.18 | 2.18 | 2.18 | | | |
| (c) | Central Government/ State Government(s) | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | | | |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | | | |
| (e) | Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | | | |
| (f) | Foreign Institutional Investors | 1 | 19,456 | 19,456 | 19,456 | 19,456 | 0.08 | 0.08 | 0.08 | | | |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | | | |
| (h) | Any Other (specify) | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | | | |
| | | | | | | | | | | | | |
| | Sub-Total (B)(1) | 2 | 580,179 | 580,179 | 580,179 | 580,179 | 2.25 | 2.25 | 2.25 | | | |
| B 2 | Non-institutions | | | | | | | | | | NA | NA |
| (a) | Bodies Corporate | 360 | 545,125 | 545,125 | 545,125 | 545,125 | 2.12 | 2.12 | 2.12 | | | |
| (b) | Individuals | | | | | | | | | | | |
| I | Individual shareholders holding nominal share capital up to Rs 1 lakh | 22,977 | 3,553,532 | 3,552,822 | 3,552,822 | 3,552,822 | 13.79 | 13.79 | 13.79 | | | |
| II | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 27 | 783,020 | 489,520 | 489,520 | 489,520 | 3.04 | 3.04 | 3.04 | | | |
| (c) | Any Other (specify) | | | | | | | | | | | |
| (c-i) | Trusts | 2 | 20 | 20 | 20 | 20 | 0.00 | 0.00 | 0.00 | | | |
| (c-ii) | Non-Resident Indians | 124 | 57,070 | 57,070 | 57,070 | 57,070 | 0.22 | 0.22 | 0.22 | | | |
| (c-iii) | Clearing members | 39 | 7,204 | 7,204 | 7,204 | 7,204 | 0.03 | 0.03 | 0.03 | | | |
| (c-iv) | Hindu Undivided Families | 605 | 125,699 | 125,699 | 125,699 | 125,699 | 0.49 | 0.49 | 0.49 | | | |
| | Sub-Total (B)(2) | 24,134 | 5,071,670 | 4,777,460 | 4,777,460 | 4,777,460 | 19.68 | 19.68 | 19.68 | | | |

| | | | | | | | | | | |
|-----|--|-------------|--------|------------|------------|--------|--------|--------|-----------|-------|
| (B) | Total Shareholding (B)(1)+(B)(2) | Public (B)= | 24,136 | 5,651,849 | 5,357,639 | 21.93 | 21.93 | 21.93 | NA | NA |
| | TOTAL (A)+(B) | | 24,155 | 25,769,000 | 24,146,960 | 100.00 | 100.00 | 100.00 | 9,484,170 | 36.80 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | | NA | NA |
| 1 | Promoter and Promoter Group | | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0 | 0.00 |
| 2 | Public | | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub-Total (C) | | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0 | 0.00 |
| | GRAND TOTAL (A)+(B)+(C) | | 24,155 | 25,769,000 | 24,146,960 | 100.00 | 100.00 | 100.00 | 9,484,170 | 36.80 |

The percentage of holding of the shareholders of our Company will remain the same after the Rights Issue and conversion of Warrants, assuming full subscription by all the shareholders proportionately in the ratio of their holding and 100% exercise of warrants by the holders.

13. The Board of Directors of the Company has issued and allotted following preference shares:

A: 50,00,000 “6.50% Cumulative Redeemable Preference Shares- Series- I” having face value of Rs.100/- each at par to the Promoter Group entities including their associates. The said shares do not carry any voting rights. The details of allotment of preference shares under series-I are as under:

| Date of Allotment of Preference Shares | No. of Preference Shares | Face Value (Rs.) | Issue Price (Rs.) | Nature of consideration | List of Allottees |
|--|--------------------------|---|-------------------|-------------------------|---|
| 28.08.2009 | 2,80,000 | 100 | 100 | Cash | Uttam Adlakha & Sons Holdings Pvt. Ltd. (formerly known as G.M. Colonisers Private Limited) |
| | 60,000 | 100 | 100 | Cash | Uttam Sucrotech Limited |
| 23.09.2009 | 3,00,000 | 100 | 100 | Cash | Sekhri Finance & Investment Private Limited |
| | 20,000 | 100 | 100 | Cash | Uttam Sucrotech Limited |
| 14.10.2009 | 10,80,000 | 100 | 100 | Cash | Uttam Adlakha & Sons Holdings Pvt. Ltd. (formerly known as G.M. Colonisers Private Limited) |
| | 3,45,000 | 100 | 100 | Cash | Uttam Sucrotech Limited |
| | 50,000 | 100 | 100 | Cash | Uttam Industrial Engineering Limited |
| 12.11.2009 | 5,00,000 | 100 | 100 | Cash | Uttam Sucrotech Limited |
| | 3,00,000 | 100 | 100 | Cash | Sekhri Finance & Investment Private Limited |
| 19.11.2009 | 3,00,000 | 100 | 100 | Cash | Uttam Sucrotech Limited |
| | 4,00,000 | 100 | 100 | Cash | Uttam Adlakha & Sons Holdings Pvt. Ltd. (formerly known as G.M. Colonisers Private Limited) |
| 09.12.2009 | 25,000 | 100 | 100 | Cash | Uttam Sucrotech Limited |
| 30.12.2009 | 1,00,000 | 100 | 100 | Cash | Uttam Sucrotech Limited |
| | 4,00,000 | 100 | 100 | Cash | Uttam Industrial Engineering Limited |
| 31.12.2010 | 3,50,000 | 100 | 100 | Cash | Uttam Sucrotech Limited |
| | 1,50,000 | 100 | 100 | Cash | New Castle Finance & Leasing Private Limited |
| 27.01.2011 | 1,90,000 | 100 | 100 | Cash | Lipi Boilers Limited |
| | 1,50,000 | 100 | 100 | Cash | Uttam Industrial Engineering Limited |
| Total | 50,00,000 | Total amount raised Rs. 50,00,00,000/- | | | |

Details of Shareholding Pattern of Preference Shares – Series – I is as under:

| S No. | Name of the Shareholder | No. of Preference Shares held | Face Value of each share (Rs.) | Total Preference Share Capital (Rs.) |
|-------|---|-------------------------------|--------------------------------|--------------------------------------|
| 1. | Uttam Sucrotech Limited | 17,00,000 | Rs. 100 | 17,00,00,000 |
| 2. | Uttam Adlakha & Sons Holdings Pvt. Ltd. (Formerly known as G.M. Colonisers Pvt Ltd.) | 17,60,000 | Rs. 100 | 17,60,00,000 |

| | | | | |
|----|--|------------------|---------|---------------------|
| 3. | Sekhri Finance & Investment Pvt. Ltd. | 6,00,000 | Rs. 100 | 6,00,00,000 |
| 4. | Uttam Industrial Engineering Ltd. | 6,00,000 | Rs. 100 | 6,00,00,000 |
| 5. | New Castle Finance & Leasing Private Limited | 1,50,000 | Rs.100 | 1,50,00,000 |
| 6. | Lipi Boilers Limited | 1,90,000 | Rs.100 | 1,90,00,000 |
| | Total | 50,00,000 | | 50,00,00,000 |

B: 18,42,500 “10.00% Cumulative Redeemable Preference Shares – Series-II” having face value of Rs.100/- each at a premium of Rs.100/- per Preference Shares to the Promoter Group entities including their associates. The said shares do not carry any voting rights. The details of allotment of preference shares under Series-II are as under:

| Date of Allotment of Preference Shares | No. of Preference Shares | Face Value (Rs.) | Issue Price (Rs.) | Nature of consideration | List of Allottees |
|--|--------------------------|------------------|-------------------|-------------------------|--|
| 29.01.2011 | 37,500 | 100 | 200 | Cash | Uttam Sucrotech Limited |
| | 82,500 | 100 | 200 | Cash | Uttam Industrial Engg. Ltd. |
| | 62,000 | 100 | 200 | Cash | Lipi Boilers Limited |
| | 10,000 | 100 | 200 | Cash | Sekhri Finance & Investments Pvt. Ltd. |
| | 24,000 | 100 | 200 | Cash | Uttam Adlakha & Sons Holdings Pvt. Ltd. (formerly known as G.M.Colonisers Pvt. Ltd.) |
| 15.03.2011 | 5,15,000 | 100 | 200 | Cash | Uttam Industrial Engg. Ltd. |
| | 5,37,500 | 100 | 200 | Cash | Lipi Boilers Limited |
| | 1,87,500 | 100 | 200 | Cash | Uttam Sucrotech Limited |
| | 1,57,500 | 100 | 200 | Cash | Sekhri Finance & Investments Pvt. Ltd. |
| | 2,29,000 | 100 | 200 | Cash | Uttam Adlakha & Sons Holdings Pvt. Ltd. (formerly known as G.M.Colonisers Pvt. Ltd.) |
| Total | 18,42,500 | | | | Total amount raised (including premium) Rs. 36,85,00,000/- |

Details of Shareholding Pattern of Preference Shares – Series – II is as under:

| S No. | Name of the Shareholder | No. of Preference Shares held | Face Value of each share (Rs.) | Total Preference Share Capital (Rs.) |
|-------|---|-------------------------------|--------------------------------|--------------------------------------|
| 1. | Uttam Sucrotech Limited | 2,25,000 | Rs. 100/- | 2,25,00,000 |
| 2. | Uttam Industrial Engineering Ltd. | 5,97,500 | Rs. 100/- | 5,97,50,000 |
| 3. | Lipi Boilers Limited | 5,99,500 | Rs.100/- | 5,99,50,000 |
| 4. | Sekhri Finance & Investment Pvt. Ltd. | 1,67,500 | Rs. 100/- | 1,67,50,000 |
| 5. | Uttam Adlakha & Sons Holdings Pvt. Ltd. (Formerly known as G.M. Colonisers Pvt Ltd.) | 2,53,000 | Rs. 100/- | 2,53,00,000 |
| | Total | 18,42,500 | | 18,42,50,000 |

“6.50% Cumulative Redeemable Preference Shares - Series – I” will be redeemable at par and the period of redemption will be after 2 years but not later than 6 years from the date of allotment of the respective preference shares.

“10.00% Cumulative Redeemable Preference Shares - Series – II” will be redeemable at a premium of Rs.100/- per preference shares and the period of redemption will be after 5 years but not later than 10 years from the date of allotment of the respective Preference Shares.

Our Company raised the funds by issue of redeemable preference shares to meet the shortfall in working capital requirement and capital expenditure relating to ongoing projects of our Company. The said amount was utilized for the purpose it was raised i.e. working capital and capital expenditure.

The preference shares under series-I have a right to be paid a dividend @ 6.5% for the tenure and preference shares under series-II have right to be paid a dividend @10.00% for the tenure. The payment of dividend to holders of such cumulative redeemable preference shares is likely to impact the cash flow of our Company.

14. The total number of members of in our Company as on September 30, 2011 was 24,166. (Equity Shareholders : 24,155 & Preference Shareholders : 11)
15. No further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect the equity capital of the Company, shall be made during the period commencing from the date of filing of the Draft Letter of Offer with the SEBI upto the date on which the Equity Shares issued under this Issue are listed or application moneys are refunded on account of the failure of the Issue.
16. Our Company presently does not have any intention or proposal to alter its capital structure for a period of 6 months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise.
17. At any given time, there shall be only one denomination of the Equity Shares and we shall comply with such disclosure and accounting norms specified by SEBI from time to time.
18. The Company has not issued any Equity Shares out of revaluation reserves. Further the Company has not revalued any of its assets in the 5 years preceding the date of this Draft Letter of Offer.
19. The Company has not offered any Employees Stock Option Scheme or Employees Stock Purchase Scheme.

OBJECTS OF THE ISSUE

The Objects of the Issue are as under:

1. Financing the Capital Contribution margin for additional working capital
2. Repayment of Interest Free Unsecured Loan temporarily taken from promoters to fund margin for Additional Working Capital
3. Meeting the Issue related Expenses

Our Company intends to deploy the Net Proceeds of the Issue mainly to finance a portion of Working Capital Gap in terms of CDR approved scheme a part of which has been temporarily financed through Interest Free Unsecured Loan received from promoters which shall also be repaid out of the issue proceeds.

Issue Proceeds and its proposed utilisation:

The Net Proceeds of the Issue:

| Particulars | Estimated Amount (Rs. in Lacs) |
|---------------------------|--------------------------------|
| Issue Proceeds | [●] |
| Issue related expenses | [●] |
| Net Proceeds of the Issue | [●] |

We intend to utilise the Net Proceeds of the Issue for financing the objects as set forth below:

| Particulars | Estimated Amount (Rs. in millions) |
|---|------------------------------------|
| Repayment of Interest Free Temporary Unsecured Loan | [●] |
| Financing the Long Working Capital Gap | [●] |

Issues proceeds of Warrants received at the time of conversion shall be utilized for general corporate purposes.

Details of the Objects of the Issue:

1. Capital Contribution margin for additional working capital:

Our Company has faced certain financial difficulties due to past losses and unfavourable sugar seasons. Consequently, the cash flows were adversely affected. In March 2009 our Company approached its lenders for comprehensive restructuring under CDR. The proposal was refereed by IDBI, to CDR and was admitted on April 22, 2009. IDBI was appointed as the Monitoring Institution and final restructuring proposal was approved by CDR-EG in October 2009. The CDR Package was sanctioned and implemented by all the lenders.

However, during sugar Season 2009-10 the financial performance of our Company was adversely affected due to sharp decrease in sugar prices in second half of the sugar season ended June 2010 which resulted in a loss of Rs. 4406 Lacs. Our Company hence approached its lenders for additional funding of Rs. 11000.00 lacs in the form of Term Loan to bridge the Working Capital Gap. The Monitoring Institution, IDBI assessed this WC Gap as Rs. 10800.00 lacs and referred the matter to CDR-EG. CDR-EG in its meeting held on August 12, 2011 has approved in principle the Funding of Working Capital Gap of Rs. 10800 lacs and advised the lenders to sanction and disburse the amount at the earliest after getting clearance from their respective Competent Authorities.

The approved CDR Scheme the Working Capital Gap shall be financed to the extent of 75% by the Working Capital Lenders in pro rata basis and balance 25% shall in the form of promoters' contribution. Hence a sum of Rs. 2700 lac is required to be brought in by the Promoters in the form of equity contribution. Present equity holding of promoters of our Company is already 78.07% and in terms of Clause 40A of the Listing Agreements with the Stock Exchanges where securities of the Company are listed, promoters cannot acquire any further share to increase their percentage holding in the Company. In fact in compliance with Rule 19A of Securities Contract (Regulation) Rules, 1957 there is a requirement of increasing the non-promoters holding to the extent of minimum upto 25%. Hence, there is no

possibility of infusing the Promoters Contribution in the form of Preferential Allotment of Equity Shares. Hence, our company has decided to raise the required funds for Promoters Contribution through the Rights Issue.

In terms of the said CDR Directive one of the lenders, Punjab National Bank has sanctioned a Working Capital Term Loan of Rs. 4500 lacs vide its letter dated October 04, 2011. Similarly, IDBI & IOB have sanctioned the additional Working Capital Term Loan of Rs. 800 Lacs & Rs. 944 lacs vide their letters dated November 3, 2011 and November 22, 2011 respectively. Hence more than 77% of the total loan portion of the Working Capital Gap is already tied-up. Our Company has also submitted the application/s to other lenders for sanctioning their part of the Working Capital Loans and expects to get their sanctions too.

The Working Capital Gap has been assessed by IDBI as under:

The Working Capital Gap is mainly because of increase in cane price during the previous sugar season 2009-10, which could not be offset, as the selling price of sugar had not increased in proportion to increase in raw material cost. On the basis of loss of sale of sugar stock of Sugar season 2009-10, Working Capital Gap worked out to Rs. 10800 lacs as under:

| Particulars | Amount |
|--|-------------------------------|
| Stock as on 31.03.2010 (lacs Qtl.) | 15.80 |
| Production During April 2010 (lacs Qtl.) | 2.23 |
| Total | 18.03 |
| Value Addition* (Rs./Qtl.) | (597) |
| Value (Rs. in lacs) | 10765.00 (approx. 10800 lacs) |

* Value addition in negative variation between cane cost and average realisation

The Working Capital Gap financing shall be as under:

| Particulars | Amount (Rs. in Lacs) | Amount (Rs. in Lacs) |
|--|----------------------|----------------------|
| Total Additional Working Capital requirement | 10800.00 | |
| Long Term Working Capital Loans from Bank & Financial Institutions | | 8100.00 |
| Capital Contribution to the Working Capital Gap (25%) | | 2700.00 |

The sanctioned limits of Working Capital as available to our Company and level of utilization before the financing of Additional Working Capital Requirement: (As on 15.07.2011)

| Working Capital Limits | Sanctioned Limit | Outstanding |
|------------------------------|------------------|--------------|
| IDBI | 3013 | 2528 |
| PNB | 16940 | 15533 |
| IOB | 3555 | 3355 |
| SBI | 5492 | 4492 |
| OBC | 1500 | 1100 |
| TOTAL WORKING CAPITAL | 30500 | 27008 |

2. In terms of the sanctioned CDR Scheme for Additional Working Capital, the lenders require 25% capital contribution to release a part of the Additional Working Capital Loan. Hence, our Company's Promoters have infused a sum of Rs. 675 lacs out of the total Rs. 2700 lacs in the form of temporary interest free unsecured loan. A part of the proceeds shall be used to repay this temporary unsecured loan.

3. Issue related expenses:

The total expenses of the Issue are estimated to be approximately Rs. [●] lacs. The Issue related expenses include, Issue management fees, underwriters' fees, Registrar fees, printing and distribution expenses, fees of the legal counsel, advertisement and listing fees to the Stock Exchanges etc. The break-up of total Issue expenses is set out below:

| Category | Estimated expenses (` in lakhs) | % of the Issue expenses | % of total Issue size |
|---|--|------------------------------------|----------------------------------|
| Fees to the Lead Manager and Registrar to the Issue | [•] | [•] | [•] |
| Fees to the Underwriters | [•] | [•] | [•] |
| Fees to the Auditors and Legal Counsel | [•] | [•] | [•] |
| Fees to SCSBs | [•] | [•] | [•] |
| Advertising, Publicity and Stationery Expenses | [•] | [•] | [•] |
| Contingency & Other Expenses including Stamp duty, Statutory fees, Listing Fees, Depository Charges etc | [•] | [•] | [•] |
| Total | [•] | [•] | [•] |

The requirements of the objects detailed above are intended to be funded from the Net Proceeds of the Issue. Accordingly, our Company confirms that there is no requirement for it to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

STATEMENT OF TAX BENEFITS

The Board of Directors
M/s Uttam Sugar Mills Ltd.
Sector -24 CMA Tower
Noida

Dear Sirs,

We hereby certify that the enclosed annexure states the possible tax benefits available to Uttam Sugar Mills Ltd (“The Company”) and its Shareholders under the tax laws currently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The company is currently availing any of these benefits or will avail these benefits in future
- The Company ‘s shareholders will avail these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations, and representations received from the Company and on the basis of our understanding of the business activities and operations of the Company.

This Report is intended solely for informational purpose for the inclusion in the offer document in connection with the proposed Right issue of the “the Company” and is not to be used in, referred to or distributed for any other purpose

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

**(B. K. Kapur) FCA
Partner
Membership No. 04578**

Date: 28.11.2011

A. TAX BENEFITS AVAILABLE TO THE COMPANY

A.1 UNDER THE INCOME TAX ACT, 1961 (I.T ACT)

1. (a) The company is engaged in the manufacture and sale of Sugar since January 2001. The Company is having four manufacturing units (Industrial Undertakings) three of which are located in the state Uttar Pradesh and one is located in the state Uttaranchal.

(b) The Company had undertaken substantial expansion in November 2003 in the unit situated in Village Libberhedi, Tehsil Roorkee, District Hardwar (Uttaranchal) which was completed in November 2004.

On the basis of this substantial expansion of Industrial Undertaking, the company being entitled to get deduction u/s 80-1C of the IT Act as specified u/s 80-1C(3)(ii) w.e.f. the financial year ended 31st March, 2005 is availing deduction as follows:

| Period of deduction | Extent of Deduction |
|----------------------------|---|
| First 5 assessment years | 100% of the profits and gains derived from such undertaking |
| Next 5 assessment years | 30% of the profits and gains from such undertaking |

2. Under section 32 of I.T Act, the company is entitled to claim depreciation on Tangible and Intangible assets for the use thereof in the company's business as explained in the said section. Unabsorbed depreciation, if any, for an Assessment year can be carried forward without any time limit and set off against any source of income in the subsequent Assessment year.

3. Under section 35 of I.T Act and subject to the provision therein, the company would be entitled to deduction in respect of expenditure laid out or expended on scientific research relating to the business.

4. Under Section 35D of I.T Act the company is eligible to claim deduction of preliminary expenses, subject to limits specified in sub-section (3) of the said section.

5. Under section 35DDA, the Company is eligible for deduction in respect of payments made to its employee in connection with their voluntary retirements in accordance with any scheme or schemes of an amount equal to 1/5th of such payments over 5 successive assessment years subject to conditions and limits specified in that section.

6. Under Section 35, the Company is eligible for deduction in respect of any expenditure (not being expenditure on the acquisition of any land) on scientific research related to the business subject to conditions specified in that section.

Under section 35(2AB), subject to fulfillment of conditions specified therein, by extending weighted deduction (a sum equal to two times of expenditure not being expenditure on the acquisition of any land or building) for in-house research & development for companies engaged in any business of manufacture or production of any article or thing except those provided in the Eleventh Schedule of the Act.

7. Set off & Carry forward of business losses

Business loss (not from Speculative business), if any, can be set off against any income of that year & the balance can be carry forward and set off against business profit for eight subsequent assessment years.

8. Under section 10 (34) of I.T Act, dividend income referred to in section 115-O is exempt from tax in the hands of the company. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to exempt income.

9. Under section 10(38) of I.T Act, income arising from transfer of long-term capital asset, being an equity share of a company or unit of an equity oriented mutual fund is exempt from Tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1,2004 and such transaction is chargeable to STT under that Chapter.

Provided that the income by way of long term capital gain of a company shall be taken into account in computing the book profit and Income Tax payable under section 115JB

10. Under section 111A of I.T Act, the short term capital gain on transfer of equity share or units of an equity oriented mutual funds shall be chargeable to Tax @ 15% (plus applicable surcharge and education cess), if the transaction of such sales has been entered into on or after the date on which chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1,2004 and such transaction is chargeable to STT under that Chapter. Deduction under Chapter VI-A of I.T Act is not available on such income.

11. Under section 112 and other relevant provisions of I.T Act, the long term capital gains arising on transfer of long term capital assets shall be taxed at the rate of 20% (plus applicable surcharge and education cess) after

indexation as provided in the second proviso to section 48 of I.T Act. However, in case of transfer of listed securities or unit or zero coupon bond, the long term capital gain (not covered under section 10(36) & 10(38) of I.T Act) can be taxed at 10% (plus applicable surcharge and education cess) without indexation, at the option of Company. Deduction under Chapter VI-A of I.T Act is not available on such income.

12 **MAT Credit**

The Company would be required to pay tax on its book profits under the provisions of section 115JB in case where tax on its “total income” [the term defined under section 2(45) of the IT Act] is less than 19.055% of its book profit (the term defined under section 115JB of the IT Act). Such tax is referred to as Minimum Alternate Tax (MAT.)

The difference between the MAT payable under section 115JB of the IT Act and the tax on its total income payable for that assessment year shall be allowed to be carried forward as “MAT credit” upto tenth assessment year immediately succeeding the assessment year in which the tax credit under MAT has been paid. The MAT credit can be utilized to be set off against taxes payable on the total income computed under the provisions of the IT Act other than 115JB thereof if any, in the subsequent assessment years in accordance with the provisions & limit specified in section 115JAA of the IT Act.

13 Under section 54EC of the I T Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of capital asset by the Company will be exempt from capital gains tax if the capital gains arising therefrom are invested within a period of 6 months after the date of such transfer in eligible bonds (to be held for a minimum period of 3 years from the date of their acquisition) issued by –

- National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988;
- Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

However, the investment made in the specified bonds during the financial year should not exceed Rs 50 lacs.

14 As per section 70 read with section 74, short term capital loss arising during a year is allowed to be set off against short term as well as long term capital gain arising in that year. Balance loss if any, should be carried forward and available for set-off against subsequent year’s short term or long term capital gains for subsequent 8 years.

15 As per section 70 read with section 74, long term capital loss arising during a year is allowed to be set off only against long term capital gains. Balance loss if any, should be carried forward and available for set-off against subsequent year’s long term capital gains for subsequent 8 years

A.2 The company already have three power generating unit with Power Purchase Agreement and is setting up one more such power generation units and in accordance with and subject to the conditions specified in section 80IA of IT Act, the company would be entitled to 100% deduction of profits derived from industrial undertaking engaged in generation and/or distribution or transmission of power for any 10 consecutive assessment years out of fifteen years beginning from the year in which the undertaking generate power or commences transmission or distribution of power before 31.03.2011

A.3 UNDER THE WEALTH TAX ACT, 1957

The company is liable to pay wealth tax as per the provisions of Wealth tax Act, 1957 at the rate of 1% in respect of certain assets owned by the company subject to the basic exemption of Rs.30 Lacs.

A.4 UNDER THE GIFT TAX ACT, 1958

Gifts of Shares of the Company made on or after October 1,1998 are not liable to Gift Tax since abolished.

A.5 UNDER INDIRECT TAXES:

Central Excise Tariff

- The Unit of the company situated at Village Libberhedi, Tehsil Roorkee, District Hardwar (State Uttaranchal) is eligible for exemption in respect of payment of Excise duty for sugar and its by-products manufactured at its unit in terms of Notification No.49/2003 C.E. dated 10.06.03 and Notification No 50/2003 CE dated 10.06.03 subject to fulfilling of the conditions prescribed in the aforesaid notifications.

Central Sales Tax Act, 1956

- Tax on inter state sales leviable under Section 6(1) of the Central Sales Tax Act, 1956 is not applicable on sale of electricity energy.

Customs Tariff

- In terms of Notifications under Customs Tariff of India, the Power Generating Companies are eligible to import goods required for power generation project including gas turbine power projects (excluding captive power plants set up by projects engaged in activities other than in power generation) at concessional rates.

B. TAX BENEFITS AVAILABLE TO THE MEMBERS

B.1 UNDER THE INCOME-TAX ACT, 1961 (I.T ACT)

TO RESIDENT MEMBERS:

1. Under section 10(34) of I.T Act, dividend income referred to in section 115-O is exempt from tax in the hands of the shareholders. However it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to exempt income
2. Under section 10(38) of I.T Act, the long term capital gains arising on transfer of the shares of the Company, is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1,2004 and such transaction is chargeable to STT under that Chapter
Provided that the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB
3. Under section 111A of I.T Act, the short term capital gain on transfer of equity shares of the Company shall be chargeable to tax @ 15% (plus applicable surcharge, education cess and secondary and higher education cess), if the transaction of such sale has been entered into on or after the date on which chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1,2004 and such transaction is chargeable to STT under that Chapter. Deduction under Chapter VI-A of I.T Act is not available on such income. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act,2009)
4. Under section 112 and other relevant provisions of I.T Act, the long term capital gains arising on transfer of the shares of the Company, shall be taxed at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) after indexation as provided in the second proviso to section 48 of I.T Act. However, at the option of the shareholder, instead of above, the long-term capital gain arising from the transfer of the equity shares of the Listed Company, if not covered under section 10(36) & 10(38) of I.T Act, can be taxed at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess) without indexation. Deduction under Chapter VI-A of I.T Act is not available on such income. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act,2009)
5. Under section 54EC of the Income Tax Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares in the Company will be exempt from capital gains tax if the capital gains arising there from are invested within a period of 6 months after the date of such transfer in eligible bonds (to be held for a minimum period of 3 years from the date of their acquisition) issued by –
 - National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;However, the investment made in the specified bonds during the financial year should not exceed Rs 50 lakhs.
6. In accordance with section 54F of I.T Act and subject to the conditions provided therein, long term capital gains arising on transfer of shares in the company held by an individual or HUF shall be exempt from tax if the net sale consideration from the transfer of the shares in the Company is utilized within a period of one year before or two years after the date of transfer for purchase of a new residential house or construction of a new residential house within a period of three years from the date of such transfer.

TO NON-RESIDENT MEMBERS:

1. Under section 10(34) of I.T Act, dividend income referred to in section 115-O of I.T Act is exempt from tax in the hands of the shareholders.
2. Under section 10(38) of I.T Act, the long term capital gains arising on transfer of the shares of the Company, is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1, 2004 and such transaction is chargeable to STT under that Chapter.
Provided that the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB
3. Under section 111A of I.T Act, the short term capital gain on transfer of equity share of the Company shall be chargeable to tax @ 15% (plus applicable surcharge, education cess and secondary and higher education cess), if the transaction of such sale has been entered into on or after the date on which chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1, 2004 and such transaction is chargeable to STT under the Chapter. Deduction under Chapter VI-A of I.T Act is not available on such income. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act,2009)
4. Under section 112 and other relevant provisions of I.T Act, the long term capital gains arising on transfer of the shares of the Company, shall be taxed at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) after indexation as provided in the second proviso to section 48 of I.T Act. Indexation is not available if investment made in foreign currency as per first proviso to section 48 of I.T Act. However, at the option of the shareholder, instead of above, the long-term capital gain arising from the transfer of the equity shares of the Listed Company, if not covered under section 10(36) & 10(38) of I.T Act, can be taxed at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess) without indexation. Deductions under Chapter VI-A of I.T Act are not available on such income. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act,2009)
5. Under the first proviso to section 48 of I.T Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuation in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. However, the capital gain will be taxed as per the provision of section 111A or 112 of I.T Act as applicable.
6. As per the provisions of section 115A of I.T Act, in the case of a non resident or a foreign company, the tax payable on dividends other than dividends referred to in section 115-O of I.T Act shall be 20% (plus applicable surcharge, education cess and secondary and higher education cess) of such income. It shall not be necessary for such assessee to furnish the Return of Income if their only source of income is investment income and tax has been deducted at source from such income under the provisions of chapter XVIIIB of I.T Act. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act,2009)
7. Under section 54EC of the Income Tax Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares in the Company will be exempt from capital gains tax if the capital gains arising there from are invested within a period of 6 months after the date of such transfer in eligible bonds (to be held for a minimum period of 3 years from the date of their acquisition) issued by –
 - National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;However, the investment made in the specified bonds during the financial year should not exceed Rs 50 lakhs
8. In accordance with section 54F of I.T Act and subject to the conditions provided therein, long term capital gains arising on transfer of shares in the company held by an individual or HUF shall be exempt from tax if the net sale consideration from the transfer of the shares in the Company is utilized within a period of one year before or two years after the date of transfer for purchase of a new residential house, or for construction of a new residential house within a period of three years from the date of such transfer.

9. SPECIAL PROVISIONS FOR NON-RESIDENT INDIAN MEMBERS:

- 9.1 A Non-Resident Indian (i.e. individual being a citizen of India or person of Indian origin) has the option to be governed by the special provisions of chapter XII-A of I.T Act, according to which:
- 9.2 Under section 115E of I.T Act, where shares in a company are subscribed or acquired for in convertible foreign exchange by a non-resident Indian then income from long term capital gains (not covered under section 10(36) & 10(38) of I.T Act) on transfer of these shares shall be charged to tax @ 10% (plus applicable surcharge, education cess and secondary and higher education cess) without indexation as per first proviso to section 48 of I.T Act. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act,2009)
- 9.3 Under section 115F of I.T Act, the long term capital gains arising from the transfer of shares of the Company, where these were acquired or subscribed in convertible foreign exchange, shall be exempt from tax provided that the net consideration from the transfer of the shares in the Company is invested in any specified asset (including share in the company) within six months from the date of transfer of the asset. The amount so exempt from tax shall, however, be chargeable to tax subsequently as long-term capital gains, if the new asset is transferred or converted into money within three years from the date of their acquisition.
- 9.4 Under section 115G of I.T Act, a non-resident Indian is not required to file a Return of Income under section 139(1) of I.T Act, if his total income consists only of income from investments as defined under Special provisions of Chapter XII-A of IT Act or long term capital gains earned on transfer of such investments or both and tax has been deducted at source from such income under the provisions of chapter XVIIIB of I.T Act.
- 9.5 Under section 115I of I.T Act, a non-resident Indian has the option of not being governed by the special provisions of chapter XII-A for any assessment year by furnishing his return of income under section 139 of I.T Act declaring therein that the provision of this chapter shall not apply to him for that assessment year.

10.1 Foreign Institutional Investors (FIIs)

- In terms of section 10(34) of the IT Act, dividend income referred to in section 115-O of the IT Act, is exempt from tax in the hands of the shareholder.
- In accordance with section 10(38) of the IT Act, income arising from transfer of long term capital asset, being an equity share in a company or a unit of an equity oriented fund which are subject to Securities Transaction Tax, are exempt in the hands of the shareholder.
- The income by way of short term capital gains or long term capital gains realized by FIIs (notified by the Central Government) on sale of shares in the company would be taxed at the following rates as per section 115AD of the IT Act.
 - Short term capital gains – 30% (plus applicable surcharge, education cess and Secondary and higher education cess). However as per the provisions of section 111A of the IT Act and subject to the conditions and restrictions mentioned thereunder, short term capital gains arising from transfer of a short term capital asset, being an equity share in a Indian Company, shall be taxed at 15% (plus applicable surcharge, education cess and secondary and higher education cess).
 - Long term capital gains – 10% (plus applicable surcharge, education cess and secondary and higher education cess) but without indexation / foreign exchange-rupee fluctuation benefits (Shares held in a company would be considered as a long-term capital asset provided they are held for a period exceeding 12 months.)

10.2 Venture Capital Companies/ Funds/ Mutual Funds

- In terms of section 10(23FB) of the Income Tax Act, all Venture capital companies/ funds registered with Securities and Exchange Board of India, subject to the conditions specified in the said section, are eligible for exemption from income tax on all their income, including income from sale of shares of the company.
- In terms of section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein, are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.

10.3 Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence Wealth Tax Act will not be applicable.

Scope Limitation

- Our comments are based on the law as of date and are available only to the sole/ first named holder in the case the shares are held by joint holders unless otherwise provided in the Act. Tax rates mentioned above are that which are currently applicable. Tax laws are subject to changes from time to time and as such any changes may affect the advice contained in our opinion. We have no responsibility to update our advice for events and circumstances occurring after the date of this opinion, unless specifically requested by you.
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be subject to any further benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
- The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- Direct Tax Code proposed to be introduced with effect from 01-04-2012 would replace the Act which may consequently affect the tax benefits available at present.

INDUSTRY OVERVIEW

The information in this section is taken from Government publications, industry organisations, public sources and industry reports, including, among others, the Central Electricity Authority and Indian Sugar Mills Association, and has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources they believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Certain data has been reclassified for the purpose of presentation and should be treated with appropriate caution.

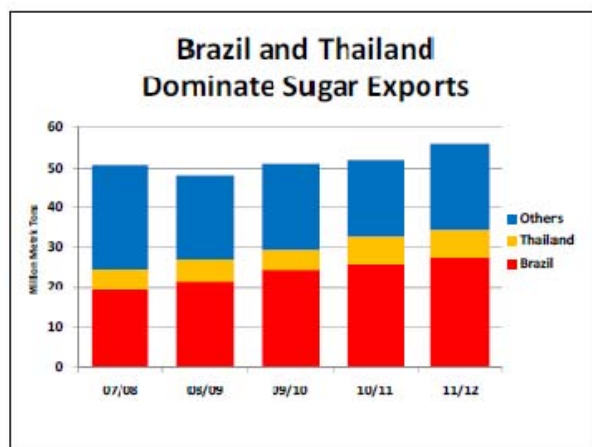
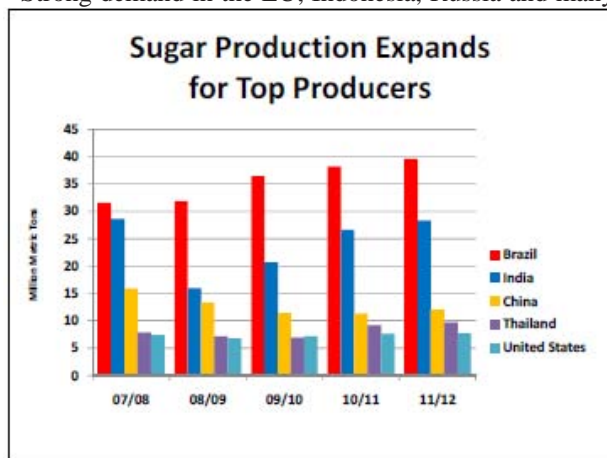
SUGAR INDUSTRY

GLOBAL SCENARIO

Sugar is produced in 110 countries. Brazil and India are the largest sugar producing countries followed by China, USA, Thailand and others.

¹Sugar production, raw value, for the 2011-12 marketing year is forecast at 168 million metric tons (MMT), up by 8 MMT over the previous year. Changes in world production are highlighted by higher production in Brazil, China, India, Russia, and Thailand.

Strong demand in the EU, Indonesia, Russia and many other markets and the need to replenish stocks will enhance



exports from Brazil and Thailand which are forecast to have large exportable supplies. Global Exports are forecast at 56 MMT, up by 3 MMT over the previous year. Consumption is forecast at a record 162 MMT, up by 2.7 MMT from a year earlier and ending stocks are forecast at 29 million tons, down over 400,000 tons.

Sugar prices have fallen significantly since reaching a high in early February, 2011. A larger than expected 2010-11 Thai sugarcane crop contributed to the downward move. Prices are currently around 21 to 23 cents per pound.

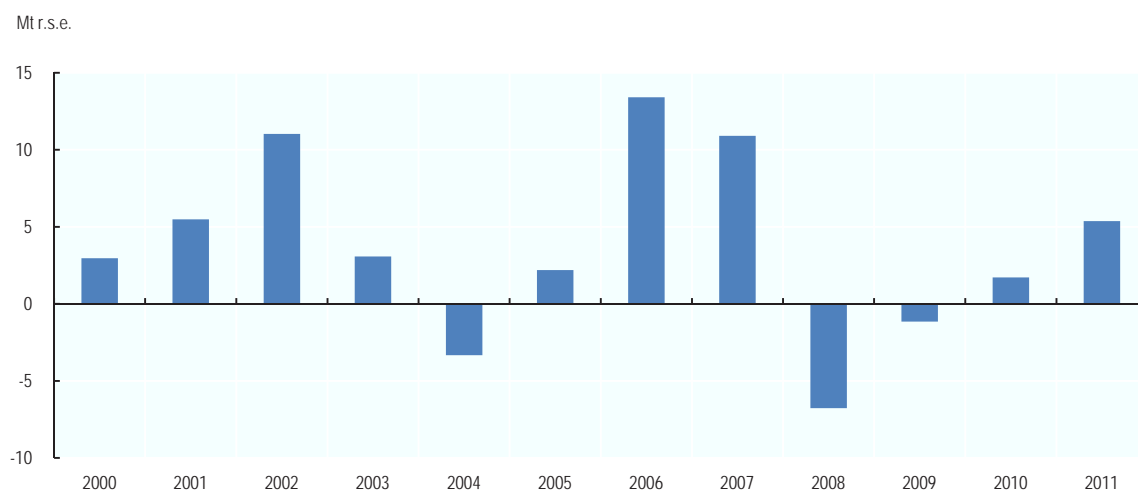
¹ United States Department of Agriculture-Foreign Agricultural Service May 2011-Sugar: 2011/12 forecast

²World sugar production is expected to increase by 50 Mt to reach over 209 Mt in 2020-21. The bulk of the additional sugar production will come from the developing countries and the main burden of growth will continue to fall on Brazil. Brazil has expanded production rapidly in the past two decades, but a slowdown in investment in new mills occurred after the financial crisis of 2008, slowing overall growth in following years. The recent surge in sugar prices has improved profitability and should trigger additional investment to come on stream within the decade, with output rising by around 11 Mt to nearly 50 Mt by 2020-21.

²Market Situation

The world sugar market continues to experience considerable price volatility. The world indicator price for raw sugar witnessed a succession of peaks and downward corrections in 2010 before soaring to a 30-year high of USD 36.08 cts/lb (USD 795.4/t) in February 2011. Market fundamentals driving volatile prices were large global sugar deficits in the previous two seasons and adverse weather in a number of countries that reduced the size of the expected rebound in production to higher prices. World sugar stocks, which had already been drawn down, fell to their lowest level in 20 years in 2010-11, supporting higher as well as more volatile market prices.

World sugar balance moves into surplus World sugar production less consumption

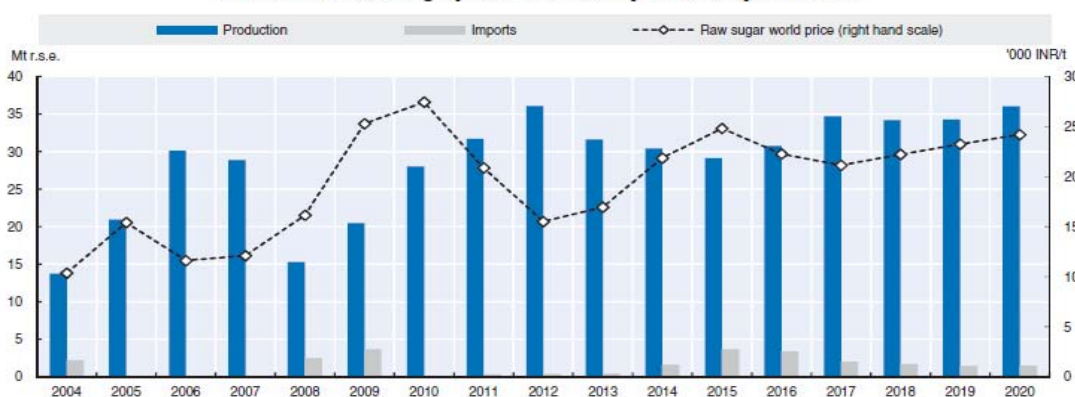


India, the second largest global producer and the world's leading consumer, is expected to boost production substantially to 32 Mt of sugar per year, on average, in the coming decade, or some 50% higher than in 2008-10, when production fell sharply. Annual sugar output will continue to be subject to periodic large swings in response to the longstanding production cycle. Some other countries of Asia, such as China and Pakistan, are also expected to continue to experience milder forms of production cycles, which contribute to fluctuations in production and their import volumes. Outside this group, an expansion drive underway in Thailand is expected to continue as investment projects currently in the pipeline come on stream, lifting production to around 8.7 Mt by 2020-21.

² OECD and FAO Agricultural Outlook 2011-2020

²India's production cycle to influence world prices

Evolution of India's sugar production, consumption and imports to 2020



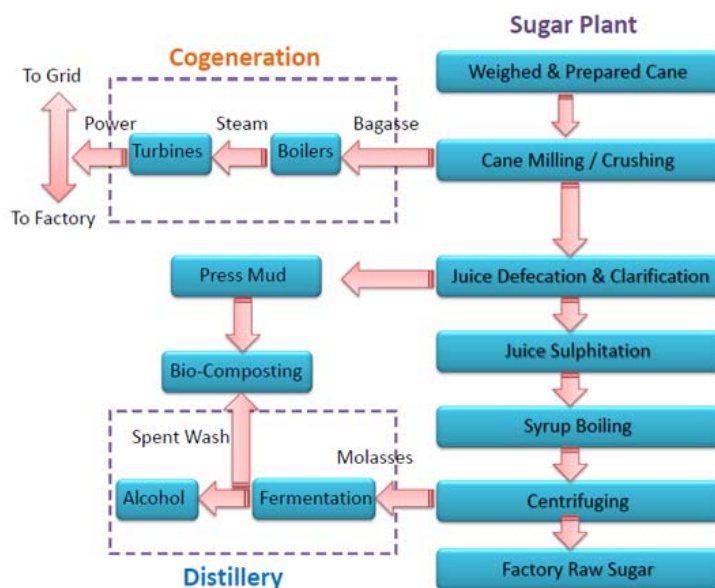
Source: OECD and FAO Secretariats.

StatLink <http://dx.doi.org/10.1787/888932426942>

INDIAN SUGAR INDUSTRY

³India has been known as the original home of sugar and sugarcane. Indian mythology supports the above fact as it contains legends showing the origin of sugarcane. India is the second largest producer of sugarcane next to Brazil. Presently, about 4 million hectares of land is under sugarcane with an average yield of 70 tonnes per hectare.

⁴Sugar Process Flow Chart



³India is the largest single producer of sugar including traditional cane sugar sweeteners, khandsari and Gur equivalent to 26 million tonnes raw value followed by Brazil in the second place at 18.5 million tonnes. Even in respect of white crystal sugar, India has ranked No.1 position in 7 out of last 10 years.

Traditional sweeteners Gur & Khandsari are consumed mostly by the rural population in India. In the early 1930's nearly 2/3rd of sugarcane production was utilised for production of alternate sweeteners, Gur & Khandsari. With better standard of living and higher incomes, the sweetener demand has shifted to white sugar. Currently, about 1/3rd sugarcane production is utilised by the Gur & Khandsari sectors. Being in the small scale sector, these two sectors are completely free from controls and taxes which are applicable to the sugar sector.

⁴Sugar Industry in India is the second largest agro-based industry in the country next to cotton textiles. The Indian Sugar Industry is playing a pivotal role in rural development, supporting over about 50 million sugarcane farmers, their dependents and a large mass of agricultural laborers involved in sugarcane cultivation, harvesting, machine manufacturing etc. of almost 671 sugar mills and ancillary activities, constituting some 7.5% of the rural population. In addition, about 0.5 million skilled and semiskilled workers, mostly from the rural areas are engaged in the sugar industry. Thus, the sugar industry has been a focal point for socio-economic development in the rural areas by mobilizing rural resources, generating employment & higher income, besides giving a fillip to transport and communication facilities.

² OECD and FAO Agricultural Outlook 2011-2020

³ <http://www.sugarindustry.com/sugarindustry.htm>

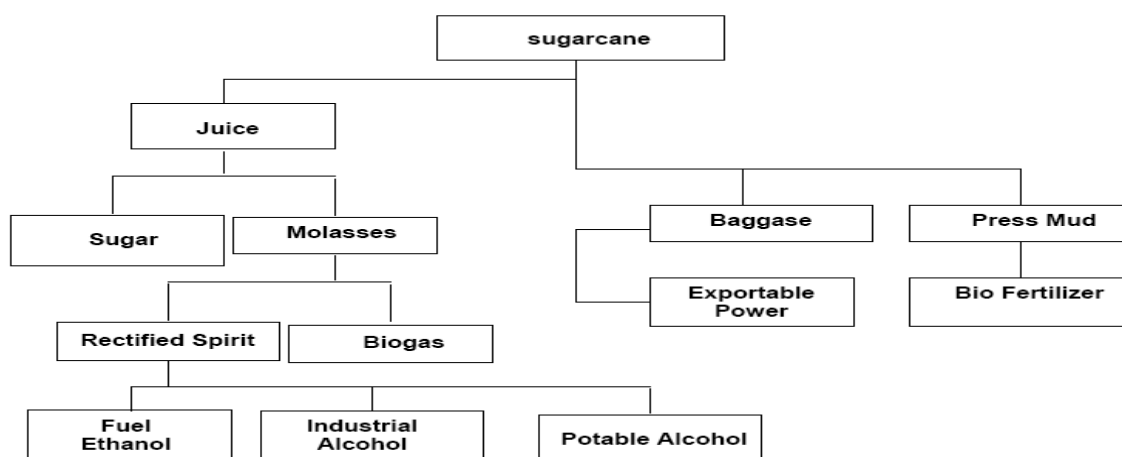
⁴ <http://www.indiansugar.com/Public/sugar.aspx>

Sugar Industry in India has come a long way from its inception in the 1930s. In 1950, there were 139 sugar factories in the country with an annual installed capacity of 16.7 lakh tonnes and now the country has about 671 sugar factories (including closed ones) with an annual sugar production of 241 lakh tonnes. India has 20% of the total sugar mills in the world and accounts for about 15% of the global production.

⁵By-Products of Sugar

There are 3 important by-products in the sugar industry viz. molasses, bagasse and press mud. While bagasse is used to generate electricity, a large part of which is exported to the power grid, molasses is used to produce rectified spirit/alcohol for making liquor and fuel and press mud is used to produce high quality manure.

Traditionally, molasses has been used in India to produce rectified spirit and alcohol of about 95% purity for producing liquor for human consumption and for producing various chemicals. However, with technological developments in the recent past, molasses has been effectively used to produce bio-ethanol for blending with petrol as a fuel.



⁴ <http://www.indiansugar.com/Public/sugar.aspx>
⁵ <http://www.indiansugar.com/>

Ethanol

Ethanol is one of the by-products of the sugar industry. It is made from molasses, which still contain some sugar, but this sugar cannot be extracted using current technologies. The Government of India realized the benefits of fuel ethanol use in India. With a vibrant and fast growing sugar industry, India being the second largest sugarcane producer in the world, it accepted that there is a huge potential of production and availability of the fuel ethanol. Further, it was accepted by the Government in 2006, that a mandatory 5% ethanol blending with petrol (EBP) programme would directly benefit the sugarcane farmers by assuring the sugar industry a stable and reasonable return for the molasses and then passing a significant part of the same to the farmers. The Central Government even amended the Sugarcane (Control) Order, 1966, to consider returns on molasses while fixing the price payable by sugar mills for cane to farmers. Therefore, better and stable returns on molasses directly translate into better payments to farmers. The expert panel for pricing of ethanol has recommended in March 2011 for a linkage of price of ethanol to petrol. The formula would ensure that the ethanol procurement price will always be lower than the petrol price.

Cogeneration

Co-generation is the concept of producing two forms of energy from one fuel. One of the forms of energy must always be heat and the other may be electrical or mechanical energy. In a conventional power plant, fuel is burnt in a boiler to generate high-pressure steam which is used to drive a turbine, which in turn drives an alternator through a steam turbine to produce electrical power. The exhaust steam is generally condensed to water which goes back to the

boiler. As the low-pressure steam has a large quantum of heat which is lost in the process of condensing, the efficiency of conventional power plants is only around 35%. In a cogeneration plant, very high efficiency levels, in the range of 75%–90%, can be reached. This is so, because the low-pressure exhaust steam coming out of the turbine is not condensed, but used for heating purposes in factories or houses.

The following statement shows the comparative supply and demand of Sugar for the season 2000-01 to 2009-10 & estimate for 2010-11

| STATEMENT SHOWING COMPERATIVE SUPPLY AND DEMAND POSITION OF SUGAR FOR THE SEASON 2000-01 TO 2009-10 & ESTIMATE FOR 2010-11 | | | | | | | | | | | | |
|---|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|---------|
| | | | | | | | | | | | (Figures in lakh tonnes) | |
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | |
| | (Estimates) | | | | | | | | | | | |
| 1 | Opening Stock as on 1st Oct. | 93.40 | 106.71 | 113.35 | 114.48 | 85.00 | 40.00 | 43.00* | 110.33 | 105.00 | 43.64 | 49.80 @ |
| 2 | Production during the Season | 185.19 | 185.27 | 201.40 | 135.46 | 126.91 | 192.67 | 283.61 | 263.56 | 145.38 | 189.12 | 243.65 |
| 3 | Imports | - | - | 1.24 | 5.53 | 21.38 | - | - | - | 24.03** | 40.80** | |
| 4 | Total Availability | 278.59 | 291.98 | 315.99 | 255.47 | 233.29 | 232.67 | 326.61 | 373.89 | 274.41 | 273.56 | 293.45 |
| 5 | Off-take | | | | | | | | | | | |
| | i) Internal Consumption | 162.01 | 167.81 | 183.84 | 172.85 | 185.00 | 185.00 | 199.00 | 219.00 | 229.12 | 213.28*** | 207.69 |
| | ii) Exports | 9.87 | 10.82 | 17.67 | 2.66 | 0.04 | 11.07 | 17.28 | 49.56 | 1.65 | 2.35 | 26.00 |
| | Total offtake | 171.88 | 178.63 | 201.51 | 175.51 | 185.04 | 196.07 | 216.28 | 268.56 | 230.77 | 215.63 | 233.69 |
| 6 | Closing Stock as on 30th Sept. | 106.71 | 113.35 | 114.48 | 79.96 | 48.25 | 36.60 | 110.33 | 105.33 | 43.64 | 57.93 | 59.76 |
| 7 | Stock as % of Offtake | 65.8 | 67.4 | 63.2 | 49.1 | 26.1 | 19.8 | 55.3 | 47.9 | 19.0 | 27.2 | 28.8 |

@ As per Govt. the opening stock at the begning of 2010-11 is 49.80 lakh tonnes. The difference in our figures & Govt figure is on account of (1) 5 lakh tonnes BIS sugar reprocessed in 2009-10 sugar. (2) 4.13 lakh tonnes released for export although only 2.35 lakh tonnes were exported (3) 1 lakh tonnes difference in imported sugar during 2008-09 & 2009-10.

| State-wise Area Coverage under Sugarcane | | | | | |
|--|----------------|--------------|--------------|--------------|--------------|
| Sr. No. | State | Area Covered | | | |
| | | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
| 1 | Andhra Pradesh | 1.75 | 1.57 | 1.34 | 1.30 |
| 2 | Assam | 0.25 | 0.29 | 0.28 | 0.23 |
| 3 | Bihar | 3.00 | 3.00 | 1.90 | 3.10 |
| 4 | Gujarat | 1.77 | 1.83 | 1.91 | 2.08 |
| 5 | Haryana | 1.00 | 1.02 | 0.85 | 1.10 |
| 6 | Karnataka | 4.16 | 4.21 | 2.52 | 2.41 |
| 7 | Madhya Pradesh | 0.60 | 0.70 | 0.55 | 0.73 |
| 8 | Maharashtra | 9.92 | 9.34 | 7.36 | 7.89 |
| 9 | Odisha | 0.40 | 0.37 | 0.30 | 0.38 |
| 10 | Punjab | 0.93 | 0.82 | 0.85 | 1.02 |
| 11 | Tamil Nadu | 2.86 | 3.26 | 3.14 | 3.58 |
| 12 | Uttar Pradesh | 22.52 | 21.25 | 20.02 | 18.80 |
| 13 | Uttarakhand | 1.08 | 1.05 | 0.98 | 1.07 |
| 14 | West Bengal | 0.21 | 0.25 | 0.15 | 0.14 |
| 15 | Others* | 0.34 | 0.36 | 0.35 | 0.29 |
| Total | | 50.79 | 49.32 | 42.50 | 44.12 |

* Includes Chattisgarh, Manipur, Mizoram (0.041), Tripura, Goa, Arunachal Pradesh, Kerala, Jharkhand, Rajasthan (0.03) etc

⁸SWOT analysis of the Sugar Industry in India

Strengths

- India is the Second Largest Producer of Sugar in the World after Brazil. The sector has a potential to make the country to be self reliant in this highly sensitive essential commodity of mass consumption.
- Sugar is necessary ingredient in many products.
- Sugar Industry is tax contributor to the government, provides employment to the farmers.
- It also supports the downstream industries by providing the raw material like Begasse, Ethanol.
- Sugarcane farming is more profitable than any other cash crop in India.
- This sector have been the focal point of socioeconomic development of the rural India.
- Strong government policies as it comes under essential commodity of mass consumption.

Weakness

- India is the Largest Consumer of Sugar leads to shortage of Sugar, Health Problems.
- Most of the Co-operative sugar industries in India e. g. in Maharashtra find difficult to pay for the sugar cane supplied by the farmers.
- Most of the sugar factories are more than 30 years old and still using the old technology low installed production capacity leads to the decrease in production and losses.
- Lack of professionalism.

Opportunity

- Huge Potential to increase the productivity of Sugar cane by up gradating Technology.
- High value of by-products for down stream industries.

Threats

- Sugar sector is vulnerable to political interest.
- Ground water availability for irrigation.
- Quality of soil deteriorates due to overuse of fertilizer and pesticides to increase sugarcane yield.
- Unhealthy competition between members of the society.
- Competition with the Brazil and World Market.

⁸KEY FACTORS THAT DECIDES THE ECONOMICS OF THE SUGAR SECTOR

1. Pricing of Sugarcane:

Sugarcane is the main raw material for sugar industry and accounts for about 70% of the total cost of production of sugar. It is also the major source of income for millions of farmers. The determination of price for sugarcane is therefore, a matter of critical importance both for the sugar industry and the cane growers. The central government fixes a statutory minimum price in terms of clause 3 of the sugarcane (control) order, 1966 in respect of each sugar season by considering the following

⁶<http://www.indiansugar.com/Public/statistics.aspx>- *Comparative supply and demand position of sugar*

⁷[India Sugarcane Acreage Estimation 2011-12](http://www.indiansugar.com/Public/statistics.aspx)

⁷<http://www.indiansugar.com/Public/statistics.aspx>- *India Sugarcane Acreage Estimation 2011-12*

⁸ *Indian Sugar Sector Network Report-Sector Overview and SWOT Analysis*

- i. Cost of production of sugarcane.
- ii. Return to the growers from alternative crops and the general trend of prices of agricultural commodities.
- iii. Availability of sugar to consumers at a fair price.
- iv. Sugar producers sell price at which sugar produced from sugarcane.
- v. Recovery of sugar from sugarcane.



(Source: ICRA sector analysis 2006)

Statutory minimum price of sugarcane

(Rs. per quintal)

Further, States can declare their own State Advised Price (SAP) higher than the SMP. Presently, the regions in which our Company has operations are governed by the SAP.

2. Industry is Highly Regulated

Sugar industry is one of the few industries that still remain under government control. Due to the politically sensitive nature of the industry, the government still continues to regulate sugar release; sugarcane procurement area and pricing of sugar cane. The centre also regulates the release mechanism for sugar. Release can be classified as free sale sugar and levy sugar. Free sale sugar refers to the quantity that mills are permitted to sell in the open market. Levy sugar refers to the quantum of sugar that mills have to give to the government for sale through the public distribution system.

3. Variation in supply of sugarcane due to dwindle in payment paid to the farmers.

The Indian sugar industry follows predictable cycle of atleast 4-5 years. Shortage of sugar leads to an increase in prices. Mills pay higher prices for cane which tempts the farmers to switch to sugarcane. This result in a glut in both cane and sugar and this depresses sugar prices. Cane payments to farmers get dwindled and delayed as inventory buildup, farmers switch to other cash crop which leads to a fall in sugarcane production and sugar production. The consequent shortage of sugar results in an increase in sugar prices. This of course, does not take into consideration the effect of monsoon, which also have similar consequences.

⁸KEY ISSUES OF THE SUGAR INDUSTRY

1. Social Issues: -

- **Low Price leads to Impact on Development:** - Sugar production plays a key role in the economics and employment of least developed countries. Low domestic or export prices have knock-on effects on field and production labor. Sugar Industry is the focal point for farmers in Rural areas as it is providing employment, low price affects the farmers badly.

Poor working condition: - Working in sugarcane plantation can be backbreaking work with very poor wages. There may be significant exposures to agrochemicals, especially herbicides, although this is less of a problem than with many other commodity crops

Impact on the ground water:-This is associated particularly with the growing of cane, and also in the processing of both cane and beet. Sugarcane is deep rooted crop and uses a lot of water; it is very sensitive to soil water deficits. In many areas it is usually from 100% of water by irrigation, although in other areas it is rainfed. The crop can have a great impact on the river flow

⁸Indian Sugar Sector Network Report-Sector Overview and SWOT Analysis

and the ground water. A recent study of irrigated agriculture in selected river basin of high importance of biodiversity. WWF ranks sugar as the third “Thirstiest” commodity crop, typically requiring 1500-3000 liters per kg of crop.

- **Change in the cropping pattern:** - It is essential to follow the proper cropping pattern/ crop rotation according to the agro climatic condition to improve the biophysical properties of the soil and reduction in pest incidence, but in case of sugarcane production because of its high value as cash crop most of the farmers have been started to take the advantage. But this affects fertility of land by reduction in the production of biomass for livelihood which could affect the social life.
- **Health impact due to burning of bagasse:** - Bagasse used as a fuel in boiler. The unburned particles comes out of the stack contains a silica which is very harmful. It may create a serious health related problems. If pollution control equipment would not be installed, fly ash escapes to the atmosphere and can affect the population with irritation in eyes, nose, throat and lungs and can damage crop.
- **2. Employment generation:-** Sugar factories located in rural areas support huge economic activity in the rural areas, with about 45 million sugarcane farmers, their dependent and large group of agriculture labors being involved in sugarcane cultivation, harvesting and ancillary activities.

3. Environmental Issues:-

- **Water Pollution**
 - Agrochemicals and sediments can pollute nearby watercourses.
 - Most of the time it is observed that the sugar industries discharged their wastewater i.e. spent wash during the rainy season in the nearby rivers and other surface water bodies resulting in severe contamination of the surface water resources.
 - Siltation and eutrophication of nearby surface water bodies due to soil erosion due to flood irrigation and over irrigation.
- **Water Scarcity**
 - Sugarcane is a deep-rooted crop and can have a great impact on river flow as it reduces run-off from the catchment into rivers and draws heavily on ground water resources.
- **Air Pollution**
 - Burning of cane to speed harvest causes air pollution and increases erosion.
- Bagasse, which is commonly used as fuel in boilers, produces fly ash, which escapes to the atmosphere and can affect the population with irritation in eyes, nose, throat and lungs, and can damage crops
- **Degraded Soils:**

Field level impact

- Erosion is a significant issue in areas under sugar cane or beet cultivation, since erosion rates in tropical agro-ecosystems are usually greater than the rate of soil formation.
- This figure constitutes 7.5 % of the total rural population. Besides, about 0.5 million skilled and semiskilled workers mostly from the rural area are engaged in the sugar industry Cane harvesting can cause a significant removal of soil with the roots. Declining soil quality is associated with cane and beet production, due to soil compaction, loss of organic matter, salinization and acidification. 10-30 percent of the total beet harvest weight is soil

⁸Indian Sugar Sector Network Report-Sector Overview and SWOT Analysis

Impact on soil health

- Heavy infield transport machinery is most commonly associated with soil compaction problems. Soil compaction decreases porosity and water infiltration rate, restricting the rooting ability of the crop
- Conventional tillage commonly promotes erosion by exposing soil aggregates to rainfall. Conventional tillage i.e. deep ploughing, also drastically changes soil structure
- Acidification is also more prevalent in cane than beet growing areas, largely due to the use of inorganic nitrogenous fertilizers such as urea and ammonium sulphate.
- Most of the farmers still use the flood irrigation pattern which results in huge wastage of water, electricity and results in salinization of the soil which is another important cause of lower productivity.
- Productivity of the sugarcane in the region is going down owing to excessive use of chemical fertilizers/herbicides

- ***Solid waste management***

Sugarcane milling generates bagasse (Fibrous waste produces during the milling of cane) as fuel in boilers, which produces particulate matter, nitrogen oxide and sulphur, if pollution control equipment is not installed, fly ash escape to the atmosphere and can affect the population with irritation in eyes, nose, throat and lungs and can damage crop.

4. Policy Issues:-

Sugar acts & orders: -

The Government of India closely monitors sugarcane and its production as they have a substantial effect on the lives of the people. The industry is governed by a variety of regulation-imposed by the central and the state government. Some of the rules could be.

- **Essential Commodities Act, 1955:** -The objective of the EC Act is to control the production, supply, distribution of and trade and commerce in the essential commodity.
- **Sugar (Control) Order, 1966:** -The Sugar (Control) Order 1966 provides for power to the government to regulate production of sugar, restrict sale etc. of sugar by producers, movement of sugar and quality of sugar, call for information from producer or recognized dealer, inspection, entry, search, sampling and seizure of sugar and delegation of powers conferred by the Sugar (Control) Order, 1966 to any officer or authority of the central or state government.
- **Sugarcane (Control) Order, 1966:** - Sugarcane (Control) Order, 1966 provides for price (SMP) for sugarcane purchased by sugar mills during each sugar season (Clause 3), payment of interest at 15% per annum on amounts due beyond 14 days of delivery of sugarcane at factory gate (Clause 3(3-A)), payment of additional cane price to the growers (Clause 5-A) regulation of distribution and movement of sugarcane (Clause 6), licensing of power crushers and khandsari units and regulation, issue of directions to producers of khandsari sugar (Clause - 8), power to call for information etc. from producers (Clause - 9) power to entry, search and seizure (Clause 9-A) and delegation of powers conferred by the Sugar (Control) Order, 1966 to any officer or authority of the central or state government.
- **Levy Sugar Supply (Control) Order, 1979:** -Levy Sugar Supply (Control) Order, 1979, provides for powers to issue direction to producer or dealer for supply of levy sugar requisitioned by the central government through an order made with reference to section 3(2) (f) of the E.C. Act, 1955.
- **Sugar (Packing and Marking) Order, 1970:** -Sugar (Packing and Marking) Order, 1970 provides markings to be indicated on sugar bags. Unless otherwise permitted by central government, sugar is required to be packed in jute bags conforming to Indian standard specifications. Sugar meant for the purpose of export and small-consumed packs of 5 kg and below have been exempted from the compulsory use of jute bags.

- **Sugar Cess Act 1982:** -The Sugar Cess Act 1982 was enacted to provide for the imposition of a cess on sugar for the development of sugar industry and for matters connected therewith.
- **Sugar Development Fund Act 1982:** - The object of the Sugar Development Fund, 1982 (briefly the SDF Act) in the formation of the Sugar Development Fund to be applied for the purpose of rendering financial assistance through loans at concessional rates for rehabilitation and modernization of sugar factories as well as for sugarcane development and for encouraging research aimed at development of sugar industry by making grant.
- **Sugar Development Fund Rules 1983:** - The Sugar Development Fund Rules, 1983 were made in exercise of the powers conferred by Section 9 of the SDF Act, 1982, to provide for (a) the manner in which any loss or grants out of the fund and the terms and conditions thereof, (b) the manner and form in which applications are to be made; (C) the composition of the committee and the procedure to be followed by it in the discharge of its functions and (d) the form in which and the period within which statistical and other information may be furnished by sugar factories
- **LSPEF Act, 1976:** -Levy Sugar Price Equalization Fund Act, 1976 (Amended upto 1984). The Levy Sugar Price Equalization Fund Act 1976 (briefly LSPEF Act) was enacted to provide for the establishment, in the public interest, of a Fund to ensure that the price of levy sugar may be uniform throughout India and for matters connected therewith or incidental thereto.

⁸RESEARCH INSTITUTION AND ASSOCIATIONS:

Institutions

- i. Vasantdada sugar Institute, Manjri, Pune
- ii. National Sugar Institute, Kalyanpur

Associations

- i. Indian Sugar Mills Association (ISMA)
- ii. National Federation of Cooperative of Sugar Factories Ltd. New Delhi
- iii. National Cooperative Development Corporation, New Delhi
- iv. All India Distillers Association New Delhi
- v. The Sugar Technologist Association of India
- vi. CO-GEN Association of India (COGEN INDIA)
- vii. Department of Food & Public Distribution, (Sugar)
- viii. Commissioner of Sugar

⁸*Indian Sugar Sector Network Report-Sector Overview and SWOT Analysis*

SUMMARY OF OUR BUSINESS

We are in the business of manufacturing sugar with a total installed crushing capacity of 23,750 TCD. The Company set up its first unit at Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand in 2000-01 for manufacturing sugar using Double Sulphitation (DS) process with a capacity of 2500 TCD along with co-generation facilities of 6 MW of power. The Company commenced commercial production on January 12, 2001. The capacity of the plant has since been increased to 6250 TCD in 2004. We installed and commissioned our second unit for manufacturing of sugar in 2005-06 with a capacity of 3500 TCD (expanded now to 8500 TCD) at Barkatpur, district Bijnor, Uttar Pradesh. We have also commissioned two units at Khaikheri in January 2007 and Shermau in April 2007 in Uttar Pradesh with crushing capacity of 4500 TCD and 5000 TCD respectively. Along with the sugar manufacturing unit we also have Co-generation capacity of at all our four sugar units with a total capacity of 103 MW. Our businesses can be categorised into two broad areas, namely Sugar Production and Power Co-generation. However the substantial power co-generation is used for captive consumption. Further we have also decided to venture into production of ethanol from Mollasses to improve the financial viability of our sugar mills.

Given below is a detail of our installed capacities:

| Name of Unit / Location | Cane crushing capacity per day (TCD) | Power (MW) | Ethanol Distillery (LPD) |
|-------------------------|--------------------------------------|------------|--------------------------|
| Libberheri | 6,250 | 23 | |
| Barkatpur* | 8,500* | 40 | 75,000# |
| Khaikheri | 4,500 | 15 | |
| Shermau | 6,000 | 25 | |
| Total | 25,250 | 103 | 75,000 |

* The installed capacities of Milling, Steam & Power generating plant is suitable for 8500 TCD crushing capacity of plant.

The Company is awaiting Government Approval for Commercial Production.

Note: The Company is exporting surplus power.

Our existing manufacturing facilities

Unit at Libberheri

Our sugar mill at Libberheri, district Hardwar in Uttarakhand has sugarcane crushing capacity of 6250 TCD and co-generation capacity of 23 MW. This mill is one of the few units in India producing sugar through the Defeco Remelt Phospho Floatation Process (DRP). The sugar unit is well connected by rail as well as road to the nearest major market being Muzaffarnagar. The region is situated in the Gangetic Plain which has ample water supply due to the high water table.

Unit at Barkatpur

Our sugar mill at Barkatpur is located in the Tehsil - Nazibabad, District - Bijnor (Uttar Pradesh). It was commissioned in January 2006 at a capacity of 3500 TCD and since then has been expanded to the present crushing capacity of 8500TCD and co- generation facilities of 40 MW of power. The factory is ideally located with respect to the availability of raw material, water, skilled and unskilled manpower and infrastructural facilities. The site is around 27 Kms. From Bijnor city and the nearest railway station and town is Chandak which is about 5 kms. from the site. The site is also at a distance of 12 Kms. from NH 74.

Unit at Khaikheri

We have set up a sugar mill with an installed capacity of 4500 TCD along with co-generation capacity of 15 MW at village Khaikheri, Dist. Muzaffarnagar, Uttar Pradesh which commenced production in January 2007. The site is around 25 Kms. from the main city and the nearest railway station is Muzaffarnagar. The site is also at a distance of about 4 Kms. from the NH 58. The distance from the Company's unit at Libberheri (Tehsil Roorkee) is around 16 Kms. and from Bijnor is around 80 Kms.

Unit at Shermau

We have set up a sugar mill with installed capacity of 6000 TCD alongwith co-generation capacity of 25 MW at village Shermau, Dist. Saharanpur, Uttar Pradesh which commenced production in April 2007. The site is around 40 Kms. from the main city and the nearest railway station is Saharanpur.

Manufacturing process - Sugar

There are various technologies used for the manufacture of the sugar. The main technologies used in the manufacturing of sugar are Defeco Remelt Phospho floatation (DRP) Process, Double Sulphitation (DS) Process and Single Sulphitation and Remelt Clarification (SSRC) Process.

The sugar cane procured is weighed and unloaded on cane carrier through mechanical un-loaders. This cane carrier conveys the cane to chopper and then to cutter and fibrizer so as to convert the cane into fine fibers. The process is called as preparation of cane.

The prepared cane is crushed in multiple rollers milling tandem. Hot water is added before last mill so as to extract maximum quantity of juice from cane. Residue left is called bagasse, which is utilized as fuel to produce steam at 45 Kg/ cm² in high-pressure boilers. The steam is used for producing power for sugar factory's own consumption as well as export purpose. The juice received from mills is screened through juice screens and then weighed in load cell based juice weighing scale.

Defeco Remelt Phospho floatation (DRP) Process

In this technology, the juice received from mills is screened through juice screens and then weighed in load cell based juice weighing scale. After weighment, it is passed through juice heaters where it is heated up to 70 degree centigrade after which it is neutralized by adding milk of lime and phosphoric acid. The treated juice is further heated to 103-105 degree centigrade and fed to juice clarifier where it is allowed to stay for 1.5 - 2 hours to allow impurities to settle down. Clear juice is decanted from top and dirty juice from bottom continuously. Dirty juice, which is also called muddy juice, is filtered in continuous vacuum filter after adding bagacilo, where remaining juice is extracted from mud, under vacuum. Mud is retained on vacuum filter screen from where it is dropped on a belt conveyor and conveyed to mud yard. Mud being good manure, is sold to farmers. The extracted juice is again sent to weighed juice tank for reprocess.

Clear juice from clarifier is concentrated in multiple effect evaporators working under differential vacuum conditions. The concentrated juice which is now called syrup is sent to pans for further concentration till such time the crystals start appearing. These crystals are further developed under controlled conditions in crystallizers.

Our sugar mill at Libberheri, Roorkee, Haridwar has adopted four massecuite boiling system i.e. A-1, A, B & C. The raw sugar is purged in 'A' continuous centrifugal machines where sugar crystals are separated from molasses. The sugar thus produced is melted with hot water, which is called raw melt. This melt is re-screened and sent for melt clarification treatment with the help of lime sucroete and phosphoric acid by froth flotation process. The scum is removed from the top and clear melt is taken for further filtration with the help of deep bed pre-filter and filter.

The clear filtrate received after deep bed filter is sent for de-colorization through Ion Exchange resins where color is removed and this solution is further sent for crystallization to pans. The concentration in pans is carried out to the extent that sugar crystals start appearing after which it is dropped in crystallizer for cooling of massecuite and developing the sugar crystals further.

After cooling of 'A-1' massecuite, it is passed through batch centrifugal machines for separating molasses from sugar crystals. The crystals are retained on screen and mother liquor is collected in tanks, which is again sent for reprocess.

The mother liquor coming out of 'A' centrifugal machines is again boiled in another vacuum pan for further crystallization after formation of crystals mass is dropped in crystallizer for cooling. Cooled massecuite is sent to 'B' continuous centrifugal machines for separation of crystals and mother liquor. Crystals are melted in melter and melt is sent to pans for crystallization.

The mother liquor from 'B' massecuite is again boiled in vacuum pans for further crystallization. Crystallized mass is called as 'C' massecuite. It is then sent to continuous crystallizer for cooling. Cooled 'C' massecuite is also cured in continuous centrifugal machines. The mother liquor separated from this massecuite is known as final molasses, which is stored in big steel tank. The final molasses is very useful by-product and used for production of alcohol. Crystals from 'C' massecuite are melted and sent to pans for crystallization.

After separation of sugar crystals through batch type refined sugar centrifugal machines from 'A-1' massecuite, the sugar is conveyed through hopper and fluidized bed drier to sugar elevator. Through elevator, the sugar is transferred to storage bins after separating various sizes of crystals of sugar in sugar sizer.

From the sugar bins, the sugar is bagged in poly or gunny bags as per the requirement after passing through automatic weighing and bagging machines. These bags are stitched by stitching machine and transferred to the sugar godown through various fixed & portable conveyers and stackers

Double Sulphitation (DS) Process

This is the process adopted by the company at Barkatpur sugar mills. Juice received from mills is weighed, heated to 70° C and treated with lime & sulphur-dioxide in juice sulphitation vessel. Treated juice is again heated to 103°-105° C and sent to clarifier where juice is allowed to stay for 1.5-2 Hrs. to allow impurities to settle down. Clear juice is decanted from top and dirty juice from bottom continuously. Dirty juice (called muddy juice) is filtered in continuous vacuum filters where remaining juice is separated from mud under vacuum & mud is retained on filter screen. Mud being a good manure, is sold to farmers. Retained juice is again sent for treatment.

Clear juice from clarifier is concentrated in multiple effect evaporators working under vacuum. Concentrated juice is known as syrup. Syrup is treated with sulphur-dioxide in syrup sulphitators. Sulphited syrup is further concentrated under vacuum in vacuum pans. The concentration is carried out to the extent when crystals start appearing. These Crystals are developed in controlled conditions under vacuum. The mass so formed is called A-Massecuite. After assuring desired grain size massecuite is dropped in air-cooled crystallizers. After 2 hours of cooling, massecuite is sent to A-batch type centrifugal machines for separation of crystal & mother liquor.

Crystals are retained on screen and mother liquor is collected in tanks. This mother liquor is again boiled in another vacuum pan for further crystallization. After formation of crystals mass, is again dropped in B-continuous crystallizers for cooling. Cooled massecuite is sent to B-continuous centrifugals for separation of crystals & mother liquor. Crystals are melted in melter & melt is sent to pans for crystallizations.

This mother liquor from B-massecuite is again boiled in vacuum pans for further crystallization. Crystallized mass is called as C-massecuite. It is also sent to continuous crystallizers for cooling. Cooled C-massecuite is cured in continuous centrifugals. Mother liquor separated from this massecuite is known as final molasses. It is stored in big steel tank. It is very useful by product and is used to produce alcohol. Crystals from C-massecuite are melted in melter & sent to pans for crystallizations.

Crystals from 1st massecuite (A-massecuite) are washed in centrifugals, dried on hoppers and graded for different grain sizes in graders. Graded sugar is filled in gunny/poly bags and weighed and stitched and sent to godown for storage.

Defeco Remelt Phosphofloatation Process without Ion Exchange System.

This is the process our company is adopting for our sugar units at Khaikheri & Shermau. Juice received from mill is weighed in load cell based scale, then heated to 70 Degree Centigrade in juice heaters and treated with lime in reaction tanks.

Treated juice is again heated to 1030 - 1050 Degree Centigrade and then sent to dorr clarifier where juice is allowed to stay for 1.5 - 2.0 hours to allow impurities to settle down. Clear juice decanted from top and dirty juice from bottom, continuously. Dirty juice called muddy juice is filtered in continuous vacuum filters where juice is separated from mud under vacuum and mud is retained on filter screen. It is scrapped through mud scrappers. Mud being a good manure, is sold to farmers. Retained juice is again sent for treatment.

Clear juice from clarifier is concentrated in multiple effect evaporators working under differential vacuum conditions. The concentrated juice which is now called syrup is sent to pans for further concentration till such time the crystals start appearing. It is known as massecuite. This massecuite is cooled in crystallizers. The factory is adopting six massecuite boiling system i.e. A, B, C, R1, R2 & R3.

We say “A” massecuite sugar as raw sugar which is received from the centrifugal machines after curing of “A” massecuite. This raw sugar is melted and screened. Then this is known as raw melt. This raw melt is transferred to melt clarification system after passing it through the melt heater to heat it to 820 - 850 C and then to reaction tank, where we add lime succharate, phosphoric acid & flocculent. By adding these chemicals, floatation of impurities and dirt occurred known as scum which is scrapped from the top of the melt clarifier and the clear melt has been taken from the bottom coils of the melt clarifier.

The clear melt thus received is sent for crystallization to pans for final boilings. The concentration in pans is carried out to the extent that sugar crystals start appearing after which it is dropped in crystallizer for cooling of massecuite and developing the sugar crystals further.

After cooling of massecuite, it is passed through batch centrifugal machines for separating molasses from sugar crystals. The crystals are retained on screen and mother liquor is collected in run – off tanks, which is again sent for reprocess.

The mother liquor coming out of “A” centrifugal machines is again boiled in another vacuum pan for further crystallization. After formation of mass, known as “B” massecuite is again dropped into the crystallizers for cooling. This cooled massecuite is sent to “B” continuous centrifugal machines for separation of sugar crystals and mother liquor. Crystals are melted in melter and melt is sent to pans for crystallization.

The mother liquor coming out of “B” centrifugal machines is again boiled in another vacuum pan for further crystallization. After formation of mass, known as “C” massecuite is again dropped into the crystallizers for cooling. This cooled massecuite is sent to “C” continuous centrifugal machines for separation of sugar crystals and mother liquor known as final molasses and stored in big steel tank. This final molasses is very useful by – product and used for production of alcohol. Crystals are melted in melter and melt is sent to pans for crystallization.

After separation of sugar crystals through batch type sugar centrifugal machines from “R1” and “R2” massecuite, the sugar is conveyed through hopper and then to multi tray hopper to sugar elevator. Through elevator, the sugar is transferred to sugar sizers. These sugar sizers separates out various size of sugar. After sugar sizers, this sugar is stored in sugar bins. The mother liquor of “R1” massecuite is used in the formation of “R2” Massecuite. The mother liquor received from “R2” massecuite is being used for the formation of “R3” massecuite. This “R3” massecuite is being cured in continuous centrifugal machines. The sugar crystals received from “R3” Massecuite after curing is again remelted and transferred to pan floor for reformation of “R1” and “R2” massecuites. The mother liquor received from “R3” Massecuite is transferred for the formation of “A” Massecuite.

From the sugar bins, the sugar is bagged in poly or gunny bags as per the requirement after passing through automatic weighing and bagging machines. These bags are stitched by stitching machines and transferred to the sugar godown through fixed & portable conveyors. In sugar godown these sugar bags are stacked by sugar stackers.

Manufacturing Process: Co-Generation

Cogeneration of surplus power by a sugar mill not only improves its economic viability but also its technical performance. These plants have low gestation period as compared to conventional power plants. These plants normally operate between mid November to April end. The average season days are considered as 165 days for sizing the surplus power generation project. The operation of cogeneration plant in brief is as under

In a sugar factory, after the cane is crushed and juice taken out in the mills, the residue of cane, which is known as bagasse is used as fuel for steam generation in boilers. The cane juice extracted from cane in the mills is sent for sugar manufacturing process which requires steam. The sugar factory also requires electric power to run the power driven equipment like pumps and prime movers of various equipment. The high-pressure steam is used in Turbo Alternators to generate electric power. The steam required for process is drawn from power turbine as exhaust steam or bled from intermediate stage of Turbine. Entire electric power requirement of factory is met by the power

generated in these Turbo Alternators. Excess power shall also be generated because of availability of bagasse and matching high-pressure boiler capacity.

Manufacturing Process: Ethanol

Fermentation: Molasses containing between 40% - 45% fermented sugars is taken into the Fermentation Tanks for processing. Water is thereby added to reduce the viscosity in Molasses. Yeast is then added and fermentation thereby commences. Yeast contains Bacteria which convert the sugars in the Molasses into Alcohol.

Distillation: Post Fermentation, we obtain Fermented Wash, and the same is further treated in various tanks. This liquid is then taken into the Distillation Columns for Separation and Purification. The first Column is the Primary Column where the Wash is treated to separate various volatile liquids and gasses. The second Column is Rectifier - I Column. As the name speaks, Alcohol and water separation commences. The third column is Dealdehyde column where the impure spirit (Dealdehyde and chemicals) is removed. The fourth column is Rectifier - II, which again rectifies the spirit further. The fifth Column is Hydro Extractive column where water is added to the distilled liquid for obtaining better quality alcohol. The sixth column is Defusel Column to separate the fusel oil from the liquid. The seventh column is Refining Column. The eighth column is Recovery column and the ninth column is Anhydrous Column to produce Ethanol. In the anhydrous column the final remains of water are absorbed by resins to produce complete dry ethanol which is compatible for mixing with petroleum to make fuel.

Receiving & Storage: The alcohol so derived is then received in tanks and stored in other storage tanks for distribution and sale.

Bio Digester Section: The liquid so derived after Distillation is called spent wash which is further processed for utilization. The Spent Wash is transferred into a Buffer Tank where the solids are allowed to settle and the thin liquid is fed into the Bio Digester Tank. With the help of agitators the liquid generates Methane Gas which is very useful as fuel for the Boiler. The balance liquid is then transferred to the Lagoon for storage. This is then fed into an Evaporator whereby the spent wash is dried upto 40% so that the resultant semi - solids can be mixed with Press mud and other ingredients, from the Sugar mill for Bio Composting. The manure so prepared is ideal for crops. In case the spent wash is dried upto 55% then it can be mixed with bagasse or husk and fed into the boiler for incineration.

Effluent Treatment & Management Plan of Our Sugar Mills

Primary Treatment Plant: The sugar mill effluent consists of various oils, grease and other materials generated during operations. The effluent is first passed through Primary Treatment Plant containing two sections. In the first section the screening of waste material is conducted and coarse and suspended materials are removed. In the second compartment Oils and Grease are trapped through a screen bar and gravity method. The said oil and grease so collected (negligible quantity) are burned away in the boiler.

Equalization Tank: The effluent is then passed into an Equalization Tank. Equalization of waste streams is essential for regulation and prevention of shock loads that are created by batch dumping of strong waste. This increases the temperature, ph, alkalinity, BOD and COD levels. The parameters of all are scaled down (reduced) and controlled with the use of lime and alum and then passed onto the Primary Mechanical Clarifier.

Primary Mechanical Clarifier: Due to the above chemical treatment, Sludge collects, which is separated from the liquid and then dried on sludge beds which can be used as land fills or brick manufacturing. Next the remaining effluent is transferred to the Aeration Tank.

Aeration Tank: Biological treatment of the effluent is necessary. Air is pumped into the waste water and with the help of micro organisms it is treated biologically. It is then transferred to the Secondary Mechanical Clarifier for filtration.

Secondary Mechanical Clarifier: Here the remaining sludge in the effluent is further collected and removed for drying on Sludge beds to be later used for land fills.

The balance liquid is then passed through Pressurized Sand Filters (Mix Beds) for removing suspended solids. The solid sludge which is trapped in the sand filters is removed periodically and dried and used. The remaining water so

derived is free from waste and is then recirculated into the aeration tank for reprocessing and the cycle thereby continues. The above system is followed by all our sugar mills situated at Libberheri, Barkatpur, Khaikheri and Shermau and is as per the prescribed norms of the Pollution Control Board.

Property

We have our registered office located at Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand - 247 667. Besides this, we have a corporate office located at Noida, India.

The following properties are owned by us, where we are operating our plants. Further our Registered Office is situated at Libberheri, one of the locations where our plant is located.

| Location | Area (in hectare) | Nature of property | Capacity of the Sugar Mill |
|---|-------------------|--------------------|----------------------------|
| Libberheri Unit Village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand | 25.82 | Freehold | 6250 TCD |
| Barkatpur Unit Village: Barkatpur, Tehsil: Nazibabad, Distt.: Bijnor, Uttar Pradesh | 47.39 | Freehold | 8500 TCD |
| Khaikheri Unit, Village : Khaikheri, Tehsil : Muzaffarnagar, Distt: Muzaffarnagar, Uttar Pradesh | 40.49 | Freehold | 4500 TCD |
| Shermau Unit, Village: Tehsil Nakur, Distt: Saharanpur, Uttar Pradesh | 27.67 | Freehold | 6000 TCD |

The following table sets out details of properties taken on lease by us:

| Location | Area | Nature of property | Activities undertaken |
|---|---------------|---|-----------------------|
| A-2E, III Floor, CMA Tower, Sector - 24, Noida - 210 301, Uttar Pradesh | 5,400 Sq. Ft. | Lease terminating on September 30, 2013 | Corporate Office |

Insurance

We maintain insurance policies with leading Indian insurers. All our principal places of business, including our sugar mills and godowns are covered by insurance. Our plant and machinery such as mills, , boiler, pressure vessels, godown and office equipment are covered by Building, Plant and Machinery Insurance, fire and special perils insurance policies, boiler and pressure plant policies & machinery Insurance. We also maintain business interruption insurance and terrorism is specifically excluded from all our policies. The total coverage under all our policies as of November 20, 2011 was Rs. 175976 Lacs.

Intellectual Property

We do not own any intellectual property.

HISTORY AND CORPORATE STRUCTURE

History and major events

Our Company was incorporated as Associated Sugar Mills Limited on October 04, 1993 and was granted Letter of Intent on March 31, 1994 by Government of India for setting up a new sugar factory of 2500 Tonnes Crushing per day in Roorkee, Uttarakhand. The erstwhile promoters of the Company were Mr. M K Swarup and his family / associates. The Company received the Certificate for Commencement of business on April 8, 1994.

In October 1998, Adlakha family, along with their associates, acquired the 100% shareholding in the Company from the erstwhile promoters and gained overall control of our Company. Subsequent to this, the name of our Company was changed to Uttam Sugar Mills Limited and a fresh Certificate of the Incorporation was obtained on November 24, 1998 from the Additional Registrar of Companies N.C.T. of Delhi and Haryana. The Registered Office of our Company was shifted from Delhi to the State of Uttarakhand on November 02, 2007 and received the Certificate for shifting of Registered Office to Uttarakhand on November 27, 2007.

Main Objects

The Main objects as per the Memorandum of Association of our Company are as under:

1. To purchase, manufacture, produce, boil, refine, prepare, import, export, self and generally to deal in sugar, sugar-candy, sugar-beet, sugar-cane, molasses, syrups, alcohol, sprits, liquors and all sugar products such as confectionery, glucose, canned fruit, golden syrup and aerated waters and/or by-products such as bagasse, boards, paper pulp, paper alcohol, acetone, carbon dioxide, hydrogen, potash, can wax and fertilizers and food products generally.
2. To cultivate, plant produce and raise or purchase sugar-cane, sorghum, sugar-beet, sago, palmyra juice and other crops.

Our present Promoters are Raj Kumar Adlakha, Rajan Adlakha, Ranjan Adlakha, Uttam Industrial Engineering Limited, Uttam Sucrotech Limited, Lipi Boilers Limited, Uttam Adlakha & Sons Holdings Pvt. Ltd. (formerly known as G M Colonisers Pvt Ltd.), New Castle Finance & Leasing Pvt Ltd, Shubham Sugars Ltd, Bharat Adlakha, Saiesha Adlakha, Sonia Adlakha, Rajan Adlakha, Raj Kumar Adlakha (Karta of R K Sons HUF), Shomna Adlakha, Jai Adlakha, Rajni Babbar, Ranjana Chopra, Balram Adlakha and Shanta

We set up our first sugar unit at village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand in 2001 for manufacturing sugar using double sulphitation process with a capacity of 2500 TCD along-with co-generation facilities of 6 MW of power. Our Company commenced commercial production from January 2001. In subsequent years the capacity of the plant was enhanced in phases to 6250 TCD and co-generation facilities of 16 MW of power by 2004. The Company also implemented process upgradation by installing Defeco Remelt Phosphotation (DRP) process to manufacture better quality crystal sugar with low sulphur content.

In 2005, we expanded our capacity by setting up another sugar mill in Barkatpur with a capacity of 3500 TCD and co-generation power plant of 10 MW.

In January 2006, the Company set up second unit at Barkatpur, Dist. Bijnor, Uttar Pradesh with installed capacity of 7000 TCD using the conventional double sulphitation process alongwith co-generation of power with a capacity of 22 MW.

In March 2006, we came out with an initial public offering of 40,00,000 equity shares of face value Rs. 10/- each at a premium of Rs. 330/- per share to part finance the new sugar mills and co-generation facilities at Khaikheri and Shermau. For further enhancing the manufacturing capacity, the Company undertook a project to set up two new sugar units at Khaikheri, District Muzaffarnagar (UP) of 4500 TCD (Unit III) with co-generation facilities of 15 MW; and Shermau District Saharanpur (UP) with capacity of 5000 TCD (Expandable to 7000 TCD) with co-generation of 30 MW.

In order to create Integrated Sugar Facilities and to de-risk the business from profit variations and to achieve higher returns over complete business cycle, in January 2007, the company planned another expansion-cum-diversification scheme envisaging expansion of its co-generation capacities at three units, enhancement of crushing capacity of Barkatpur and Shermau units and setting up an Ethanol Distillery at Barkatpur. The total cost of the above project was envisaged at Rs. 263.36 crore, out of which only the debt of 110.50 crore was tied up from the consortium of lenders led by IDBI (the other lender included Punjab National Bank, State Bank of India, Indian Overseas Bank and Oriental Bank of Commerce). SDF did not sanction loan of Rs. 87 crore to the Company and on account of delay in financial closure, the project could not be implemented in time.

In March 2009, the Company approached its lenders for comprehensive restructuring under CDR. The proposal referred by IDBI to CDR and was admitted by CDR on April 22, 2009. IDBI was appointed as Monitoring Institution and final restructuring proposal was approved by CDR-EG in October 2009. As per the CDR package, implementation of the project was kept in abeyance. Date of completion of Barkatpur project was revised to October 2010. The CDR package was sanctioned and implemented by all lenders. The Company made trial run of both the projects in April 2011.

However during sugar season 2009-2010, the financial performance of the company was adversely affected due to sharp decrease in sugar prices in the second half of sugar season ended June 2010 which resulted in a loss of Rs. 4406 Lacs in FY 2010. The Company again approached its lenders for additional funding of Rs. 11000 Lacs in the form of Term Loan to bridge the working capital gap. IDBI (the Monitoring Institution) has assessed the gap of Rs. 10800 Lacs on the basis of loss on stock of sugar season 2009-2010. The CDR-EG at its meeting held on August 12, 2011 approved the funding of Working Capital gap of Rs. 10800 Lacs. Of the total amount, IDBI Bank agreed to grant Rupee Term Loan (RTL) of Rs. 800 Lacs towards its share of WC gap. Further Punjab National Bank approved the sanction of Working Capital Term Loan (WCTL) of Rs. 4500 Lacs and IOB approved Rs. 944 Lacs under CDR in favour of the Company. The Lenders asked for 25% of gap as promoter contribution.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, the Company shall have not less than three and not more than twelve Directors.

The overall management of the Company is vested with the Board of Directors, which consists of the following Directors:

- | | |
|------------------------------|-----------------------|
| 1. Mr Raj Kumar Adlakha | : Managing Director |
| 2. Mr. Vikram Singh Tandon | : Director |
| 3. Dr. Ramasamy Vasudevan | : Director |
| 4. Mr. Pasha Biswas | : Whole Time Director |
| 5. Mr. Gurbachan Singh Matta | : Director |
| 6. Mr. Satish Chandra | : Nominee Director |
| 7. Mr. Kamal Prasad | : Nominee Director |

The particulars of the Directors are given below:

| S. No | Name, Father's Name, Address, Experience Occupation, Term & DIN | Age (in years) | Designation | Date of Appointment | Directorships held in Indian Companies |
|-------|--|----------------|----------------------|---------------------|---|
| 1. | Mr. Raj Kumar Adlakha S/o Late Sh. Uttam Chand Adlakha KD-51, Kavi Nagar, Ghaziabad- 201 002 Experience: 33 years Occupation - Business Term: 01/09/2009 to 31/08/2012 DIN: 00133256 | 55 | Managing Director | 28/07/1998 | <ul style="list-style-type: none"> • Uttam Luxury Hotel & Resorts Limited • Uttam Properties Pvt. Ltd. • Shree Uttam Colonisers Pvt. Ltd. • Lipi Boilers Ltd. • Lipi Consultants Pvt. Ltd. • Telma Trading Pvt. Ltd. • Shubham Sugars Ltd. • Uttam Distilleries Ltd. • Divine Grace Enterprises Pvt. Ltd. • Uttam Lifestyle Hotels Pvt. Ltd. • Uttam Elite Hotels Pvt. Limited |
| 2. | Mr. Vikram Singh Tandon S/o Late Sh. S.N. Tandon 50-D, DDA Flats, Masjid Moth, Phase -1, New Delhi-110048 Experience: 28 years Occupation- Professional Term: Liable to retire by rotation DIN- 00613079 | 58 | Independent Director | 04/01/2006 | <ul style="list-style-type: none"> • Mukul Computer Services Pvt. Ltd. |
| 3. | Dr. Ramasamy Vasudevan S/o Late Shri S.V. Ramasamy B-25, 5th Cross West Extn., Thillainagar, Trichy, Tamil Nadu- 620 018 Experience: 41 years Occupation- Professional Term: Liable to retire by rotation DIN: 00109908 | 73 | Independent Director | 04/01/2006 | NIL |

| | | | | | |
|----|--|----|---|------------|--|
| 4. | Mr. Pasha Biswas S/o Sh. Arun Biswas D-4 Para C/o 56 APO Agra, Uttar Pradesh-282 001 Experience: 30 years Occupation- Service Term: 31/10/2011 to 30/10/2014 DIN: 02433178 | 52 | Whole Time Director | 31/10/2008 | NIL |
| 5. | Mr. Gurbachan Singh Matta S/o Shri Sain Dass H-332, Vikas Puri, New Delhi- 110 018 Experience: 43 years Occupation- Professional Term: Liable to retire by rotation DIN: 02612602 | 63 | Independent Director | 12/09/2009 | <ul style="list-style-type: none"> • Solitaire Capital Trustees Private Ltd • Bhandari Export Industries Ltd |
| 6. | Mr. Satish Chandra S/o. Shri Swaran Ram Jassi A-31, IInd Floor, Oberoi Apartments 2, Shamnath Marg, Civil Lines, Delhi-110054 Experience: 32 years Occupation- Service Term: Non Rotational Director DIN: 03016686 | 53 | Nominee Director- IDBI Bank | 15/04/2010 | NIL |
| 7. | Mr. Kamal Prasad S/o Sh. Akhileshwar Prasad C-607, Surya Vihar, Gurgaon- 122001 Experience: 34 years Occupation- Service Term: Non Rotational Director DIN- 02281411 | 57 | Nominee Director- Punjab National Bank | 27/05/2011 | <ul style="list-style-type: none"> • Magnum Ventures Limited |

Brief Biography of our Directors:

Mr. Raj Kumar Adlakha, aged 55 years, Managing Director of our Company, is a Mechanical Engineer from Bangalore University. He has started his career in 1979 by joining his family business of manufacturing parts for sugarmill machinery and expanded the business by using his technical expertise to carry out turnkey sugar mill projects. He was instrumental in setting up of our four sugar manufacturing units. He has an experience of more than 33 years in Sugar Industry. Presently he is looking after the overall affairs of our Company. He was awarded with the Udyog Ratna award for “Involvement in Economic Development of Uttaranchal” on July 08, 2005 on the Centenary Celebrations of PHD Chamber of Commerce and Industry. In the past, Mr. Raj Kumar Adlakha was also acting as Whole Time Director of Uttam Industrial Engineering Limited (from 01.01.1995 to 30.09.2001) and as Managing Director of Lipi Boilers Limited (from 01.04.2006 to 30.09.2008). Uttam Industrial Engineering Limited is engaged in the business of manufacturing, designing, fabrication and machining of complete range of machinery required for sugar plant. Lipi Boilers Limited is engaged in the business of manufacturing of boilers and auxiliaries and commissioning of boilers and to design manufacture, erect and commission heat engineering and thermal equipments.

Mr. Vikram Singh Tandon, aged 58 years, is a Chartered Accountant. He has an overall experience of over 28 years in the field of Finance, Accounts and Taxation. His core strengths are financial analysis and management and statutory and internal audit. He has worked on several financial feasibility reports for Sugar Development Fund and Sugar Technology Mission. He was a member of Expert Committee constituted by the Government of India for rehabilitation of sick sugar units of Bihar State co-operative mills in 1997 and a member of the Expert Committee constituted by STM for rehabilitation of Khalilabad Sugar Mill in Uttar Pradesh in 2002. He has visited Fiji in January 2004 as a member of the expert team sent by GOI for revival of sugar industry in that country.

Dr. Ramasamy Vasudevan aged 73 years, is a Doctorate and Ph. D., B.E (Hons). He has an overall experience of 41 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 Directors of 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 had 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.

Mr. Pasha Biswas aged 52 years, is a Graduate (B.A.) form Jawahar Lal Nehru University, Delhi. He is an ex-army officer with over 30 years of experience in management of personnel and equipment under adverse conditions. He joined the Indian Armed Forces in 1981 and held various positions and also worked at different locations. After serving the Army for about 23 years, he took premature retirement. Thereafter he established Niral Ashram Institute, an eye institute in collaboration with Nirmal Ashram Hospital in Rishikesh. Then he worked with Shrimaa Associates for 2 years as Vice President - Marketing.

Mr. Gurbachan Singh Matta aged 63 years, is B.Sc (Hons.) and CAIIB. He is an ex-banker with over 43 years of experience. He was associated with Indian Overseas Bank since 1968 till 2005. In August 2005, he joined Punjab and Sind Bank and was promoted as Executive Director of the Bank in March 2006. He has also headed various committees for implementation of Basel II, Core Banking Solutions and Risk Management. He is also a visiting faculty at NIBSCOM (National Institute of Bank Studies and Corporate Management, Noida for lectures on various topics on the Banking Industry like Risk Management, Corporate Governance, Basel II norms, etc.

Mr. Satish Chandra aged 53 years, is a graduate (B.Com). He is working with IDBI Bank Limited w.e.f. 05.02.1979 and presently designated as General Manager of IDBI Bank Limited. He has been appointed as Nominee Director on the Board of the Company as Nominee of IDBI Bank Ltd.

Mr. Kamal Prasad, aged 57 years, is B. Sc. (Hons), JAIIB. He is having 34 years of experience with Punjab National Bank. Presently, he is working as Circle Head, Punjab National Bank, Meerut. Experience of working as incumbent of branches of small to large size, Incharge of inspection & Audit, Head of Merchant Banking Division at Bank's H.O. Mr. Kamal Prasad was inducted on the board of the company on May 27, 2011 in the capacity of nominee and Independent Director of the company.

We confirm that none of the directors of our company is related to each other. We also confirm that:

- we have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Director were selected as Director or member of Senior Management. However, Mr. Satish Chandra and Mr. Kamal Prasad has been nominated as Nominee on the Board of the Company by IDBI Bank Limited and Punjab National Bank respectively, as per CDR Terms.
- the service contracts entered into with our Managing Director / Whole Time Director does not provide for any benefit upon termination of employment except the retirement benefits payable to them as Provident Fund, Superannuation and Gratuity as per the rules of our Company.

Compensation to our Directors

1. Mr. Raj Kumar Adlakha, Managing Director

In the Annual General Meeting of our company held on May 25, 2009, our shareholders have approved the reappointment of Mr. Raj Kumar Adlakha as the Managing Director of the company. The terms & conditions of his present appointment are as under:

Period:

The appointment is effective from September 01, 2009 for a period of 3 years i.e up to August 31, 2012.

Overall Remuneration:

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

- a. Salary: Rs. 3,25,000/- (Rupees three lakhs twenty five thousand only) per month.
- b. Perquisites: In addition to above remuneration the Managing Director shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel assistance for self and family, club fees, medical insurance etc. in accordance with the rules of the company.
- c. Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of the Income Tax Act.
- d. Gratuity: One half months salary for each completed year of service in accordance with the rules of the company.
- e. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall however be billed by the Company to the Managing Director.
- f. Commission: Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board of Directors of the company at the end of each financial year, Subject to the overall ceilings stipulated in section 198 and 309 of the Companies Act 1956. The commission payable to the Managing Director will be limited to 4% of the net profits of the company as calculated in terms of the provision of section 349 of the companies Act, 1956 to be determined at the end of each financial year.

Minimum Remuneration

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

Our Company had filed Form-25A with the Central Government, Ministry of Corporate Affairs, for its approval on September 06, 2010 as it did not fulfill the condition stipulated under proviso (ii) of Section II(I)(B) of Part II of Schedule XIII of the Companies Act, 1956, relating to non-repayment of debts (including interest) to the Banks for a continuous period of more than thirty days.

The Central Government granted its approval to our Company vide its letter dated November 11, 2010.

Functions

Subject to the superintendence, control and direction of the Board of Directors of the company the Managing Director shall have substantial powers of management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated / assigned to him by the Board of Directors/Committee of Directors from time to time.

Sitting Fee

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

He shall not, so long as he functions as a Managing Director, become interested or otherwise concerned directly or through his wife and or / minor children in any selling agency of the Company.

His period shall not be subject to retirement by rotation whilst holding office of Managing Director.

2. Mr. Pasha Biswas, Whole Time Director

In the Annual General Meeting of our company held on August 11, 2011, our shareholders have approved the reappointment of Mr. Pasha Biswas as the Whole Time Director of our Company. The terms & conditions of his present appointment are as under:

Period:

The appointment is effective from October 31, 2011 for a period of 3 years i.e up to October 30, 2014.

Overall Remuneration:

Subject to the provisions of section 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto, the remuneration payable to him shall be as follows:

- a. (i) Salary: Rs. 42,000/- (Rupees forty two thousand only) per month.
- (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).

b. Perquisites:

- House rent allowance of Rs. 25,200 (Rupees Twenty Five Thousand Two Hundred Only) per month. As and when Company accommodation is provided, House rent allowance will be withdrawn.
- Medical Expenses reimbursement incurred for self, spouse and dependent children/ parents of Rs.15,000 (Rupees fifteen thousand only) per annum.
- Leave Travel Allowance- Rs. 39,000/- per annum.
- Conveyance Allowance- Rs. 1,500/- p.m.
- Free use of Company's car for official purpose.
- Mobile Phone facility however personal STD/ISD calls shall be billed to him.
- Company's contribution to Provident Fund, as per rules of the Company.
- Gratuity as per rules of the Company.
- Encashment of Leave, as per rules of the Company.
- Other benefits/reimbursements as per the Company's policy.

Minimum Remuneration

The above remuneration will be payable to Mr. Pasha Biswas 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.

Our Company has filed Form-25A with the Central Government, Ministry of Corporate Affairs, for its approval on November 04, 2011 as it does not fulfill the condition stipulated under proviso (ii) of Section II(I)(A) of Part II of Schedule XIII of the Companies Act, 1956, relating to non-repayment of debts (including interest) to the Banks for a continuous period of more than thirty days.

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.

Sitting Fee

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

His period of office shall be subject to retirement by rotation whilst holding office of Whole Time Director.

3. The following table set forth details of sitting fee paid to the Independent Directors for the year ended March 31, 2011 & Half year ended September 30, 2011:

| Sr. No. | Name | Sitting Fee (in Rs.) | |
|---------|----------------------------|--------------------------------------|--|
| | | For the Period ending March 31, 2011 | For the Period ending September 30, 2011 |
| 1. | Mr. Vikram Singh Tandon | 1,20,000 | 50,000 |
| 2. | Mr. Ramasamy Vasudevan | 1,00,000 | 50,000 |
| 3. | Mr. Gurbachan Singh Matta | 1,10,000 | 20,000 |
| 4. | Mr. Prabhkaran Singh Lalli | 20,000 | N.A. |
| 5. | Mr. Krishan Gopal Sharma | 65,000 | N.A. |
| 6. | Mr. Satish Chandra | 75,000 | 30,000 |
| 7. | Mr. Kamal Prasad | N.A. | 30,000 |

Other than as mentioned above, no other compensation is being paid to any other Director of our Company.

None of our Directors have undertaken transactions in the Equity Shares of our Company during the preceding twelve months from the date of filing of Draft Letter of Offer with SEBI.

Changes in Our Board of Directors during the last three years

| Name | Date of Appointment | Date of Cessation | Reason |
|----------------------------|---------------------|-------------------|---|
| Mr. Prabhkaran Singh Lalli | 28/03/2007 | 18/02/2011 | Resigned from Directorship. |
| Mr. N. K. Sawhney | 04/01/2006 | 27/11/2008 | Resigned from Directorship. |
| Mr. Rajender Kumar Agrawal | 15/07/2009 | 25/02/2010 | Resigned from Directorship. |
| Mr. Gurbachan Singh Matta | 12/09/2009 | ---- | Appointed as Additional Director at the Board Meeting dated 12/09/2009 and confirmed at the AGM dated Aug 18, 2010. |
| Mr. Krishan Gopal Sharma | 15/04/2010 | 27/05/2011 | Appointed as Additional cum Nominee Director of Punjab National Bank at the Board Meeting dated 15/04/2010 and confirmed at the AGM dated Aug 18, 2010. Due to change of Nomination by PNB, Mr K.G. Sharma resigned w.e.f 27/05/2011. |
| Mr. Satish Chandra | 15/04/2010 | ---- | Appointed as Additional cum Nominee Director of IDBI Bank at the Board Meeting dated 15/04/2010 and confirmed at the AGM dated Aug 18, 2010. |
| Mr. Kamal Prasad | 27/05/2011 | ---- | Appointed as Additional cum Nominee Director of Punjab National Bank at the Board Meeting dated 27/05/2011 and confirmed at the AGM dated Aug 11, 2011. |
| Mr. Rajan Adlakha | 28/07/1998 | 10/11/2011 | Resigned from Directorship. |
| Mr. Ranjan Adlakha | 28/07/1998 | 10/11/2011 | Resigned from Directorship. |

Corporate Governance

Corporate governance is administered through our Board and the Committees of the Board. In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, we have formed the Audit Committee, Shareholder Grievance Committee and Remuneration Committee. However, the primary responsibility for upholding corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholders' value vests with our Board.

As a listed company we are in compliance with the applicable provisions of the Listing Agreements pertaining to corporate governance, including appointment of Independent Directors and constitution of Committees. We have complied with the requirements of Corporate Governance contained in the Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Shareholder Grievance Committee and Remuneration Committee.

Committees of the Board

a. Audit Committee

The Audit Committee of the Board was constituted on May 31, 2001. The Committee has been reconstituted on January 4, 2006, on March 28, 2007, on February 27, 2009 & thereafter on, October 31, 2009 and presently comprises of the following members:

| S. No. | Name | Position | Category |
|--------|------------------|----------|----------------------|
| 1. | Mr. V.S. Tandon | Chairman | Independent Director |
| 2. | Dr. R. Vasudevan | Member | Independent Director |
| 3. | Mr. G.S. Matta | Member | Independent Director |

Note: Mr. Ranjan Adlakha, Director of the Company was also a member of Audit Committee; however, he has resigned from the Directorship of the Company w.e.f. 10.11.2011. Consequently, he also ceased to be a member of the Audit Committee w.e.f. 10.11.2011.

Powers of Audit Committee

The Audit Committee has been given the following powers:

1. To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 and any activity within its terms of reference.
2. Investigate into any activity within its terms of reference.
3. To seek information from any employee.
4. To obtain legal or other professional advice.
5. To secure attendance of outsiders with relevant expertise.

Role of Audit Committee

The role of the audit committee shall include but shall not restrict to the following:

1. Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Making recommendations to the Board on the appointment the External auditor, the audit fee and any question of resignation or dismissal
3. Review of half yearly and annual financial statements before submission to the Board
4. Discussion with the External Auditors about the internal control system, nature and scope of audit, any problem or reservations arising from the audit and any other matter which the external auditor wishes to discuss.
5. Review of External Auditor's management letter
6. Review of company statement on internal control system prior to endorsement by the board and ensure compliance of internal control system.
7. Review of any significant findings of internal investigation
8. Review of reports of the Internal auditors

Meeting of the Audit Committee

During the financial year 2010-2011, five audit committee meetings were held on 15/05/2010, 29/06/2010, 09/08/2010, 13/11/2010 and 29/01/2011.

b. Shareholders and Investors' Grievance Committee:

The Shareholders/ Investors Grievance Committee was constituted by the Board in its meeting held on January 04, 2006 and has been reconstituted on March 28, 2007 & thereafter on May 27, 2011. The present Committee consists of the following members:

| S. No. | Name | Position | Category |
|---------------|------------------|-----------------|----------------------|
| 1. | Dr. R. Vasudevan | Chairman | Independent Director |
| 2. | Mr. G.S. Matta | Member | Independent Director |

Note: Mr. Ranjan Adlakha, Director of the Company was also a member of Shareholders and Investors' Grievance Committee, however, he has resigned from the Directorship of the Company w.e.f. 10.11.2011. Consequently, he also ceased to be a member of this Committee w.e.f. 10.11.2011.

Terms of Reference:

1. To approve and register transfer and/or transmission of all classes of Shares.
2. To sub-divide, consolidate and issue share certificates on behalf of the Company.
3. To affix/ to authorize affixation of the common seal of the Company on the share certificates of the Company.
4. To redress matters relating to shareholders and investor complaints like transfer of Shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
5. To do all such acts, deeds or things as may be necessary or incidental to the exercise of the above powers.

c. Remuneration Committee

The Remuneration Committee of the Board was constituted on January 04, 2006 and has been reconstituted on March 28, 2007, February 27, 2009, October 18, 2010 & thereafter on May 27, 2011 . At present, the Committee comprises of the following members:

| S. No. | Name | Position | Category |
|---------------|--------------------|-----------------|----------------------|
| 1. | Dr. R. Vasudevan | Chairman | Independent Director |
| 2. | Mr. Kamal Prasad | Member | Independent Director |
| 3. | Mr. Satish Chandra | Member | Independent Director |

Note: Mr. Ranjan Adlakha, Director of the Company was also a member of Remuneration Committee, however, he has resigned from the Directorship of the Company w.e.f. 10.11.2011. Consequently, he also ceased to be a member of this Committee w.e.f. 10.11.2011.

The Remuneration Committee has been constituted for the purpose of deciding, approving and fixing of remuneration payable to Managing Directors / Whole Time Directors or any other Directors of the Company, as the case may be, from time to time, pursuant to the provisions of Schedule XIII of the Companies Act, 1956.

Terms of Reference:

1. To approve remuneration payable to managerial personnel, taking in to account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance and past remuneration.
2. To bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

Interest of our Promoters and Directors

Except as stated in "Related Party Transactions" on page 107 of this Draft Letter of Offer and to the extent of shareholding in our Company, our Promoters and Promoter group entities do not have any other interest in our business.

All Directors of the Company may be deemed to be interested to the extent of remuneration / sitting fees, if any, payable to them for attending meetings of the Board or a Committee. The Managing Director will be interested to the extent of remuneration paid to him for services rendered by him as officer of the Company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held in our Company by them or their relatives or companies, firms and trust, in which they are interested as directors, members, partners and / or trustees, or that may be subscribed for and allotted to them, under the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Employees Stock Option Scheme / Employees Stock Purchase Scheme

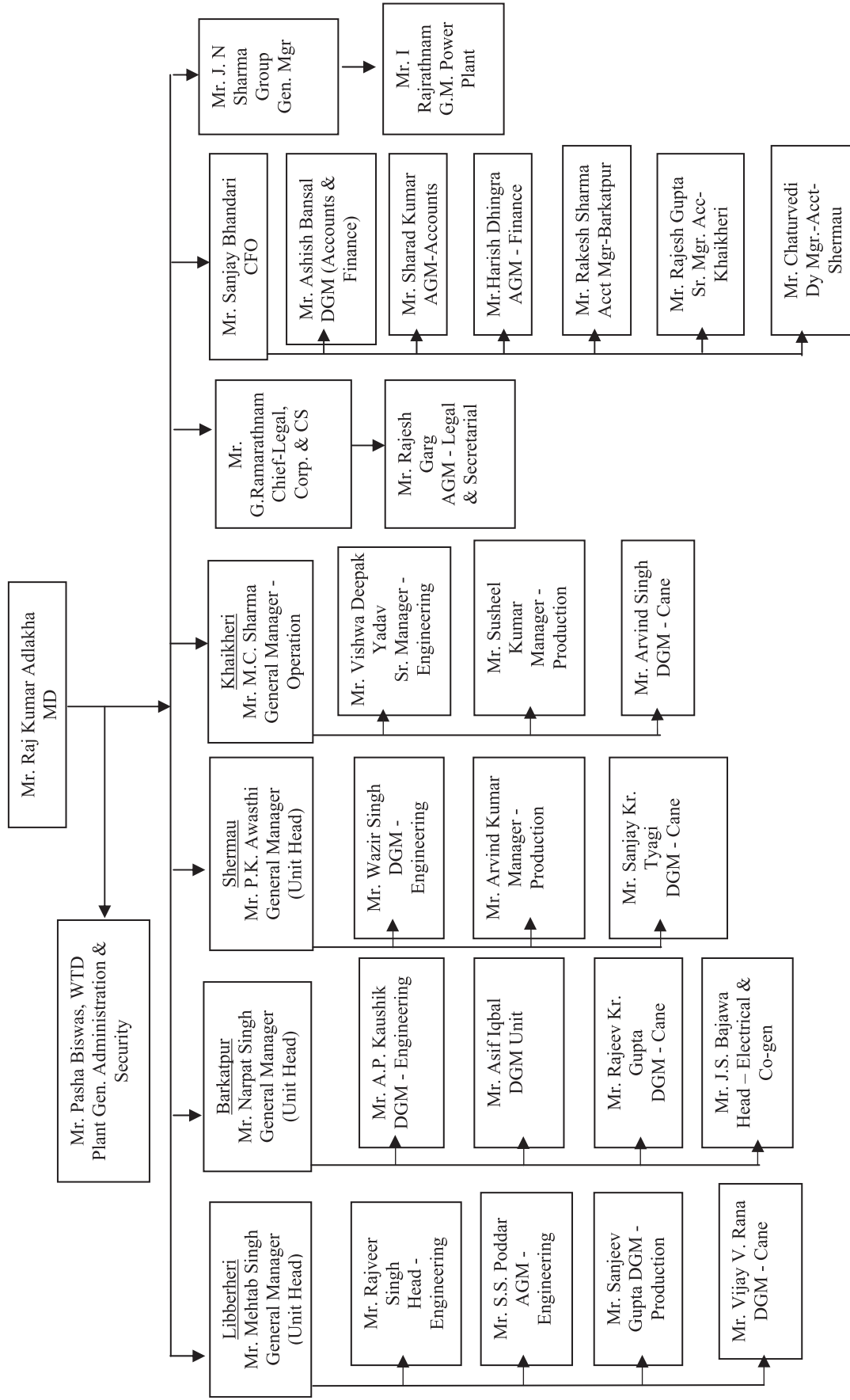
Presently, we do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

Except the payment of salaries and perquisites, the Company does not make any payments to its officers.

Organizational Structure Chart

The organization structure of our Company is given below:



FINANCIAL STATEMENTS

Auditors' Report on Financial Statements

1. We have examined the attached financial information of Uttam Sugar Mills Limited (the 'Company') comprising Balance Sheet as at September 30, 2011, September 30, 2010, March 31, 2011 and March 31, 2010 and the related Profit & Loss Account and Cash Flow Statement for the six month period ended September 30, 2011, September 30, 2010 and year ended on March 31, 2011 and period March 31, 2010 (collectively, together with the schedules and notes thereto, the "Financial Statements") as attached to this report and initialed by us for identification. These Financial Statements are approved by the Board of Directors of the Company, and has been prepared in terms of the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the 'ICDR Regulations') in connection with the proposed "Right Issue of Equity Shares" by the Company.

The preparation and presentation of these financial information is the responsibility of the Company's Management.

Our responsibility is to express an opinion on these Financial Statement based on our examination. We have examined these Financial Statement taking into consideration the terms of our engagement agreed upon with you in accordance with our engagement letter dated November 7, 2011 in connection with the proposed Right Issue of equity shares of the Company.

2. These financial information have been extracted by the Management from the Company's Audited Financial Statements for the year ended on March 31, 2011 and period ended March 31, 2010 approved by the Board of Directors at their meeting held on May 27, 2011 and June 29, 2010 respectively and Unaudited Financial Statements for six months period ended September 30, 2011 and September 30, 2010 subjected to limited review approved by the Board of Directors at their meeting held on November 5, 2011 and November 13, 2010 respectively after making such regroupings as considered appropriate. Financial Statements for the financial year ended on March 31, 2011 and period ended March 31, 2010 are approved by the shareholders in the Annual General Meeting held on August 11, 2011 and August 18, 2010 respectively.

The Unaudited Financial Statements for six months period ended September 30, 2011 and September 30, 2010 were subjected to Limited Review carried out by us.

3. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2011. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2011.
4. We have performed such tests and procedures, which in our opinion, were necessary for the examination of these financial information. These procedures, mainly involved comparison of the attached financial information with the Company's audited/unaudited financial statements for the respective years/periods.
5. We report that the Financial Statement are correctly extracted from the audited/unaudited financial statements of the Company for relevant year/period and are prepared and presented in accordance with the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006, accounting policies of the Company and with the ICDR Regulations as amended from time to time relating to Rights Issue of the Equity Shares by the Company.
6. In accordance with the requirements of the ICDR Regulations, and the terms of our engagements agreed with you, we have also examined the other financial information prepared by the Management and approved by the Board of Directors of the Company for the purpose of inclusion in the Draft Letter of Offer as mentioned below:-
 - a) Statement of Dividend paid for financial year ended on March 31, 2011 and March 31, 2010 and six month period ended September 30, 2011 and September 30, 2010
 - b) Statement of Accounting Ratios for financial year ended on March 31, 2011 and March 31, 2010 and six month period ended September 30, 2011 and September 30, 2010
 - c) Capitalization Statement as of September 30, 2011
 - d) Statement of Secured Loans as of September 30, 2011
 - e) Statement of Unsecured Loans as of September 30, 2011

7. In our opinion the attached financial information of the Company, as mentioned in paragraph 1 and 6 above have been extracted and prepared in accordance with the ICDR Regulations and applicable provisions of the Companies Act as amended from time to time and in terms of our engagement as agreed with you.
8. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us.
9. This report is intended solely for use of the Management for inclusion in the Draft Letter of Offer in connection with Right Issue of the Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For B.K. KAPUR & CO.
Chartered Accountants,
Firm Registration Number 000852C

(B.K. Kapur) F.C.A.
Partner
M.No. 04578

Place: 28th November 2011
Dated: NOIDA

Balance Sheet as at 30th September and 31st March

(Rs.in lacs)

| | Schedule No. | As at 30.09.2011 (Reviewed) | As at 30.09.2010 (Reviewed) | As at 31.03.2011 (Audited) | As at 31.03.2010 (Audited) |
|--|--------------|-----------------------------|-----------------------------|----------------------------|----------------------------|
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 9,419.40 | 6,736.90 | 9,419.40 | 6,736.90 |
| Preference Share Application Money | | 150.00 | 200.00 | 150.00 | - |
| Reserves and Surplus | 2 | 15,611.03 | 13,768.53 | 15,611.03 | 13,768.53 |
| | | 25,180.43 | 20,705.43 | 25,180.43 | 20,505.43 |
| Loan Funds | | | | | |
| Secured Loans | 3 | 48,805.69 | 62,053.65 | 66,833.52 | 70,707.80 |
| Unsecured Loans | 4 | 831.97 | 4,104.08 | 818.84 | 4,021.19 |
| | | 49,637.66 | 66,157.73 | 67,652.36 | 74,728.99 |
| Deferred Tax Liability (Net) | 5 | 639.77 | (205.47) | 148.90 | (567.83) |
| | | | | | |
| | TOTAL | 75,457.86 | 86,657.69 | 92,981.69 | 94,666.59 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | | | | | |
| Gross Block | 6 | 55,951.83 | 53,675.80 | 55,911.60 | 53,479.00 |
| Depreciation | | 14,595.36 | 11,860.71 | 13,223.91 | 10,535.41 |
| Net Block | | 41,356.47 | 41,815.09 | 42,687.69 | 42,943.59 |
| Capital Work in Progress | | 14,989.61 | 14,587.49 | 13,853.51 | 13,486.33 |
| | | 56,346.08 | 56,402.58 | 56,541.20 | 56,429.92 |
| Current Assets, Loans & Advances | | | | | |
| Inventories | 7 | 14,598.56 | 26,301.19 | 38,085.78 | 44,886.16 |
| Sundry Debtors | 8 | 91.11 | 203.65 | 726.65 | 871.46 |
| Cash and Bank Balances | 9 | 3,185.47 | 1,652.12 | 2,686.80 | 5,291.17 |
| Loans and Advances | 10 | 1,625.37 | 2,667.14 | 1,677.65 | 2,936.05 |
| | | 19,500.51 | 30,824.10 | 43,176.88 | 53,984.84 |
| Less: Current Liabilities & Provisions | | | | | |
| Current Liabilities | 11 | 10,652.86 | 9,214.76 | 14,179.62 | 21,731.64 |
| Provisions | | 87.50 | 84.76 | 85.98 | 89.06 |
| | | 10,740.36 | 9,299.52 | 14,265.60 | 21,820.70 |
| Net Current Assets | | 8,760.15 | 21,524.58 | 28,911.28 | 32,164.14 |
| Miscellaneous Expenditure | | | | | |
| (To the extent not written off or adjusted) | | | | | |
| Preliminary Expenses | | 1.45 | 2.45 | 1.95 | 2.95 |
| Profit & Loss Account | | | | | |
| Loss as per Account Annexed | | 10,350.18 | 8,728.08 | 7,527.26 | 6,069.58 |
| | TOTAL | 75,457.86 | 86,657.69 | 92,981.69 | 94,666.59 |
| Significant Accounting Policies & Notes Forming part of Balance Sheet | 19 | | | | |
| The Schedules 1 to 19 form an integral part of Balance Sheet | | | | | |

Profit & Loss Account for the period ended 30th September and year ended 31st March

(Rs. in lacs)

| | Schedule No. | Period ended 30.09.2011 (Reviewed) (6 months) | Period ended 30.09.2010 (Reviewed) (6 months) | Year ended 31.03.2011 (Audited) (12 months) | Period ended 31.03.2010 (Audited) (15 months) |
|--|--------------|---|---|---|---|
| INCOME | | | | | |
| Sales | | 31,753.89 | 27,766.07 | 70,591.10 | 51,049.71 |
| Less : Excise Duty | | 914.68 | 1,129.12 | 2,434.69 | 1,880.40 |
| Net Sales | | 30,839.21 | 26,636.95 | 68,156.41 | 49,169.31 |
| Other Income | 12 | 87.74 | 409.08 | 435.51 | 162.45 |
| Increase/(Decrease) in Stocks | 13 | (22,691.99) | (14,783.69) | (1,877.80) | 24,393.03 |
| | Total | 8,234.96 | 12,262.34 | 66,714.12 | 73,724.79 |
| EXPENDITURE | | | | | |
| Material and Manufacturing Expenses | 14 | 3,615.60 | 8,581.43 | 53,146.49 | 65,182.82 |
| Cost of Trading Goods | 15 | 838.21 | - | 1,806.65 | - |
| Salaries, Wages and Benefits | 16 | 1,065.92 | 1,031.56 | 2,653.45 | 2,872.81 |
| Administration and Other Expenses | 17 | 563.48 | 462.94 | 1,187.98 | 1,181.15 |
| Interest and Financial Charges | 18 | 3,103.15 | 3,097.79 | 5,901.01 | 5,509.67 |
| | Total | 9,186.36 | 13,173.72 | 64,695.58 | 74,746.45 |
| | | | | | |
| Profit/(Loss) before Depreciation | | (951.40) | (911.37) | 2,018.54 | (1,021.66) |
| Depreciation / Amortisation | | 1,371.45 | 1,325.30 | 2,697.21 | 3,182.44 |
| Prior Period Items (Net) | | 7.74 | 59.46 | 61.00 | 60.51 |
| (Loss) before Tax | | (2,330.59) | (2,296.14) | (739.67) | (4,264.61) |
| Provision for Taxation | | | | | |
| Deferred Tax Charge /(Credit) | | 490.88 | 362.36 | 716.73 | 136.33 |
| Fringe Benefit Tax | | - | - | - | 3.94 |
| Current Tax | | 1.45 | - | 1.28 | 6.49 |
| Less: Minimum Alternate Tax (MAT) Credit | | - | - | - | (4.38) |
| (Loss) after Tax | | (2,822.92) | (2,658.50) | (1,457.68) | (4,406.99) |
| Balance brought forward from Previous Period | | (7,527.26) | (6,069.58) | (6,069.58) | (1,662.59) |
| (Deficit) transferred to Balance Sheet | | (10,350.18) | (8,728.08) | (7,527.26) | (6,069.58) |
| Earning per Share (Note No.20) | | | | | |
| Nominal Value Rs. 10/- | | | | | |
| Basic | | (11.94) | (10.84) | (6.79) | (17.50) |
| Diluted | | (11.94) | (10.84) | (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 | | | | | |

Cash Flow Statement for the period ended 30th September and year ended 31st March

(Rs. in lacs)

| | | Period ended 30.09.2011 (Reviewed) (6 Months) | Period ended 30.09.2010 (Reviewed) (6 Months) | Year ended 31.03.2011 (Audited) (12 Months) | Period ended 31.03.2010 (Audited) (15 Months) |
|-----------|---|--|--|--|--|
| A. | Cash flow from Operating Activities | | | | |
| | Net (Loss) before Tax | (2,330.59) | (2,296.14) | (739.67) | (4,264.61) |
| | Adjustments for: | | | | |
| | Depreciation /Amortisation | 1,371.45 | 1,325.31 | 2,697.21 | 3,184.95 |
| | Interest and financial charges | 3,103.15 | 3,097.79 | 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 | 0.50 | 0.50 | 1.00 | 1.25 |
| | Interest earned | (13.82) | (4.78) | (12.07) | (17.69) |
| | | | | | |
| | Operating Profit before Working Capital changes | 2,130.69 | 2,122.68 | 7,852.97 | 4,295.20 |
| | Adjustments for: | | | | |
| | Trade & Other Receivables | 686.90 | 933.29 | 1,403.22 | (904.14) |
| | Inventories | 23,487.22 | 18,584.97 | 6,800.39 | (30,142.45) |
| | Trade Payables | (3,564.21) | (12,605.23) | (6,310.05) | 8,948.64 |
| | | 20,609.91 | 6,913.03 | 1,893.56 | (22,097.95) |
| | Cash generated from operations | 22,740.59 | 9,035.71 | 9,746.53 | (17,802.75) |
| | Direct taxes (paid)/refund | 0.07 | (4.29) | (4.35) | (22.95) |
| | Net Cash flow from Operating Activities | 22,740.67 | 9,031.41 | 9,742.18 | (17,825.70) |
| | | | | | |
| B. | Cash Flow Investing Activities | | | | |
| | Purchase of Fixed Assets | (935.12) | (1,324.08) | (3,658.43) | (5,319.69) |
| | Sale of Fixed Assets | - | - | 1.50 | 0.88 |
| | Investments sold | - | - | - | 199.68 |
| | Interest Received | 14.75 | 8.20 | 12.06 | 13.71 |
| | Net Cash used in Investing Activities | (920.37) | (1,315.88) | (3,644.87) | (5,105.42) |
| | | | | | |
| C. | Cash Flow Financing Activities | | | | |
| | Interest paid | (3,345.29) | (2,816.78) | (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 | - | 200.00 | 150.00 | - |
| Proceeds from Borrowings (Term Loans) | 250.00 | 5,035.72 | 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) | (2,007.32) | (402.56) | (7,597.74) | (7,858.23) |
| Repayment of Borrowings (Working Capital) | (16,216.17) | (13,361.79) | (4,724.18) | 27,289.17 |
| | | | | |
| Net Cash flow from Financing Activities | (21,318.78) | (11,345.41) | (8,695.36) | 27,444.88 |
| | | | | |
| Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C) | 501.52 | (3,629.88) | (2,598.05) | 4,513.76 |
| | | | | |
| Cash and Cash Equivalents as at Beginning | 2,683.35 | 5,281.40 | 5,281.40 | 767.64 |
| | | - | | - |
| Cash and Cash Equivalents as at Closing | 3,184.87 | 1,651.52 | 2,683.35 | 5,281.40 |

Notes:

1. Cash and Cash Equivalents represent Cash and Bank Balances (Refer Schedule 9)
2. Figures have been regrouped / rearranged wherever considered necessary.
3. Trade Payables and Cash & Cash Equivalents excludes amount lying in Escrow Accounts amounting to Rs.0.60 lacs as at 30.09.2011, Rs.0.60 lacs as at 30.09.2010, Rs. 3.46 lacs as at 31.03.2011 and Rs.9.75 lacs as at 31.03.2010)

SCHEDULE 1: SHARE CAPITAL

(Rs.in lacs)

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|---|---------------------|---------------------|---------------------|---------------------|
| Authorised: | | | | |
| Equity Share Capital | | | | |
| 40000000 Equity Shares of Rs.10/- each (Previous Period 40000000 Equity Shares of Rs.10/- each) | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 |
| Redeemable Preference Share Capital | | | | |
| 7500000 Preference Shares of Rs.100/- each (Previous Periods ended 30.09.2010- 5000000 Preference Shares of Rs.100/- each) (Year ended 31.03.2011 – 7500000 & Period ended 31.03.2010 – 5000000, Preference Shares of Rs.100/- each) | 7,500.00 | 5,000.00 | 7,500.00 | 5,000.00 |
| | | | | |
| Issued, Subscribed & Paid-up Capital | | | | |
| Equity Share Capital | | | | |
| 25769000 Equity Shares of Rs.10/- each fully paid up (Previous Period 25769000 Equity Shares of Rs.10/- each fully paid up) | 2,576.90 | 2,576.90 | 2,576.90 | 2,576.90 |
| 6.5% Cumulative Redeemable Preference Share Capital - Series I 5000000 Preference Shares of Rs.100/- each (Previous Period ended 30.09.2010 4160000 Preference Shares of Rs.100/- each) (Year ended 31.03.2011 – 5000000 and Period ended 31.03.2010 – 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 | 5,000.00 | 4,160.00 |
| 10% Cumulative Redeemable Preference Share Capital - Series II 1842500 Preference Shares of Rs.100/- each (Previous Period ended 30.09.2010 - Nil Preference Shares) (Year ended 31.03.2011 – 1842500 and period ended 31.03.2010 – Nil Preference Shares of Rs.100/- each) (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 | - | 1,842.50 | - |
| TOTAL | 9,419.40 | 6,736.90 | 9,419.40 | 6,736.90 |

SCHEDULE 2: RESERVES AND SURPLUS**(Rs.in lacs)**

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Share Premium Account | | | | |
| As per Last Balance Sheet | 15,611.03 | 13,768.53 | 13,768.53 | 13,768.53 |
| Addition during the year | - | | 1,842.50 | |
| TOTAL | 15,611.03 | 13,768.53 | 15,611.03 | 13,768.53 |

SCHEDULE 3: SECURED LOANS**(Rs.in lacs)**

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| A) Term Loans | | | | |
| - From Banks | | | | |
| - Term Loan | 26,193.68 | 30,659.06 | 27,721.16 | 27,194.91 |
| - Funded Interest Term Loan | 1,225.41 | 1,782.16 | 1,225.41 | 1,313.93 |
| - From Govt. of India, Sugar Development Fund | 3,718.79 | 4,356.92 | 4,002.96 | 3,581.65 |
| | 31,137.88 | 36,798.14 | 32,949.53 | 32,090.49 |
| B) Cash Credit from Banks | 17,667.81 | 25,250.87 | 33,883.99 | 38,608.17 |
| | 17,667.81 | 25,250.87 | 33,883.99 | 38,608.17 |
| C) Vehicle Loans from Banks | - | 4.64 | - | 9.14 |
| | - | 4.64 | - | 9.14 |
| Total | 48,805.69 | 62,053.65 | 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. 3494.31 lacs as on 31.03.2011 (Previous Period as on 30.09.2010 Rs.5825.79 lacs)).
(Repayable within one year Rs. 2480.70 lacs as on 31.03.2011 (Previous Period as on 31.03.2010 Rs.716.82 lacs)).
- (2) Term Loans Rs.2759 lacs from Punjab National Bank and Rs.606 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 as on 30.09.2011 Rs. 509.94 lacs (Previous Period as on 30.09.2010 Rs.1823.25 lacs)).
(Repayable within one year Rs. 1376.50 lacs as on 31.03.2011 (Previous Period as on 31.03.2010 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. 905.85 lacs as on 30.09.2011 (Previous Period as on 30.09.2010 Rs.638.13 lacs).
(Repayable within one year Rs. 755.84 lacs as on 31.03.2011 (Previous Period as on 31.03.2010 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 as on 30.09.2011 (Previous Period as on 30.09.2010 Rs.4.64 lacs) (Repayable within one year Rs.Nil as on 31.03.2011 (Previous Period as on 31.03.2010 Rs.9.14 lacs)).
- (7) Term Loan and Funded Interest Term Loan includes interest accrued & due thereon Rs.194.68 lacs as on 30.09.2011 (Previous Period as on 30.09.2010 Rs.221.83 lacs) (Rs.247.31 lacs as on 31.03.2011 (Previous Period as on 31.03.2010 Rs.150.73 lacs) and Rs.2.48 lacs as on 30.09.2011 (Previous Period as on 30.09.2010 9.24 lacs) (Rs.4.20 lacs as on 31.03.2011 (Previous Period as on 31.03.2010 Rs.5.85 lacs) respectively.

SCHEDULE 4: UNSECURED LOANS

(Rs.in lacs)

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|---|---------------------|---------------------|---------------------|---------------------|
| From Body Corporates | - | 3,253.00 | - | 3,253.00 |
| Soft Loan from Uttarakhand State Government | 656.68 | 656.68 | 656.68 | 656.68 |
| Interest Accrued & Due on above Loans | 175.29 | 194.40 | 162.16 | 111.51 |
| | | | | |
| TOTAL | 831.97 | 4,104.08 | 818.84 | 4,021.19 |

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)

SCHEDULE 5: DEFERRED TAX LIABILITY (Net)

(Rs.in lacs)

| | As at 01.04.2011 | During the Period | As at 30.09.2011 | As at 01.04.2010 | During the Period | As at 30.09.2010 |
|--|---------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| DEFERRED TAX LIABILITY | | | | | | |
| Difference between Book & Tax Depreciation | 5,609.50 | 145.08 | 5,754.58 | 5,079.34 | 235.43 | 5,314.77 |
| | 5,609.50 | 145.08 | 5,754.58 | 5,079.34 | 235.43 | 5,314.77 |
| | | | | | | |
| DEFERRED TAX ASSETS | | | | | | |
| Expenses Allowed U/s 43-B on paid basis | 677.80 | (334.00) | 343.80 | 815.35 | (105.37) | 709.98 |
| Unabsorbed Business Losses | 4,765.11 | - | 4,765.11 | 4,765.11 | - | 4,765.11 |
| | 5,442.91 | (334.00) | 5,108.91 | 5,580.46 | (105.37) | 5,475.09 |
| | | | | | | |

| | | | | | | |
|---|---------|---------------|---------------|----------|---------------|-----------------|
| NET DEFERRED TAX LIABILITY | | | | | | |
| | 166.59 | 479.08 | 645.67 | (501.12) | 340.80 | (160.32) |
| Tax effect of share issue expenses eligible for Income Tax deduction under section 35D, credited to Share Premium | (17.69) | 11.79 | (5.90) | (66.71) | 21.56 | (45.15) |
| | | | | | | |
| | 148.90 | 490.87 | 639.77 | (567.83) | 362.36 | (205.47) |

(Rs.in lacs)

| | As at 01.04.2010 | During the Year | As at 31.03.2011 | As at 01.01.2009 | During the Period | As at 31.03.2010 |
|---|---------------------|--------------------|---------------------|---------------------|----------------------|---------------------|
| DEFERRED TAX LIABILITY | | | | | | |
| Difference between Book & Tax Depreciation | 5,079.34 | 530.16 | 5,609.50 | 4,265.95 | 813.39 | 5,079.34 |
| | 5,079.34 | 530.16 | 5,609.50 | 4,265.95 | 813.39 | 5,079.34 |
| DEFERRED TAX ASSETS | | | | | | |
| Expenses Allowed U/s 43-B on paid basis | 815.35 | (137.55) | 677.80 | 84.37 | 730.98 | 815.35 |
| Unabsorbed Business Losses | 4,765.11 | - | 4,765.11 | 4,765.11 | - | 4,765.11 |
| | 5,580.46 | (137.55) | 5,442.91 | 4,849.48 | 730.98 | 5,580.46 |
| NET DEFERRED TAX LIABILITY | | | | | | |
| | (501.12) | 667.71 | 166.59 | (583.53) | 82.41 | (501.12) |
| Tax effect of share issue expenses eligible for Income Tax deduction under section 35D, credited to Share Premium | (66.71) | 49.02 | (17.69) | (120.63) | 53.92 | (66.71) |
| | | | | | | |
| | (567.83) | 716.73 | 148.90 | (704.16) | 136.33 | (567.83) |

SCHEDULE 6 : FIXED ASSETS FOR HALF YEAR ENDED 30.09.2011

| Nature of Assets | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK |
|---|---------------------|-----------------------------------|----------------------------------|---------------------|--------------------|-------------------|------------------------|---------------------|---------------------|
| | As on 01.04.2011 | Additions during the Period | Sold/Adj during the Period | As on 30.09.2011 | Upto 31.03.2011 | For the Period | On Sale/ Adjustment | Up To 30.09.2011 | As on 30.09.2011 |
| Freehold Land | 2,349.68 | 32.65 | - | 2,382.33 | - | - | - | - | 2,382.33 |
| Building | 5,503.31 | - | - | 5,503.31 | 827.04 | 84.34 | - | 911.38 | 4,591.93 |
| Leasehold Building Developments | 79.32 | - | - | 79.32 | 12.02 | 3.98 | - | 16.00 | 63.32 |
| Plant and Machinery | 46,078.38 | 2.83 | - | 46,081.21 | 11,529.45 | 1,217.67 | - | 12,747.12 | 33,334.09 |
| Furniture and Fixtures | 272.38 | 1.33 | - | 273.71 | 103.93 | 8.16 | - | 112.09 | 161.62 |
| Office Equipments | 427.56 | 3.42 | - | 430.98 | 239.74 | 17.12 | - | 256.86 | 174.12 |
| Weigh Bridges | 530.62 | - | - | 530.62 | 125.19 | 12.56 | - | 137.75 | 392.87 |
| Vehicles & Tractors | 644.92 | - | - | 644.92 | 385.96 | 26.46 | - | 412.42 | 232.50 |
| Live Stock | 2.35 | - | - | 2.35 | - | - | - | - | 2.35 |
| Intangible Assets | 23.08 | - | - | 23.08 | 0.58 | 1.16 | - | 1.74 | 21.34 |
| Capital Work-in-Progress: | 55,911.60 | 40.23 | - | 55,951.83 | 13,223.91 | 1,371.45 | - | 14,595.36 | 41,356.47 |
| Land, Building, Plant & Machinery (including capital advances) | | | | | | | | | |
| Expenditure during Construction Period (Pending Capitalisation) | | | | | | | | | |
| Total | | | | | | | | | |
| | | | | | | | | | 56,346.08 |

SCHEDULE -- 6 : FIXED ASSETS FOR HALF YEAR ENDED 30.09.2010

| Nature of Assets | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|---|------------------|-----------------------------|----------------------------|------------------|------------------|-----------------|---------------------|------------------|------------------|
| | As on 01.04.2010 | Additions during the Period | Sold/Adj during the Period | As on 30.09.2010 | Upto 31.03.2010 | For the Period | On Sale/ Adjustment | UP TO 30.09.2010 | As on 30.09.2010 |
| Freehold Land | 2,441.92 | - | - | 2,441.92 | - | - | - | - | 2,441.92 |
| Building | 5,270.42 | - | - | 5,270.42 | 666.13 | 80.66 | - | 746.79 | 4,523.63 |
| Leasehold Building Developments | 79.32 | - | - | 79.32 | 4.09 | 3.98 | - | 8.07 | 71.25 |
| Plant and Machinery | 43,878.70 | 190.95 | - | 44,069.65 | 9,156.32 | 1,164.24 | - | 10,319.56 | 33,750.09 |
| Furniture and Fixtures | 270.47 | 1.47 | - | 271.94 | 87.76 | 8.74 | - | 96.50 | 175.44 |
| Office Equipments | 373.97 | 4.38 | - | 378.35 | 193.46 | 22.32 | - | 215.78 | 162.57 |
| Weigh Bridges | 526.82 | - | - | 526.82 | 100.26 | 12.47 | - | 113.73 | 413.09 |
| Vehicles & Tractors | 635.03 | - | - | 635.03 | 327.39 | 32.89 | - | 360.28 | 274.75 |
| Live Stock | 2.35 | - | - | 2.35 | - | - | - | - | 2.35 |
| | 53,479.00 | 196.80 | - | 53,675.80 | 10,535.41 | 1,325.30 | - | 11,860.71 | 41,815.09 |
| Capital Work-in-Progress: | | | | | | | | | |
| Land, Building, Plant & Machinery (including capital advances) | | | | | | | | | |
| Expenditure during Construction Period (Pending Capitalisation) | | | | | | | | | |
| Total | | | | | | | | | 56,402.58 |

Note:

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

SCHEDULE -- 6 : FIXED ASSETS FOR YEAR ENDED 31.03.2011

(Rs. In lacs)

| Nature of Assets | GROSS BLOCK | | | | DEPRECIATION | | | | 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 |
| Freehold Land | 2,441.92 | - | 92.24 | 2,349.68 | - | - | - | - | 2,349.68 |
| Building | 5,270.42 | 232.89 | - | 5,503.31 | 666.13 | 160.91 | - | 827.04 | 4,676.27 |
| Leasehold Building Developments | 79.32 | - | - | 79.32 | 4.09 | 7.93 | - | 12.02 | 67.30 |
| Plant and Machinery | 43,878.70 | 2,199.68 | - | 46,078.38 | 9,156.32 | 2,373.13 | - | 11,529.45 | 34,548.93 |
| Furniture and Fixtures | 270.47 | 1.91 | - | 272.38 | 87.76 | 16.17 | - | 103.93 | 168.45 |
| Office Equipments | 373.97 | 53.59 | - | 427.56 | 193.46 | 46.28 | - | 239.74 | 187.82 |
| Weigh Bridges | 526.82 | 3.80 | - | 530.62 | 100.26 | 24.93 | - | 125.19 | 405.43 |
| Vehicles & Tractors | 635.03 | 25.59 | 15.70 | 644.92 | 327.39 | 67.28 | 8.71 | 385.96 | 258.96 |
| Live Stock | 2.35 | - | - | 2.35 | - | - | - | - | 2.35 |
| Intangible Assets | - | 23.08 | - | 23.08 | - | 0.58 | - | 0.58 | 22.50 |
| Capital Work-in-Progress: | 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 |
| Land, Building, Plant & Machinery (including capital advances) | | | | | | | | | |
| Expenditure during Construction Period (Pending Capitalisation) | | | | | | | | | |
| Total | | | | | | | | | 56,541.20 |

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

SCHEDULE -- 6 : FIXED ASSETS FOR PERIOD ENDED 31.03.2010

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

Note:

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

SCHEDULE 7: INVENTORIES

(As taken, valued and certified by the Management)

(Rs.in lacs)

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|---|---------------------|---------------------|---------------------|---------------------|
| Raw Material (including Raw Sugar) | - | 1,826.64 | 117.35 | 4,892.79 |
| Stores, Spare Parts and Packing Materials | 1,021.80 | 996.19 | 942.14 | 908.21 |
| Finished Goods | | | | |
| - Sugar | 12,806.15 | 22,741.58 | 34,492.55 | 35,774.95 |
| - Banked Power | 16.13 | 14.11 | 30.99 | 31.04 |
| Work-in-Progress | - | - | 917.49 | 791.01 |
| By-Products | 754.48 | 722.67 | 1,585.26 | 2,488.16 |
| Total | 14,598.56 | 26,301.19 | 38,085.78 | 44,886.16 |

SCHEDULE 8 : SUNDRY DEBTORS

(Unsecured -Considered good)

(Rs.in lacs)

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| Debts exceeding six months | 52.08 | 95.12 | 73.57 | 37.33 |
| Others | 39.03 | 108.53 | 653.08 | 834.13 |
| Total | 91.11 | 203.65 | 726.65 | 871.46 |

SCHEDULE 9 : CASH AND BANK BALANCES

(Rs.in lacs)

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|--|---------------------|---------------------|---------------------|---------------------|
| Cash in Hand | 24.90 | 15.28 | 127.62 | 69.54 |
| Balance with Scheduled Banks : | | | | |
| In Current Accounts | 2,994.41 | 743.69 | 2,338.12 | 5,032.01 |
| In Fixed Deposit Account (incl. in Margin Money & interest accrued thereon) | 165.56 | 892.55 | 217.61 | 179.87 |
| In Escrow Accounts (incl. Rs.0.60 lacs Unclaimed Share Application Money) (Previous Periods 0.60 lacs) | 0.60 | 0.60 | 3.45 | 9.75 |
| Total | 3,185.47 | 1,652.12 | 2,686.80 | 5,291.17 |

SCHEDULE 10 : LOANS AND ADVANCES

(Unsecured - Considered good)

(Rs.in lacs)

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|--|---------------------|---------------------|---------------------|---------------------|
| Advances Recoverable in cash or in kind or for value to be received | 649.91 | 1,629.90 | 638.09 | 1,617.24 |

| | | | | |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Balance with Excise Department | 479.00 | 524.08 | 393.80 | 748.87 |
| Cenvat Receivable | 17.94 | 95.91 | 163.71 | 103.58 |
| MAT Credit Entitlement | 233.72 | 233.72 | 233.72 | 233.72 |
| Security Deposits | 206.15 | 147.23 | 187.99 | 154.88 |
| Interest Accrued thereon | 12.19 | 9.69 | 13.12 | 13.11 |
| Prepaid Expenses | 26.46 | 26.61 | 47.22 | 64.65 |
| | | | | |
| Total | 1,625.37 | 2,667.14 | 1,677.65 | 2,936.05 |

SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS

(Rs.in lacs)

| | As at 30.09.2011 | As at 30.09.2010 | As at 31.03.2011 | As at 31.03.2010 |
|--|---------------------|---------------------|---------------------|---------------------|
| Current Liabilities | | | | |
| Sundry Creditors | 7,710.83 | 3,974.79 | 10,137.05 | 16,837.83 |
| Other Liabilities | 1,457.10 | 1,658.55 | 2,668.56 | 2,932.13 |
| Advance from Customers | 899.93 | 1,993.91 | 401.79 | 708.98 |
| Share Application Money Refundable | 0.60 | 0.60 | 0.60 | 0.60 |
| Security Deposits | 116.59 | 117.17 | 117.61 | 111.16 |
| Due to scheduled Bank (Book Overdraft) | - | 284.64 | 185.28 | 79.47 |
| Interest Accrued but not Due | 467.81 | 1,185.10 | 668.73 | 1,061.47 |
| | | | | |
| | 10,652.86 | 9,214.76 | 14,179.62 | 21,731.64 |
| Provisions | | | | |
| Provision for Taxation (Net of Advance Payments) | 87.50 | 84.76 | 85.98 | 89.06 |
| | 87.50 | 84.76 | 85.98 | 89.06 |
| | | | | |
| Total | 10,740.36 | 9,299.52 | 14,265.60 | 21,820.70 |

SCHEDULE 12: OTHER INCOME

(Rs.in lacs)

| | Period ended 30.09.2011 | Period ended 30.09.2010 | Year ended 31.03.2011 | Period ended 31.03.2010 |
|---|----------------------------|----------------------------|--------------------------|-------------------------------|
| Interest Earned | 13.82 | 4.78 | 12.07 | 17.69 |
| Miscellaneous Income | 73.92 | 404.30 | 423.44 | 25.35 |
| Liability no longer required written back | - | - | - | 2.93 |
| Profit on sale of Investments | - | - | - | 116.48 |
| Total | 87.74 | 409.08 | 435.51 | 162.45 |

SCHEDULE 13 : INCREASE IN STOCKS

(Rs.in lacs)

| | Period ended 30.09.2011 | Period ended 30.09.2010 | Year ended 31.03.2011 | Period ended 31.03.2010 |
|---|----------------------------|----------------------------|--------------------------|-------------------------------|
| Opening Stocks | | | | |
| Finished Goods | 34,523.54 | 35,805.99 | 35,805.99 | 12,208.40 |
| Work-in-Progress | 917.49 | 791.01 | 791.01 | 492.57 |
| By-products | 1,585.26 | 2,488.16 | 2,488.16 | 1,222.69 |
| | | | | |
| | 37,026.29 | 39,085.16 | 39,085.16 | 13,923.66 |
| Closing Stocks | | | | |
| Finished Goods | 12,822.27 | 22,755.69 | 34,523.54 | 35,805.99 |
| Work-in-Progress | - | - | 917.49 | 791.01 |
| By-products | 754.48 | 722.67 | 1,585.26 | 2,488.16 |
| | | | | |
| | 13,576.75 | 23,478.36 | 37,026.29 | 39,085.16 |
| | | | | |
| Excise & Other Duties on (Decrease)/Increase of Stocks | (757.55) | (823.11) | (181.07) | 768.47 |
| | | | | |
| Increase / (Decrease) in Stocks | (22,691.99) | (14,783.69) | (1,877.80) | 24,393.03 |

SCHEDULE 14 : MATERIAL AND MANUFACTURING EXPENSES

(Rs.in lacs)

| | Period ended 30.09.2011 | Period ended 30.09.2010 | Year ended 31.03.2011 | Period ended 31.03.2010 |
|--|----------------------------|----------------------------|--------------------------|-------------------------------|
| Raw Material Consumed | | | | |
| | | | | |
| Opening Stocks | 117.35 | 4,892.79 | 4,892.79 | 21.18 |
| Purchases | 2,797.90 | 4,839.98 | 44,923.07 | 67,378.09 |
| | 2,915.25 | 9,732.77 | 49,815.86 | 67,399.27 |
| Less : Closing Stocks | - | 1,826.64 | 117.35 | 4,892.79 |
| | 2,915.25 | 7,906.13 | 49,698.51 | 62,506.48 |
| | | | | |
| Manufacturing Expenses | | | | |
| Consumption of Stores, Spares & Packing Materials | 145.74 | 167.62 | 1,178.00 | 1,275.68 |
| Power and Fuel | 110.75 | 129.59 | 239.81 | 265.38 |
| Other Manufacturing Expenses | 69.94 | 85.99 | 207.69 | 194.96 |
| Repairs to: | | | | |
| - Plant and Machinery | 339.56 | 270.92 | 1,766.50 | 899.22 |
| - Buildings | 20.10 | 7.30 | 20.69 | 8.92 |
| - Others | 14.26 | 13.88 | 35.29 | 32.18 |
| Total | 3,615.60 | 8,581.43 | 53,146.49 | 65,182.82 |

SCHEDULE 15 : COST OF TRADING GOODS**(Rs.in lacs)**

| | Period ended 30.09.2011 | Period ended 30.09.2010 | Year ended 31.03.2011 | Period ended 31.03.2010 |
|------------------------------|------------------------------------|------------------------------------|----------------------------------|--|
| Cost of Trading Goods | | | | |
| Opening Stocks | - | - | - | - |
| Purchases | 838.21 | - | 1,806.65 | - |
| | 838.21 | - | 1,806.65 | - |
| Less : Closing Stocks | - | - | - | - |
| Total | 838.21 | - | 1,806.65 | - |

SCHEDULE 16: SALARIES, WAGES & BENEFITS**(Rs.in lacs)**

| | Period ended 30.09.2011 | Period ended 30.09.2010 | Year ended 31.03.2011 | Period ended 31.03.2010 |
|---|------------------------------------|------------------------------------|----------------------------------|--|
| Salary & Wages | 982.96 | 950.09 | 2,424.22 | 2,606.76 |
| Contribution to Provident and other funds | 38.31 | 30.25 | 85.58 | 106.77 |
| Staff & Workers Welfare | 44.65 | 51.22 | 143.65 | 159.28 |
| | | | | |
| Total | 1,065.92 | 1,031.56 | 2,653.45 | 2,872.81 |

SCHEDULE 17: ADMINISTRATION AND OTHER EXPENSES**(Rs.in lacs)**

| | Period ended 30.09.2011 | Period ended 30.09.2010 | Year ended 31.03.2011 | Period ended 31.03.2010 |
|--|------------------------------------|------------------------------------|----------------------------------|--|
| Rent | 18.33 | 17.10 | 36.88 | 38.76 |
| Rates and Taxes | 42.38 | 37.63 | 109.75 | 85.32 |
| Printing and Stationery | 6.35 | 9.28 | 29.26 | 29.08 |
| Postage, Courier and Telephones | 23.40 | 22.45 | 47.83 | 59.97 |
| Advertisement and Publicity | 1.40 | 1.20 | 4.42 | 5.84 |
| Travelling and Conveyance | 100.21 | 73.05 | 202.89 | 184.25 |
| Fees and Subscription | 15.62 | 5.90 | 27.09 | 53.70 |
| Legal and Professional Charges | 64.40 | 103.42 | 202.06 | 189.01 |
| Auditors' Remuneration | 4.79 | 5.95 | 10.21 | 12.03 |
| Vehicle Running and Maintenance | 41.77 | 43.27 | 89.73 | 108.87 |
| Insurance | 10.23 | 16.85 | 47.91 | 78.63 |
| Sugar Handling Expenses | 28.92 | 12.51 | 33.32 | 23.26 |
| Commission on Sales | 118.93 | 88.74 | 264.86 | 209.61 |
| Freight Outward | 1.32 | 1.82 | 3.49 | 4.57 |
| Cane Development Expenses | 46.62 | 3.97 | 6.01 | 15.03 |
| Business Promotion | 3.73 | 4.32 | 11.79 | 10.25 |
| Office & Other Administration Expenses | 34.58 | 14.98 | 53.99 | 70.68 |
| Loss on sale/damage of Fixed Assets | - | - | 5.49 | 1.04 |
| Miscellaneous Expenditure written off | 0.50 | 0.50 | 1.00 | 1.25 |
| Total | 563.48 | 462.94 | 1,187.98 | 1,181.15 |

SCHEDULE 18 : INTEREST AND FINANCIAL CHARGES**(Rs.in lacs)**

| | Period ended 30.09.2011 | Period ended 30.09.2010 | Year ended 31.03.2011 | Period ended 31.03.2010 |
|---------------------------------|------------------------------------|------------------------------------|----------------------------------|--|
| Interest on Term Loans | 1,205.99 | 1,186.29 | 2,631.76 | 2,366.42 |
| Others (including bank charges) | 1,897.16 | 1,911.50 | 3,269.25 | 3,143.25 |
| | | | | |
| Total | 3,103.15 | 3,097.79 | 5,901.01 | 5,509.67 |

UTTAM SUGAR MILLS LIMITED

SCHEDULE - `19' SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

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.

(Rs. In lacs)

| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | As At 30.09.2011 | As At 30.09.2010 | As At 31.03.2011 | As At 31.03.2010 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 4426.57 | 5454.48 | 4795.55 |

2. Contingent Liabilities not provided for :

(Rs.in lacs)

| S. No. | Particulars | As At 30.09.2011 | As At 30.09.2010 | As At 31.03.2011 | As At 31.03.2010 |
|---------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| a) | Bank guarantee in favour of U.P. Pollution Control Board | 21 | 17.00 | 17.00 | 1.00 |
| b) | Bank guarantee in favour of Deputy Commissioner Commercial Tax, Dehradun | - | - | - | 22.19 |
| c) | Letter of credit in favour of suppliers | 502.60 | 727.06 | 716.03 | 610.39 |
| d) | Excise duty / Sales Tax / Income Tax demands and show cause notices 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 | 761.71 | 1024.80 | 676.46 | 608.62 |
| e) | Preference Dividend payable on Cumulative Redeemable Preference Shares | 661.77 | 248.72 | 407.14 | 113.52 |
| f) | In respect of pending court cases by/against ex-employees amount not ascertainable at this stage. | | | | |
| g) | Cane Price payable, if any, for the season 2007-08, presently not ascertainable, (Refer Note no. 8). | | | | |

- Amount of borrowing cost capitalized to fixed assets during the period ended 30.09.2011 is Rs. 393.74 Lacs (Previous Period ended 30.09.2010 Rs. 418.80 Lacs) and during the year ended 31.03.2011 is Rs. 840.99 Lacs (Previous Period ended 31.03.2010 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. 0.28 lacs for the period ended 30.09.2011 (Previous Period ended 30.09.2010 Rs. 16.75 Lacs) and for the year ended 31.03.2011 Rs.13.17 lacs (Previous Period ended 31.03.2010 Rs.79.35 lacs) has been charged to Profit and loss account in accordance with the Accounting Standard (AS) – 16 on “Borrowing Costs”.
- 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.
- Advances recoverable in cash or in kind as appearing in schedule no. 10 includes Rs.70.40 Lacs as on 30.09.11, as on 30.09.2010 Rs.2.82 Lacs, as on 31.03.2011 Rs.5.39 Lacs and as on 31.03.2010 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.1156.67 Lacs as on 30.09.2011, as on 30.09.2010 Rs.2525.49 Lacs, as on 31.03.2011 Rs.1550.98 Lacs and as on 31.03.2010

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.

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. 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.
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. 5921.89 Lacs (including interest accrued Rs.61.89 lacs) as on 30.09.2011 (Previous Period ended 30.09.2010 Rs. 1602.96 lacs (including interest accrued Rs.112.96 lacs)) and as on 31.03.2011 Rs. 3860.32 Lacs (including interest accrued Rs.20.31 lacs) (Previous Period ended 31.03.2010 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. 18.33 Lacs for the period ended 30.09.2011 (Previous Period ended 30.09.2010 Rs. 16.56 lacs) and for the year ended 31.03.2011 Rs.36.88 lacs (Previous period ended 31.03.2010 Rs.38.76 lacs) have been charged to Profit & Loss account and Rs. NIL Lacs for the period ended 30.09.2011 (Previous Period ended 30.09.2010 Rs. 0.07 Lacs) and Rs.Nil for the year ended 31.03.2011 (Previous period ended 31.03.2010 Rs.4.04 lacs) are debited to Expenses during construction. The future minimum lease payments are as under:-

(Rs.in lacs)

| | | Period Ended 30.09.2011 | Period Ended 30.09.2010 | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|----|---|------------------------------------|------------------------------------|----------------------------------|------------------------------------|
| a. | Not later than one Year | 22.14 | 8.83 | 24.20 | 14.65 |
| b. | Later than one year & not later than Five Years | 14.80 | 11.28 | 22.77 | 14.88 |
| c. | Later than Five years | NIL | NIL | 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. 201.87 Lacs was recoverable as on 30.09.2011 (Previous Period ended 30.09.2010 Rs.483.73 lacs) and a sum of Rs.250.50 lacs was recoverable as on 31.03.2011 (Previous Period ended 31.03.2010 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

(Rs. In lacs)

| | Period Ended 30.09.2011 | Period Ended 30.09.2010 | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|--|----------------------------|----------------------------|--------------------------|----------------------------|
| Profit and Loss Account - Employer's Contribution to provident fund | 38.31 | 30.25 | 85.58 | 106.77 |

II. Defined Benefit plan

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

(Rs. In lacs)

| Particulars | For the Period ended 30.09.11 (Previous Period ended 30.09.10) | | For the Year ended 31.03.11 (Previous Period ended 31.03.10) | |
|--|---|---------------------------------|--|---------------------------------|
| | Gratuity Unfunded | Leave Encashment Unfunded | Gratuity Unfunded | Leave Encashment Unfunded |
| A) Change in the Present Value of obligation | | | | |
| a) Present Value of obligation as at Beginning | 183.94 (133.47) | 62.04 (40.62) | 133.48 (87.10) | 40.62 (35.71) |
| b) Interest Cost | 7.21 (4.69) | 2.42 (1.44) | 11.04 (7.76) | 3.51 (3.37) |
| c) Past Service Cost | 1.14 (0.90) | - (-) | 0.90 (-) | - (-) |
| d) Current Service Cost | 16.20 (13.92) | 7.90 (6.31) | 31.85 (30.01) | 14.48 (15.60) |
| e) Benefits Paid | (-) (-1.84) | (-) (-1.38) | (1.84) (-) | (1.38) (-) |
| f) Actuarial Loss/(Gain) | (23.77) (-1.35) | (9.25) (0.44) | 8.51 (8.61) | 4.81 (-14.06) |
| g) Present Value of Obligation as at closing | 184.72 (149.79) | 63.11 (47.43) | 183.94 (133.48) | 62.04 (40.62) |
| B) Change in Fair Value of Plan Assets | - (-) | - (-) | - (-) | - (-) |
| C) Amount recognized in Balance Sheet (A-B) | 184.72 (149.79) | 63.11 (47.43) | 183.94 (133.48) | 62.04 (40.62) |
| D) Expenses recognized in the Profit & Loss Account | | | | |
| a) Current Service Cost | 16.21 (6.38) | 7.90 (2.87) | 31.85 (30.01) | 14.47 (15.60) |
| b) Past Service Cost | 1.13 (0.90) | - (-) | 0.90 (-) | - (-) |
| c) Interest Cost | 7.22 (4.69) | 2.42 (1.44) | 11.04 (7.76) | 3.51 (3.37) |

| | | | | | |
|-----------|--|--------------------|------------------|------------------|------------------|
| d) | Actuarial Loss/(Gain) | (23.78) (-1.35) | (9.26) (0.44) | 8.51 (8.61) | 4.81 (-14.06) |
| e) | Net Cost | 0.78 (10.62) | 1.06 (4.75) | 52.30 (46.38) | 22.79 (4.91) |
| E) | Details of Plan Assets | - (-) | - (-) | - (-) | - (-) |
| F) | Actuarial Assumptions | | | | |
| a) | Discount Rate | | 8.00% | | 8.00% |
| b) | Rate of escalation in Salary (Per Annum) | | 5.50% | | 5.50% |
| c) | Mortality Table | | LIC(1994-96) | | LIC(1994-96) |
| d) | Retirement Age (Years) | | 58 | | 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 pending allocation is as under:-

(Rs. in lacs)

| Particulars | Period Ended 30.09.2011 | Period Ended 30.09.2010 | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|--|----------------------------|----------------------------|--------------------------|----------------------------|
| Salary & Wages | 336.80 | 279.03 | 305.99 | 269.05 |
| Staff & Workers Welfare | 5.83 | 4.97 | 5.52 | 4.84 |
| Rent | 14.88 | 14.88 | 14.88 | 14.88 |
| Printing & Stationary | 1.35 | 0.38 | 1.24 | 0.35 |
| Postage, Courier & Telephone | 1.60 | 1.42 | 1.46 | 1.41 |
| Travelling & Conveyance | 67.39 | 58.82 | 60.85 | 57.56 |
| Fees & Subscription | 10.90 | 10.41 | 10.41 | 10.41 |
| Legal & Professional Charges | 86.54 | 62.90 | 85.48 | 52.32 |
| Auditors' Remuneration | 0.51 | 0.36 | 0.31 | 0.36 |
| Insurance | 6.91 | 6.91 | 6.91 | 6.91 |
| Business Promotion | 0.54 | 0.54 | 0.54 | 0.54 |
| Fringe Benefit Tax | 0.72 | 1.37 | 0.72 | 1.37 |
| Interest & Financial Charges | 2969.36 | 2142.20 | 2573.79 | 1719.81 |
| Office & other administration expenses | 21.87 | 19.32 | 21.87 | 13.80 |
| | 3525.20 | 2603.51 | 3089.97 | 2153.61 |
| Less:- | | | | |
| Interest Earned | 34.75 | 23.52 | 32.92 | 19.93 |
| Total | 3490.45 | 2579.99 | 3057.05 | 2133.68 |

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

(Rs. in lacs)

| Particulars | Period Ended 30.09.2011 | Period Ended 30.09.2010 | Year Ended 31.03.2011 | Period Ended 31.03.2010 |
|--|----------------------------|----------------------------|--------------------------|----------------------------|
| Expenditure | | | | |
| Rent | - | | - | 7.17 |
| Legal & Professional Charges | 1.07 | | - | 0.87 |
| Repair - Plant & Machinery | 1.52 | | - | 5.40 |
| Custom & Excise Duty (Raw Sugar) | - | 59.46 | | - |
| Consumption of Stores, Spares & Packing Material | 0.03 | | - | 0.63 |

| | | | | |
|--|-------------|--------------|--------------|--------------|
| Office & Other Administration Expenses | 0.53 | | - | 13.05 |
| Auditors' Remuneration | - | | - | 2.48 |
| Advertisement & Publicity | - | | - | 0.47 |
| Travelling & Conveyance | 3.96 | | - | 0.88 |
| Raw Material Consumed | - | | 59.46 | 0.28 |
| Staff Welfare Expenses | 0.51 | | - | 0.01 |
| Salary & Wages | - | | 1.54 | 47.26 |
| Depreciation for earlier years | - | | - | 2.51 |
| Vehicle Running & Maintenance | 0.16 | | | |
| Total | 7.78 | 59.46 | 61.00 | 81.01 |
| Income | | | | |
| Office & Other Administration Expenses | - | | - | 0.73 |
| Commission on sales | - | | - | 18.57 |
| Staff Welfare Expenses | 0.04 | | - | 0.68 |
| Repair - Plant & Machinery | - | | - | 0.52 |
| Total | 0.04 | | - | 20.50 |
| Net Expenditure | 7.74 | 59.46 | 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 :

For the Period Ended 30.09.2011

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 Influenced exists :

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

For the Period Ended 30.09.2010

A. Parties where control exists

NIL

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

i) Associate :

Uttam Distilleries Ltd. (Up to.21.07.2009)

ii) Key Management Personnel (KMP) :

Sh.Raj Kumar Adlakha - Managing Director (MD)
Sh.Pasha Biswas - Whole Time Director

Relative of Key Management Personnel and their Relationship:

Smt. Amita Adlakha (Wife of MD)

iii) Enterprises where Significant Influenced exists :

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

For the Year Ended 31.03.2011

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 Influenced exists :

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

For the Period Ended 31.03.2010

A. Parties where control exists

NIL

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

i) **Associate :**

Uttam Distilleries Ltd. (Up to.21.07.2009)

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

Sh.Raj Kumar Adlakha - Managing Director (MD)
Sh.Pasha Biswas - Whole Time Director

Relative of Key Management Personnel and their Relationship:

Smt. Amita Adlakha (Wife of MD)

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

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

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) | | Amount of Transactions (Rs. In Lacs) | | | Outstanding Balances (Rs. In Lacs) | | Outstanding Balances (Rs. In Lacs) | |
|---------------------------------------|----------------------------|--------------------------------------|-----------------------|--------------------------------------|-----------------------|----------------------|------------------------------------|----------------|------------------------------------|----------------|
| | | Period ended 30.09.11 | Period ended 30.09.10 | Year ended 31.03.11 | Period ended 31.03.10 | | As at 30.09.11 | As at 30.09.10 | As at 31.03.11 | As at 31.03.10 |
| Key Management Personnel (KMP) | | | | | | | | | | |
| Raj Kumar Adlakha | Remuneration & Perquisites | 20.12 | 19.82 | 39.93 | 54.15 | Remuneration Payable | 3.24 | 13.33 | 0.98 | 3.78 |
| | Lease Rent | 3.00 | 3.00 | 6.00 | 7.50 | Lease Rent | 1.65 | 1.87 | 0.45 | 10.17 |
| Pasha Bishwas | Remuneration & Perquisites | 4.76 | 4.73 | 9.51 | 11.82 | Remuneration Payable | 0.79 | 0.79 | 0.79 | 0.73 |
| Relative of KMP | | | | | | | | | | |
| Amita Adlakha | Office Rent | 1.80 | 1.80 | 3.60 | 4.50 | Office Rent | 2.82 | 2.19 | 1.81 | 0.57 |

| | | | | | | | | | | |
|---|--|--------|-------|--------|---------|--|--------|-------|-------|--------|
| | Security Deposit (Given) | - | - | - | - | Security Deposit | - | 3.60 | - | 3.60 |
| Enterprises Significantly Influenced by Directors and/or their relatives | | | | | | | | | | |
| Uttam Sucro-tech Ltd. | Purchase of Fixed Assets | 109.54 | | 194.23 | 37.17 | | | | | |
| | Receiving of Services (Machinery) | 35.52 | 41.49 | 55.09 | 29.67 | Creditors | 144.93 | 44.91 | - | 3.41 |
| | Advance given for purchase of capital assets/Services | - | | - | 150.00 | Advance given for purchase of capital assets/ services | - | 184 | - | 184.00 |
| | Unsecured Loan Received | - | | - | 1390.00 | Unsecured Loan | - | 425 | - | 375.00 |
| | Unsecured Loan refund/transfer to Preference Share Application Money | - | | 375 | 1135.00 | | | | | |
| | Sugar Sales made | - | | - | 1.45 | | | | | |
| | Interest on Unsecured Loan | - | 21.88 | 41.79 | 65.05 | Interest | 17.94 | 79.80 | 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 | | | | | |
| | Preference Shares Application Money Recd. | | 50 | | | Preference Share Application Money | | 50 | | |
| | Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each at a Share Premium of Rs.100/- each | - | - | 450 | - | | | | | |

| | | | | | | | | | | |
|-----------------------------|---|------------|---------|-----------|--------|---|----------|----------|----------|----------|
| | Guarantee received/(Satisfied) (Net) | (17743.67) | 9514.33 | (4375.86) | 4051 | Guarantee | 45086.89 | 57692.09 | 62830.56 | 67206.42 |
| | | | | | | | | | | |
| Uttam Industrial Engg. Ltd. | Purchase of Fixed Assets | 439.73 | | 831.15 | 282.73 | | | | | |
| | Receiving of Services (Machinery) | 18.81 | 45.25 | 203.23 | 87.01 | Creditors | 483.91 | 87.59 | 46.32 | 45.34 |
| | Advance given for purchase of capital assets/services | - | 605.20 | - | 150.00 | Advance given for purchase of capital assets/services | 748.92 | 1574.2 | 680 | 969.00 |
| | Sales of Scrap | 7.33 | - | - | - | | | | | |
| | Advance Refund | - | | - | 11.00 | | | | | |
| | Sugar Sales made | - | 0.02 | 0.87 | 2.15 | | | | | |
| | Unsecured Loan refund/transfer to Preference Share Application Money | - | | 1030 | - | Unsecured Loan | - | 1030 | - | 1030.00 |
| | Interest on Unsecured Loan | - | 57.99 | 110.56 | 144.51 | Interest | 47.31 | 315.3 | 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 | | | | | |
| | Preference Shares Application Money Recd & Shares Allotted | | 450 | | | | | | | |
| | Allotment of Redeemable Preference Shares (Series - II) of Rs.100/- each | - | | 1195 | - | | | | | |

| | | | | | | | | | | |
|-----------------------------------|---|------------|---------|-----------|--------|---|----------|----------|----------|----------|
| | at a Share Premium of Rs.100/- each | | | | | | | | | |
| | Guarantee received/(Satisfied) (Net) | (17743.67) | 9514.33 | (4375.86) | 4051 | Guarantee | 45086.89 | 57692.09 | 62830.56 | 67206.42 |
| The Standard Type Foundry P. Ltd. | Purchase of Fixed Assets | - | | 25.59 | 1.10 | | | | | |
| | Receiving of Services (Machinery & Vehicles) | 31.76 | 16.18 | 79.65 | 39.91 | Creditors/ Advance to supplier | 38.19 | 27.84 | 36.58 | 12.14 |
| | Advance given for purchase of capital assets/services | - | | - | - | Advance given for purchase of capital assets/services | 59.00 | 59.00 | 59 | 59.00 |
| | Sugar Sales made | - | 0.10 | 0.33 | 1.71 | | | | | |
| Lipi Boilers Ltd. | Purchase of Fixed Assets | - | .54 | 0.54 | 28.87 | | | | | |
| | Receiving of Services (Machinery) | 2.78 | 8.07 | 9.31 | 4.25 | Creditors | 8.96 | 45.79 | (143.81) | 37.57 |
| | Advance given for purchase of capital assets/services | 7.48 | | - | 150.00 | Advance given for purchase of capital assets | 865.77 | | 708.30 | 708.30 |
| | Advance Refund | - | | - | 8.20 | | | | | |
| | Interest on Unsecured Loan | - | 59.29 | 113.06 | 147.41 | Interest | 44.24 | 278.62 | 44.24 | 225.26 |
| | Interest Paid on Unsecured Loan | - | | 294.08 | 25.94 | | | | | |
| | Unsecured Loan refund/transfer to Preference Share Application Money | - | | 1075 | - | Unsecured Loans | - | 1075.00 | - | 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 | | 150 | - |
| | Guarantee received/(Satisfied) (Net) | (17743.67) | 9514.33 | (4375.86) | 4051 | Guarantee | 45086.89 | 57692.09 | 62830.56 | 67206.42 |
| Shubham Sugars Ltd. | Purchase of Sugar Cane | 12.69 | | 7.52 | 21.80 | (Advance Recoverable)Creditors | 10.73 | 13.73 | (1.97) | 14.25 |
| | | | | | | | | | | |
| Adhars-hila 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 | | | | | |
| | | | | | | | | | | |
| Uttam Adlakha & Sons Holdings Private Limited (formerly | Unsecured Loan Received | - | | - | 1015.00 | Unsecured Loan | - | 458.00 | - | 458.00 |

| | | | | | | | | | | |
|---|--|---|-------|--------|--------|-------------------|-------|--------|-------|--------|
| known as G.M.Col onisers Pvt. Ltd.) | | | | | | | | | | |
| | Interest on Unsecured Loan | - | 33.92 | 64.86 | 60.27 | Interest | 27.85 | 49.16 | 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 & Investm ent Pvt. Ltd. | Unsecured Loan Received | - | | - | 955.00 | Unsecured Loan | - | 315.00 | - | 315.00 |
| | Interest on Unsecured Loan | - | 18.84 | 36.04 | 40.68 | Interest | 15.47 | 21.35 | 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 | | - | | - | - |
| | Preference Share Application | | 600 | | | | | | | |

| | | | | | | | | | | |
|--|--|---|-----|--------|-----|------------------------------------|---|-----|--|--|
| | Money Recd. & Shares Allotted | | | | | | | | | |
| | 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 | - | Preference Share Application Money | - | 150 | | |
| | Preference Share Application Money Recd. | - | 150 | | | | | | | |

19. Remuneration to Directors (included under Schedule 16)

a) **Managerial Remuneration:**

(Rs. in lacs)

| Particulars | Managing Director | | Directors | | Managing Director | | Directors | |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|
| | Period Ended 30.09.11 | Period Ended 30.09.10 | Period Ended 30.09.11 | Period Ended 30.09.10 | Year Ended 31.03.11 | Period Ended 31.03.10 | Year Ended 31.03.11 | Period Ended 31.03.10 |
| Remuneration | 19.50 | 19.50 | 4.76 | 4.73 | 39.00 | 51.25 | 9.51 | 11.82 |
| Perquisites | 0.62 | 0.32 | - | - | 0.93 | 2.90 | - | - |
| Sitting Fees | - | - | 1.80* | 2.40* | - | - | 4.90* | 5.60* |
| Total Rs. | 20.12 | 19.82 | 6.56 | 7.13 | 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.
- d) During the period ended 31.03.2010 and 30.09.2010, payment of minimum remuneration as per schedule XIII of the Companies Act, 1956 of Rs.34.93 lacs and 23.58 lacs respectively made to managerial personnel for which approval from Central Government was obtained on November 11, 2010 and December 16, 2010.

20. Earning per share (EPS)

| | | Period ended 30.09.2011 | Period ended 30.09.2010 | Year ended 31.03.2011 | Period ended 31.03.2010 |
|-----|--|------------------------------------|------------------------------------|----------------------------------|------------------------------------|
| a) | (Loss) attributable to the Equity Shareholders (Rs. in lacs) | (2822.92) | (2658.50) | (1457.68) | (4406.99) |
| | Less: Preference Dividend as per Note B(2)(g) | 254.62 | 135.20 | 293.62 | 113.52 |
| | Profit/(Loss) attributable to the Equity Shareholders | (3077.54) | (2793.70) | (1751.30) | (4520.51) |
| b) | Weighted average number of equity shares outstanding | | | | |
| i) | <u>Basic:</u> Weighted average number of equity shares at the end | 25769000 | 25769000 | 25769000 | 25769000 |
| ii) | <u>Diluted</u> Weighted average number of shares as in b(i) | 25769000 | 25769000 | 25769000 | 25769000 |
| c) | Paid up value of Share (Rs.) | 10/- | 10/- | 10/- | 10/- |
| d) | Basic Earnings per share (Rs.) (a/bi) | (11.94) | (10.84) | (6.79) | (17.50) |
| e) | Diluted Earnings per share (Rs.) (a/bii) | (11.94) | (10.84) | (6.79) | (17.50) |

21. 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 w.e.f 01.01.2009 the management, out of abundant caution, has decided not to recognize deferred tax assets on account of unabsorbed business loss and Depreciation.

22. Other Notes :-

A) For the Period Ended 30th September 2010

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

- b) 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.
- c) The Company had purchased / imported raw sugar aggregating 7000 MT for Rs. 1176.02 Lacs in terms of advance license issued by the office of Director General of Foreign Trade without payment of Custom Duty. The company is required to complete the export of white sugar aggregating 7000 MT by 6th march 2011. The management is confident of meeting the export obligation of 7000 MT and no loss is foreseen.
- d) Other Income includes Rs 340 lacs in respect of Claim lodged for differential Levy Claim for increase in rate of levy sugar for the Season 2009-10 in compliance of Order dated 21.06.2010 & Order No.2-2/2009-10/SCR dated 09.08.2010 issued by Directorate of Sugar, Ministry of Consumer Affairs, Food & Public Distribution, Krishi Bhawan, New Delhi.
- e) Advances recoverable in cash or in kind as appearing in schedule no. 10 includes Rs.47 lacs seized by Income Tax Department out of cash in hand with the company during operations under section 132 of the Income Tax Act, 1961.

B) For the Period Ended 31st March 2010

- a) Balances of Certain Debtors, Creditors and Loans & Advances are subject to reconciliation and adjustments, if any.
 - b) The Company's debt had been rescheduled / restructured by Corporate debt Restructuring Empowered group (CDR EG) considering 1st July 2009 as cut off date'. During the period, the restructuring package has been given effect in accordance with the approvals/ sanctions received from all the term lenders.
 - c) During the period, the Company has purchased / imported raw sugar aggregating 7000 MT for Rs. 1176.02 Lacs in terms of advance license issued by the office of Director General of Foreign Trade without payment of Custom Duty. The company is required to complete the export of white sugar aggregating 7000 MT by 6th march 2011. The management is confident of meeting the export obligation of 7000 MT and no loss is foreseen
 - d) Raw material consumed for the period ended 31.03.2010 includes Rs.373.34 lacs being the differential cane price for the Season 2007-08 paid in accordance with the State Advised Price(SAP) fixed by the State Government of Uttarakhand.
- 23.** The figures for the year ended 31.03.2011 comprises twelve months whereas the corresponding previous period ended 31.03.2010 figures are for a period of fifteen months from 1st January 2009 to 31st March 2010, as such not comparable.
- 24.** The previous period figures have been re-arranged, regrouped and reclassified wherever necessary.
- 25.** Schedule 1 to 19 has been duly authenticated.

ANNEXURE A:

Statement of dividend paid:

Rs. In Lakhs

| Particulars | Period Ended | | | |
|----------------------|---------------------|-------------------|-------------------|-------------------|
| | 30.09.2011 | 30.09.2010 | 31.03.2011 | 31.03.2010 |
| Dividend Paid | Nil | Nil | Nil | Nil |

Annexure - B

Accounting Ratios

(Rs.in lacs)

| Particulars | Period Ended | | | |
|---|--------------|------------|------------|------------|
| | 30.09.2011 | 30.09.2010 | 31.03.2011 | 31.03.2010 |
| Earning per share (EPS) (Rs.) | | | | |
| Basic Before Extra-ordinary Items | (11.94) | (10.84) | (6.79) | (17.50) |
| Basic After Extra-ordinary items | (11.94) | (10.84) | (6.79) | (17.50) |
| Diluted Before Extra-ordinary Items | (11.94) | (10.84) | (6.79) | (17.50) |
| Diluted After Extra-ordinary items | (11.94) | (10.84) | (6.79) | (17.50) |
| | | | | |
| Net (Loss) after Tax (as per Profit & Loss Account) (Rs.in lacs) | (2,822.92) | (2,658.50) | (1,457.68) | (4,406.99) |
| | | | | |
| Net (Loss) attributable to Equity Shareholders (Rs.in lacs) | (3,077.54) | (2,793.70) | (1,751.30) | (4,520.51) |
| | | | | |
| No. of equity shares (Year end) | 25,769,000 | 25,769,000 | 25,769,000 | 25,769,000 |
| | | | | |
| No. of equity shares (Weighted) | 25,769,000 | 25,769,000 | 25,769,000 | 25,769,000 |
| | | | | |
| Net Asset Value (NAV) per Share (Rs.) | 30.41 | 29.55 | 41.36 | 39.87 |
| | | | | |
| Return on Net Worth (%) | -39.27% | -36.69% | -16.43% | -44.00% |

- i. $EPS = \text{Net Loss for the year} / \text{Weighted Average No. of equity shares (As per AS-20)}$
- ii. $\text{Net asset value per equity share (Rs.)} = \text{Net worth} / \text{No. of equity shares outstanding at year end}$
- iii. $\text{Return on Net Worth (\%)} = \text{Loss attributable to Equity Shareholders} / \text{Net Worth}$
- iv. $\text{Net Worth} = (\text{Equity Share Capital} + \text{Reserves \& Surplus} - \text{Miscellaneous Expenditure not written off Accumulated Losses})$

Annexure - C

Capitalisation Statement

(Rs.in lacs)

| Particulars | Pre Issue As at 30.09.2011 | Post Issue * |
|---|----------------------------------|--------------|
| Debt | | |
| Short Term (A) | 23,607.04 | |
| Long Term (B) | 26,030.62 | |
| Total Debt (C = A + B) | 49,637.66 | |
| | | |
| Shareholders Fund | | |
| Share Capital | | |
| Equity Share Capital | 2,576.90 | |
| Preference Share Capital | 6,842.50 | |
| Reserves | 15,611.03 | |
| Total | 25,030.43 | |
| Less: Miscellaneous Expenditure not yet written off & or adjusted | 1.45 | |
| Less: Accumulated Losses | 10,350.18 | |
| | | |
| Total Shareholders Fund (D) | 14,678.80 | |
| | | |
| Long Term Debt / Total Shareholders Fund (B/D) | 1.77 | |
| Total Debt / Total Shareholders Fund (C/D) | 3.38 | |

* The post offer capitalisation can be ascertained only after completion of the offer.

Notes:

- Short Term debt represents debts which are due within 12 months from 30.09.2011 and include current portion of long term debt - secured and current portion of long term debt (Soft Loan From Uttaranchal State Government)- unsecured,
- Long term debt represent other than short term debts as defined above.

STOCK MARKET DATA

The Equity shares of the Company are listed and traded on NSE and BSE w.e.f April 10, 2006. The share trading data for the equity shares of our Company is as under:

Stock Market Data for BSE

The closing market price of the equity shares of the Company on the first business day (i.e. November 8, 2011) after the Board approved the present Issue was Rs. 31.65 per share on BSE.

The high and low prices and associated volumes of securities traded during last 3 years are as follows:

| Year* | High (Rs.) | Date of High | Volume on date of high (no. of shares) | Low (Rs.) | Date of Low | Volume on date of low (no. of shares) |
|-------|------------|-----------------|--|-----------|------------------|---------------------------------------|
| 2008 | 144.5 | January 8, 2008 | 7,03,291 | 22.7 | December 1, 2008 | 4,592 |
| 2009 | 80.20 | August 14, 2009 | 1,72,175 | 20.20 | March 12, 2009 | 3,221 |
| 2010 | 85.10 | January 8, 2010 | 2,06,040 | 42.00 | May 26, 2010 | 18,254 |

*Year means Calendar Year

The high and low price, and associated volume of securities traded during the last 6 months is as follows:

| Period | High (Rs.) | Date of High | Volume on date of high (no. of shares) | Low (Rs.) | Date of Low | Volume on date of low (no. of shares) |
|----------------|------------|-------------------|--|-----------|-------------------|---------------------------------------|
| October 2011 | 32.4 | October 26, 2011 | 477 | 28.15 | October 3, 2011 | 1,695 |
| September 2011 | 34.35 | September 9, 2011 | 1,978 | 26.9 | September 2, 2011 | 8,837 |
| August 2011 | 36.85 | August 1, 2011 | 2,747 | 26.10 | August 26, 2011 | 2,219 |
| July 2011 | 40.60 | July 8, 2011 | 10,245 | 35.70 | July 26, 2011 | 2,514 |
| June 2011 | 39.35 | June 29, 2011 | 10,387 | 33.20 | June 20, 2011 | 8,539 |
| May 2011 | 40.50 | May 2, 2011 | 4,793 | 32.00 | May 26, 2011 | 1,428 |

Latest Stock Market Data for the preceding four weeks from the date of filing of Letter of Offer with SEBI:

| Week Starting From | Week ending on | High | | Low | | Week's Closing Price (in Rs.) | Total Traded quantity during the period |
|--------------------|----------------|-----------------|------|-----------------|------|-------------------------------|---|
| | | Amount (in Rs.) | Date | Amount (in Rs.) | Date | | |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |

Closing Market price as on [●] at BSE was Rs. [●] per share

Stock Market Data for NSE

The closing market price of the equity shares of the Company on the first business day (i.e. November 8, 2011) after the Board approved the present Issue was Rs. 31.90 per share on NSE.

The high and low prices and associated volumes of securities traded during last 3 years are as follows:

| Period | High (Rs.) | Date of High | Volume on date of high (no. of shares) | Low (Rs.) | Date of Low | Volume on date of low (no. of shares) |
|--------|------------|-----------------|--|-----------|------------------|---------------------------------------|
| 2008 | 144.4 | January 8, 2008 | 10,23,413 | 22.9 | December 1, 2008 | 5,885 |
| 2009 | 80.8 | August 14, 2009 | 2,72,743 | 20.3 | March 12, 2009 | 3,643 |
| 2010 | 85.85 | January 8, 2010 | 2,60,971 | 42 | May 26, 2010 | 24,441 |

The high and low price, and associated volume of securities traded during the last 6 months is as follows:

| Period | High (Rs.) | Date of High | Volume on date of high (no. of shares) | Low (Rs.) | Date of Low | Volume on date of low (no. of shares) |
|----------------|------------|-------------------|--|-----------|-------------------|---------------------------------------|
| October 2011 | 34 | October 24, 2011 | 3,691 | 28.2 | October 5, 2011 | 3,156 |
| September 2011 | 34.45 | September 9, 2011 | 5,749 | 27.05 | September 2, 2011 | 27,972 |
| August 2011 | 36.6 | August 1, 2011 | 7,551 | 26 | August 29, 2011 | 14,843 |
| July 2011 | 42.6 | July 13, 2011 | 4,295 | 35 | July 26, 2011 | 3,385 |
| June 2011 | 42.6 | June 17, 2011 | 20,063 | 34 | June 22, 2011 | 7,640 |
| May 2011 | 40.8 | May 2, 2011 | 7,037 | 32.1 | May 25, 2011 | 3,727 |

Latest Stock Market Data for the preceding four weeks from the date of filing of Letter of Offer with SEBI:

| Week Starting From | Week ending on | High | | Low | | Week's Closing Price (in Rs.) | Total Traded quantity during the period |
|--------------------|----------------|-----------------|------|-----------------|------|-------------------------------|---|
| | | Amount (in Rs.) | Date | Amount (in Rs.) | Date | | |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |

Closing Market price as on [●] at NSE was Rs. [●] per share

The Issue price of Rs. [●] has been arrived at in consultation between our Company and the Lead Manager i.e. Corporate Professionals Capital Private Limited.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding material litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults of statutory dues, banks / Institutional dues and dues payable to holders of any debentures, bonds or fixed deposits issued by our company, other unclaimed liabilities against our company and no disciplinary action has been taken by SEBI or any stock exchange against our Company.

Summary of litigations outstanding involving our Company:

| <i>Nature of Litigations</i> | <i>No. of Cases</i> |
|---|---------------------|
| Criminal | 21 |
| Civil | 38 |
| Labour | 1 |
| Government / Tax Authorities Notices | 37 |

Set forth below are details of certain material outstanding litigations against us and details of proceedings of certain material proceedings filed by us.

A. Criminal Cases

| Sl. No | Parties in the Suit/ Show Cause Notices | Case Number / Court/ Authority | Nature of the Case | Amount Involved (Rs.) | Present Status |
|--------|--|--|--|--------------------------|---|
| 1. | Uttam Sugar Mills Limited & others vs. State of Uttaranchal & others | Criminal Misc. Application No. 149 of 2005 filed with High Court of Uttaranchal at Nainital. read with Case No. 8 of 2004 with First Upper Civil Judge (J.D.), Roorkee | Mr. Sudesh Kumar & others have filed a suit with the Ist Upper Civil Judge (JD), Roorkee alleging therein that the USML wanted to buy the piece of land comprising in Khasra No. 113 situated at Mauja Kulchandi Manglore, Tehsil, Roorkee and on his refusal to sell this piece of land, the USML discharged the polluted / waste water of the sugar mill in his field thereby his standing crops got damaged. The First Upper Civil Judge Roorkee, thereafter, passed the order dated 15 th January 2004 inter-alia for issuing summons on the officers/ Director of the Company. Aggrieved by this order, USML has filed a criminal Misc. Application No. 149/2005 with High Court of Uttaranchal at Nainital, Wherein it refutes all the allegations made by Mr. Sudesh Kumar and others. USML also requested the High Court to quash the entire criminal proceedings against the company and its Directors/ Officers and set aside the impugned summoning order dated 15 th January, 2004 of the first Upper Civil Judge, Roorkee | Amount not ascertainable | Hon'ble High Court of Nainital dismissed the USML application and accordingly, matter will follow in the Court of First Upper Civil Judge (J.D.), Roorkee |

| | | | | | |
|----|---|--|--|-------------------|--|
| 2. | Uttam Sugar Mills Ltd. V/s. M/s Vishwakarma Projects (India) Pvt. Ltd. & Others | Complaint No.712/1/06 MM, New Delhi | A complaint u/s 138 of the Negotiable Instrument Act 1881 has been filed by the Company for dishonour of Cheque. | Rs. 7,90,000/- | Matter is Pending before M.M., New Delhi. |
| 3. | Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur) others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.937 of 2010; | F.I.R was lodged against Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur), Raj Kumar Adlakha, (Managing Director of USML) and Mahesh Patel (Unit Head, USML, Barkatpur) on 13.01.2010 as case Crime No. 03 of 2010, Under Section 417, 418, 420, 120-B, 468, 470, 471 of I.P.C and under section 3/7 of Essential Commodities Act, 1955 at Police station Nagal, District Bijnor alleging that Sugar mill is continuously purchasing sugarcane from area other than reserved to them there by violating the rules and regulation issued by Cane Commissioner U.P. Lucknow .In response to F.I.R a writ petition, has been filed in the Hon'ble High Court of Allahabad for quashing the impugned FIR dated 13.01.2010 and stated that entire sugarcane for the year 2009-10 has been purchased from reserved area allotted to it by Cane Commissioner U.P at Lucknow. Allegation made against the petitioners and sugar mill is not supported by documentary evidence. Hence F.I.R filed is liable to be quashed. | Not ascertainable | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court on the arrest of the petitioners. |

| | | | | | |
|----|---|--|---|-------------------|--|
| 4. | Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur) others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.938 of 2010; | F.I.R was lodged against Pasa Biswas (occupier USML, Barkatpur) and Sandeep Kumar (Weighment clerk in USML, Barkatpur) on 12.01.2010 by Birendra Nath (Senior Cane Development Society, Barkatpur) District Bijnor as Case Crime No. 02 of 2010, Under Section 420, 418, 264, 265 of I.P.C at Police station Nagal, District Bijnor alleging that on inspection of Mill Gate Weigh Bridge No.3 and comparison of same with Manual Weigh Bridge, there was difference in weight. Report further alleged that In-charge of the mill refused to give inspection register of Manual Weigh Bridge and from the above act it is clear that Occupier with Weighment Clerk is making loss to the cane growers. In response to said F.I.R, a writ petition has been filed in the Hon'ble High Court of Allahabad for quashing the impugned FIR dated 12.01.2010 and stated that on 07.01.2010 employees of sugar mill went on strike and forcibly locked the sugar mill gate also damaged the Manual Weigh Bridge, on 08.01.2010 regarding the above incident Sugar mill intimated to Cane Inspector and assistant commissioner (cane), Bijnor and also stated in the letter that till intimation regarding manual weigh bridge , it should be deemed to be disorder. Hence entire allegation made in F.I.R is frivolous and baseless. | Not ascertainable | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court on the arrest of the petitioners. |
|----|---|--|---|-------------------|--|

| | | | | | |
|----|---|---|--|---------------------|--|
| 5. | Raj Kumar Adlakha (Managing Director of USML) and others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.1815 of 2010; | The facts of the case are that on 19.01.2010 Assistant Commissioner Excise, District- Muzaffar Nagar with his team inspected USML Unit- Khaikheri, District Muzaffar Nagar on inspection it was found that there was production of 39,490.06 quintal of seera/molasses but only 35,993.50 quintals of seera /molasses was shown hence there was difference of 3496.50 quintals. By this act said USML Unit Khaikheri has caused loss to Central Government, State Government, and Vat has been stolen. F.I.R was filed on 20.01.2010 in Case Crime No. 46 of 2010, under section 5, 8, 11 & 12 of Sheera Niyantaran Adhiniyam Act, 1964 and Offence under section 405, 418, 420, 120B IPC at Police Station-Purkaji, District Muzaffar Nagar regarding the incident which took place on 19.01.2010. . USML filed a writ petition in the Hon'ble High Court of Allahabad for quashing the impugned FIR dated 19.01.2010 stating that on 26.08.2009 the Assistant Excise Commissioner, Saharanpur inspected the unit found no irregularity. As per order of Excise Commissioner dated 25.02.1999 10% "Foaming" in Molasses storage tank is wholly permissible where as allegation leveled in the F.I.R report only 9.7% variation has been found which is foam and not Molasses. . Hence said F.I.R is required to be quashed. | Not ascertainable . | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court on the arrest of the petitioners. |
|----|---|---|--|---------------------|--|

| | | | | | |
|----|--|---|--|-------------------|--|
| 6. | Ramakant Tyagi (Weighment Clerk, USML, Khaikheri Unit) and others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.1816 of 2010; | The facts of the case are that Cane Inspector and Assistant Sugar Commissioner, Muzzaffar Nagar has inspected the Cane purchase centre of USML Unit Khaikheri and it was found that from 01.12.2009 to 19.12.2009, the names of Village of growers is not mentioned in the purchase sheet and USML Unit Khaikheri has purchased more quantity of sugar cane form 54 cane growers. Cane Inspector and Assistant Sugar Commissioner, filed a FIR on 15.01.2010 as Case Crime No. 12 of 2010 under section 3/7 of Essential Commodities Act at Police Station Bhopa, District Muzzaffar Nagar. USML filed a writ petition in the Hon'ble High Court of Allahabad for quashing the impugned FIR dated 15.01.2010. USML has stated entire sugar cane by USML Khaikheri unit for crushing year 2009-10 has been purchased from reserved area allotted to it by Cane Commissioner U.P at Lucknow. FIR is filed on the basis of presumption and does not reveal any specific allegation. | Not ascertainable | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court on the arrest of the petitioners. |
|----|--|---|--|-------------------|--|

| | | | | | |
|----|---|---|---|---------------------|--|
| 7. | Raj Kumar Adlakha (Managing Director of USML) and others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.1835 of 2010; | The facts of the case are that on 22.01.2010 State Excise team inspected USML Unit Sharmau, District Saharanpur. On inspection it was found that there was production of 49836.08 quintal of seera/molasses but books reflected 47496.40 quintals of seera /molasses hence there was difference of 2339 quintals. By this act said USML Unit Shermou has committed an offence under section 5, 8, 11 & 12 of Sheera Niyantaran Adhiniyam Act, 1964 and Offence under section 405, 418, 420, 120B Indian Penal Code. F.I.R was filed on 23.01.2010 in Case Crime No. 45 of 2010, under section 5, 8, 11 & 12 of Sheera Niyantaran Adhiniyam Act, 1964 and Offence under section 405, 418, 420, 120B IPC at Police Staion- Gangoh, District Saharanpur regarding the incident which took place on 22.01.2010. USML filed a writ petition in the Hon'ble High Court of Allahabad on 30.01.2010 for quashing the impugned FIR dated 23.01.2010 stating that Central Excise also inspected the unit same day prior to State Excise inspection and gave a satisfactory report after verifying unit , the said unit daily prepares stock book and mentioned every entry in the same. As per Excise order dated 25.02.1999 10% foaming in Molasses storage tank is wholly permissible whereas allegation leveled in the F.I.R report only 4.6% variation has been found which is foam and not Molasses. Therefore said F.I.R holds no ground hence should be quashed. | Not ascertainable . | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court on the arrest of the petitioners. |
|----|---|---|---|---------------------|--|

| | | | | | |
|----|---|---|---|-------------------|--|
| 8. | Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur) others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.1905 of 2010; | The facts of the case are that on 29.12.2009 Secretary, Cooperative Cane Development Society Ltd. Unn, Sri Prem Chand Sharma, Senior Cane Development Inspector (Incharge), Unn, District Muzaffar Nagar and one Unn Sugar Complex officer inspected and found that USML is purchasing sugar from outside the reserved area. F.I.R was lodged against Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur), P.K Sharma (General manager of USML , Unit- Shermau) and Narvir Singh (Deputy General manager of USML , Unit- Shermau) dated 13.01.2010 by Sri Prem Chand Sharma, Senior Cane Development Inspector (Incharge), Unn, District Muzaffar Nagar as Case Crime No. 31 of 2010, Under Section 420, 427 of I.P.C and under section 3/7 of Essential Commodities Act, 1955 at Police Station-Jhinhana, District Muzaffar Nagar . The said Petitioner(Pasa Biswas, P.K Sharma and Narvir Singh) filed a writ petition in the Hon'ble High Court of Allahabad for quashing the impugned FIR dated 13.01.2010.The Petitioner has stated entire sugarcane by USML Shermau unit for crushing year 2009-10 has been purchased from reserved area allotted to it by Cane Commissioner U.P at Lucknow. F.I.R filed is not supported by documentary evidence and therefore holds no ground & also stated that said USML unit – Shermau is situated at Saharanpur whereas the said F.I.R is registered at Muzaffar Nagar outside the jurisdiction. Hence said F.I.R is required to be quashed. | Not ascertainable | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court on the arrest of the petitioners. |
|----|---|---|---|-------------------|--|

| | | | | | |
|----|---|---|---|-------------------|--|
| 9. | Raj Kumar Adlakha (Managing Director of USML) and others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.1906 of 2010; | The facts of the case are that on 12.01.2010 Cane Inspector Mahendra Singh (Senior Cane Development Inspector, Cane Development Society, Sarsawa, District–Saharanpur) inspected USML Unit Shermau and it was found that trolley which was standing there was brought from other place, by this act sugar mill is purchasing illegal sugarcane and also noted that tractors which were standing there was not having numbers nor the grower were present there, which shows sugarcane was purchased illegally. F.I.R was lodged on 12.01.2010 at police station–Gangoh, District Saharanpur as Case Crime No.12 /2010 under section 3/7 of Essential Commodities Act, 1955 and section 15 & 16 of the U.P. Sugarcane (Regulation of Supply & Purchase) Act, 1954 and Chapter V of the U.P. Sugarcane (Regulation of Supply & Purchase) Act, 1954 and Section 22 of U.P. Sugarcane (Regulation of Supply & Purchase) Act, 1953.In response petitioner (Raj Kumar Adalkha Managing Director of USML and Pasa Biswas occupier of Uttam Sugar Mills, Unit-Barkatpur) filed a writ petition in the Hon’ble High Court of Allahabad for quashing the impugned FIR dated 12.01.2010.The Petitioner has stated entire sugarcane by USML Shermau unit for crushing year 2009-10 has been purchased from reserved area allotted to it by Cane Commissioner U.P at Lucknow. FIR is filed on the basis of presumption and is not supported by documentary evidence. | Not ascertainable | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon’ble High Court on the arrest of the petitioners. |
|----|---|---|---|-------------------|--|

| | | | | | |
|-----|---|---|---|---------------------|--|
| 10. | Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur) others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.2698 of 2010; | The facts of the case are that on 12.02.2010 Additional District Magistrate, Sadar, S.B Singh and B.K. Arvind, District sugarcane officer inspected the purchase centre, Gajraula "A" and Mohammadpur "B" and found that no empty or fill cart was present there, on both purchase centre jeep no. UP-20E-0501 was weighed and its weight was 12.8 quintals at Gajraula "A" purchase centre and 12.40 quintals at Mohammadpur "B" purchase centre, hence alleged that above act is an offence under section 22 of U.P Sugarcane act, 1953 and Section 420, 120-B of I.P.C.F.I.R was lodged on Pasa Biswas (occupier of Uttam Sugar Mills, Unit- Barkatpur) and Mahesh Patel (Unit Head / general manager Of USML , Unit- Barkatpur) dated 12.02.2010 by B.K. Arvind, District sugarcane officer as case crime no.207 of 2010, under section 22 of U.P Sugarcane Act, 1953 and Section 420, 120-B of I.P.C at Police Station-Kothwali Shahar, District Bijnor pertaining to alleged incident. In response it is stated that Pasa Biswas (occupier of Uttam Sugar Mills, Unit- Barkatpur) and Mahesh Patel (Unit Head / general manager Of USML , Unit- Barkatpur) has no concern with weighing work on the weighing bridge. As per the U.P Sugarcane (Regulation of Supply and Purchase) Rules 1954 Chapter-8 specifically stated that no machine is so accurate to give accurate figures. | Not ascertainable . | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court on the arrest of the petitioners. |
|-----|---|---|---|---------------------|--|

| | | | | | |
|-----|---|---|--|---------------------|--|
| 11. | Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur) others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.2699 of 2010; | The facts of the case are that on 12.02.2010 Additional District Magistrate, Sadar, S.B Singh and B.K. Arvind, District sugarcane officer inspected the purchase centre, Gajraula "A" and Mohammadpur "B" and found that no empty or fill cart was present there, on both purchase centre a jeep no. UP-20E-0501 was weighed and its weight was 12.8 quintals at Gajraula "A" purchase centre and 12.40 quintals at Mohammadpur "B" purchase centre, hence alleged that above findings is an offence under section 22 of U.P Sugarcane act, 1953 and Section 420, 120-B of I.P.C. F.I.R was lodged against Pasa Biswas (occupier of Uttam Sugar Mills, Unit- Barkatpur) and Mahesh Patel (Unit Head / general manager Of USML , Unit- Barkatpur) dated 12.02.2010 by B.K. Arvind, District sugarcane officer as Case Crime No. 208 of 2010, under section 22 of U.P Sugarcane act(Regulation of Supply and Purchase), 1953 and Section 420, 120-B of I.P.C at Police Station-Kothwali Shahar, District Bijnor pertaining to alleged incident. In response it is stated that Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur) and Mahesh Patel (Unit Head / general manager Of USML , Unit-Barkatpur) has no concern with weighing work on the weighing bridge. As per the U.P Sugarcane (Regulation of Supply and Purchase) Rules 1954 Chapter-8 specifically stated that no machine is so accurate to give accurate figures. | Not ascertainable . | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court on the arrest of the petitioners. |
|-----|---|---|--|---------------------|--|

| | | | | | |
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| 12. | Raj Kumar Adlakha (Managing Director of Uttam Sugar Mills) others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.8942 of 2010; | F.I.R was lodged against Pasa Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur), P.K Sharma (General manager of USML , Unit- Shermau) and Narvir Singh (Deputy General manager of USML , Unit- Shermau) on 13.01.2010 by Sri Prem Chand Sharma, Senior Cane Development Inspector (Incharge), Unn, District Muzaffar Nagar as Case Crime No. 31 of 2010, Under Section 420, 427 of I.P.C and under section 3/7 of Essential Commodities Act, 1955 at Police Station-Jhinhana, District Muzaffar Nagar application dated 14.01.2010 was moved to the S.H.O, P.S Jhinhana, Muzaffar Nagar to include the name of Mr. Raj Kumar Adlakha in respect of said proceeding. In response Petitioner stated entire sugarcane by USML Shermau unit for crushing year 2009-10 has been purchased from reserved area allotted to it by Cane Commissioner U.P at Lucknow. F.I.R filed is not supported by documentary evidence and therefore holds no ground & also stated that said USML unit – Shermau is situated at Saharanpur whereas the said F.I.R is registered at Muzaffar Nagar outside the jurisdiction. Hence said F.I.R is required to be quashed and direction is required to apprehend the arrest of managing director. | Not ascertainable | The case is pending in High court, Allahabad. |
| 13. | Om Verma (General Manager USML-Khaikheri unit) Vs. State of U.P. and others | Criminal Misc. Writ Petition No.7095 of 2010; | F.I.R was lodged against Om Verma (General Manager USML-Khaikheri unit), Manoj Tomar (Cane manager USML-Khaikheri unit) and Sachin Kumar (Weighment clerk in USML, Khaikheri) on 08.04.2010 by Ved Raj Singh (Senior Cane Development Society, Barkatpur) District Bijnor as Case Crime No. 207 of 2010, Under Section 264, 265, 420, 120-B of I.P.C at Police station Purkaji, District Muzaffarnagar alleging that on inspection of weighing machine, Weigh bridge there was difference in weight. In response to said F.I.R, a writ petition has been filed in the Hon'ble High Court of Allahabad for quashing the impugned F.I.R dated 26.04.2010 and stated that Mr Om Verma and Mr Manoj Tomar has no concern with the weighing work, impugned F.I.R has been registered on the dictate of Higher Officer just to harass the petitioner and to abstract money. Hence entire allegation made in F.I.R is frivolous and baseless. | Not ascertainable | The case is pending in High court, Allahabad. |

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| 14. | R. K. Sethi (USML) Vs Uttrakhand Govt. & Aditya Kumar | Revision No. 394/2010 in the Court of IV ADJ, Haridwar | R. K. Sethi has filed revision in the Court of District judge Haridwar against the Summoning Order under section 323, 504, 506 IPC dated 30/09/2010 for using unethical measure against an ex-employee of the Factory. | Amount not ascertainable | Matter pending |
| 15. | Jageshwar Singh & others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.1537 of 2011; | A F.I.R was lodged against Jageshwar Singh, Satish Baliyan, Col.Pasha Biswas (occupier of Uttam Sugar Mills, Unit-Barkatpur) and Shri Rajkumar Adlakha. The FIR registered in Police Station Nangal, district Bijnor as Case Crime No. 9 of 2011, Under Section 3/7 of Essential Commodities Act, 1955 and 22 of UP Sugarcane (Regulation of Supply and Purchase) Act 1953 alleging that on inspection it was found that weighment clerk was using defective/incorrect weigh bridge, hence thereby causing loss to farmers. In response to said F.I.R, a writ petition has been filed in the Hon'ble High Court of Allahabad for quashing the impugned F.I.R and also to seek directions from High Court to stay the arrest of accused during investigation. | Not ascertainable | Arrest of petitioners stayed by the High Court. The case is pending in High court, Allahabad. |
| 16. | Dinesh Kumar & others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.450 of 2011; | A F.I.R was lodged against Dinesh Kumar, Rajeev Gupta, Col.Pasha Biswas (occupier of Uttam Sugar Mills, Unit- Barkatpur), Mahesh Patel and Shri Rajkumar Adlakha. The FIR registered in Police Station Kiratpur, district Bijnor as Case Crime No. 2 of 2011, Under Section 3/7 of Essential Commodities Act, 1955 and 22 of UP Sugarcane (Regulation of Supply and Purchase) Act 1953 and 420, 264, 265, 427, 120B of IPC and Section 8 of Factory Act alleging that on inspection weigh bridge was found to be defective, hence thereby causing loss to farmers by weighing less sugar cane. In response to said F.I.R, a writ petition has been filed in the Hon'ble High Court of Allahabad for quashing the impugned F.I.R and also to seek directions from High Court to stay the arrest of accused during investigation | Not ascertainable | Arrest of petitioners stayed by the High Court. The case is pending in High court, Allahabad. |

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| 17. | Satish Kumar Tyagi & others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.186 of 2011; | A F.I.R was lodged against Satish Kumar Tyagi, Anirudh Singh, Ashok Kumar Sharma, Col.Pasha Biswas (occupier of Uttam Sugar Mills, Unit- Barkatpur) and Shri Rajkumar Adlakha. The FIR registered in Police Station Chhpar, District Mujjafarnagar as Case Crime No. 641 of 2010, Under Section 3/7 of Essential Commodities Act, 1955 and 420, 120B of IPC alleging that on inspection it was found that weighment clerk was using defective/incorrect weigh bridge, hence was causing loss to farmers . In response to said F.I.R, a writ petition has been filed in the Hon'ble High Court of Allahabad for quashing the impugned F.I.R and also to seek directions from High Court to stay the arrest of accused during investigation. | Not ascertainable | Arrest of petitioners stayed by the High Court. The case is pending in High court, Allahabad. |
| 18. | Col. Pasha Biswas & others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.126 of 2011; | A F.I.R was lodged against Col.Pasha Biswas (occupier of Uttam Sugar Mills, Unit- Barkatpur) Seth Pal and Shri Rajkumar Adlakha. The FIR registered in Police Station Nakud, distict Saharanpur as Case Crime No. 595 of 2010, Under Section 3/7 of Essential Commodities Act, 1955 and 420, 426 and 120B of IPC alleging that on inspection it was found that weighment clerk was using defective/incorrect weigh bridge. In response to said F.I.R, a writ petition has been filed in the Hon'ble High Court of Allahabad for quashing the impugned F.I.R and also to seek directions from High Court to stay the arrest of accused during investigation | Not ascertainable | Arrest of petitioners stayed by the High Court. The case is pending in High court, Allahabad. |
| 19. | Col. Pasha Biswas & others Vs. State of U.P. and others | Criminal Misc. Writ Petition No.3324 of 2011; | A F.I.R was lodged against Col.Pasha Biswas (occupier of Uttam Sugar Mills, Unit- Barkatpur), Omveer Singh and Shri Rajkumar Adlakha. The FIR registered in Police Station Nakud, district Saharanpur as Case Crime No. 109 of 2011, Under Section 3/7 of Essential Commodities Act, 1955 and 420 and 120B of IPC alleging that cane centre did not posses standard weights ,as required, at the time of the testing the weigh bridge . In response to said F.I.R, a writ petition has been filed in the Hon'ble High Court of Allahabad for quashing the impugned F.I.R and also to seek directions from High Court to stay the arrest of accused during investigation. | Not ascertainable | Arrest of petitioners stayed by the High Court. The case is pending in High court, Allahabad. |

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| 20. | Hulas Singh & others V/s State of U.P and others | Criminal Misc. Writ Petition No 451 of 2011 | A F.I.R was lodged against Hulas Singh, Pasha Biswas, Mahesh Patel and Satish Baliyan. The FIR registered in Police Station Mandawar district Bijnore as Case Crime No. 578 of 2010, under Section 22 of UP Sugarcane (Regulation of Supply and Purchase) Act 1953 and 420, 264, 265, 427, 120B of IPC alleging that on inspection of weigh bridge it was found to be defective/incorrect, hence thereby causing loss to farmers . In response to said F.I.R, a writ petition has been filed in the Hon'ble High Court of Allahabad for quashing the impugned F.I.R and also to seek directions from High Court to stay the arrest of accused during investigation. | | Arrest of petitioners stayed by the High Court. The case is pending in High court, Allahabad. |
| 21. | Aditya Kumar Vs Abid Ali Others | Case No. 186/2010 in the Court of Civil Judge & Judicial Magistrate (Senior Division), Roorkee | Aditya Kumar moved an application under section 156/3 CRPC against Abid Ali, R. K. Sethi, Col. Pasha Biswash, Sandeep Kapil for registering a complaint in the Mangalore Police Station, Roorkee alleging that unethical measures were used against him in the factory premises by the above mentioned accused when he visited the factory for claiming his arrears. | Amount not ascertainable . | Matter pending |

B. Civil Cases – Filed by our Company

| Sl. No. | Parties in the Suit/ Show Cause Notices | Case Number / Court/ Authority | Nature of the Case | Amount Involved (Rs.) | Present Status |
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| 1. | USML Vs Netra Pal and others. | Application / Case No.8/2008. Submitted in the court of Civil judge Senior Division, Roorkee | USML has made a petition in the court of Civil judge Senior Division, Roorkee seeking the permanent injunction order against Mr. Netra Pal Singh and others so as to stop them from making agitations/ demonstrations and damaging the property of the USML and obstructing the main entrance of the Mill thereby causing to obstruct the supply of the sugarcane into the factory and also from stopping them to make such agitations/ demonstrations within a diameter of 200 meters of the USML's premises at Roorkee and by this way stopping them to interfere directly and indirectly in the crushing work & the management/ administration of the mill. | Not ascertainable | The Hon'ble Civil court has passed an interim order to stop the respondents from making agitations /demonstrations and damaging the property of the USML and obstructing the supply of the sugarcane into the factory and also from stopping the respondents to make such agitations/ demonstrations within a diameter of 200 meters of the USML's premises at Roorkee. Thus stopping them to interfere directly and indirectly in the crushing work & the management/ administration of the mill. (Meanwhile, against the Interim order of Hon'ble Civil Judge, Mr. Netra Pal & others made an appeal before Additional District Judge, Roorkee, Haridwar. While disposing off the appeal, Additional District Judge partially allowed the appeal and made correction in Interim order of Civil Judge by making distance diameter of 200 meters to diameter of 100 meters) |

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| 2. | USML Vs Baljore Singh and others | Application / Case No. 102/2008 submitted in Court of Civil Judge (Sr. Division), Roorkee | USML has made a petition in the court of Civil judge Senior Division, Roorkee seeking the permanent injunction order against Mr. Baljore Singh & others so as to stop them from making agitations/ demonstrations and damaging the property of the USML and obstructing the main entrance of the Mill thereby causing to obstruct the supply of the sugarcane into the factory and also from stopping them to make such agitations/ demonstrations within a diameter of 200 meters of the USML's premises at Roorkee and by this way stopping them not to interfere directly and indirectly in the management/ administration of the mill. | Not ascertainable | Upon service of summons to respondent, no person or legal counsel were present in the Hon'ble Court of Civil Judge (Senior Division), Roorkee. The Hon'ble Civil court has passed an ex-parte order to stop the respondents from making agitations /demonstrations and damaging the property of the USML also stopping the respondents to make such agitations/ demonstrations within a diameter of 200 meters of the USML's premises at Roorkee. Thus stopping them to interfere directly and indirectly in administration of the mill. |
| 3. | USML Vs. Bhisma Singh and Others | Civil Misc. Writ Petition No. - 462 of 2007. | In this case USML has made a petition in the court of Civil judge (Junior Division), Najibabad from restraining Mr. Bhisma Singh and others from interfering in the possession of the USML's land by way of cutting the standing crops of sugarcane or ploughing the fields belonging to USML or otherwise. | Amount not ascertainable | The case is pending with Civil Judge (Junior Division) Najibabad. |

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| 4. | Uttam Sugar Mills Ltd. vs. State of U.P. | Civil Misc. Writ Petition No. 210/2008. | The USML has filed a return of Entry tax with the trade tax department Nazibabad, U.P. for the month of April 2007. It was alleged by the department that the details of the total sale of sugar within the state as well as Ex. U.P. sale were incorrect and therefore the sales of sugar which have been shown as Ex. U.P. sales in the documents submitted in the sales Tax Department were in fact sales within the state of U.P. hence liable for levy of entry tax .The department has, thereafter, issued a demand notice regarding this entry tax. Aggrieved by this USML has filed an appeal before Joint. Commissioner (Appeals), Trade Tax, Bijnore. Joint. Commissioner (Appeals), Trade Tax, Bijnore has rejected our appeal. Thereafter, the USML has filed writ petition before the Hon'ble High Court, Allahabad praying for the stay of realization of this entry tax for the assessment year 2007-2008 during the pendency of this writ petition. The USML in this writ petition also challenged the legality, validity and constitutionality of the Act No. 30 of 2007, known as Uttar Pradesh Tax on Entry of Goods into Local Area Act, 2007. | Rs. 1,33,83,162 | The Hon'ble High Court Allahabad has, vide its order dtd 06/02/08, stayed the realization of the disputed entry tax subject to the furnishing of the bank guarantee and other security. USML has submitted the required security/undertaking as per the satisfaction of the department in compliance with the order |
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| 5. | Uttam Sugar Mills Ltd Vs State of U.P & Others | CMWP 3491/2007 High Court at Allahabad. | The Khasra bearing no 1243 at Khaikheri Project site of the Company having an area 0.143 Hec belongs to Mr Rambhool. Sec 161 of Uttar Pradesh Zamindari Abolition Act & Land Reforms Act, 1950, provides for the exchange of land for which permission is required from the concerned Assistant Collector. An application has been filed by the Company, jointly with Mr. Rambhool, with the Assistant Collector, Muffarnagar. On the said application a report was called from Naib Tahsildar and other authorities. During the enquiry it was found that the land is registered as Talab in the revenue records. According to the above report, the recommendation was made for cancellation of allotted land in favour of Mr. Rambhool and for exchanging the same with the Company on the condition that the Company shall provide 0.143 Hec. of land in exchange to the Gram Sabha for making pond. Ignoring these recommendations the SDM, Sadar, Muzaffarnagar rejected our application. Thereafter a revision application was made before Commissioner, Saharanpur that has been rejected by him. The SDM Court, Muzafarnagar has accepted our stay application vide its order dated 08/05/2008.Hence a Writ Petition was filed before the Hon'ble High Court, at Allahabad. | Not ascertainable | Counter has been called from the respondents by the High Court, at Allahabad. |
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| 6. | Uttam Sugar Mills Ltd. vs. State of UP and others. | Special Leave Petition (C) No. 18846 of 2005, Supreme Court of India | <p>This Special Leave Petition has been filed by USML in the Supreme Court of India, seeking to challenge the judgment and final order dated 11.5.2005 passed by the High Court of Allahabad. USML was not a party before the High Court but it claims that the impugned order of the High Court may affect its rights therefore, the Petitioner be permitted to challenge the order of the High Court.</p> <p>It is the case of USML that after the creation of the State of Uttaranchal, the cane centres which were originally with the Petitioner (the Petitioner is now in Uttaranchal) were deleted from being reserved for the Petitioner by the UP Government's order passed through the Cane Commissioner. It is further the case of the Petitioner that in an identical case filed by Laxmi Sugar Mills, which is identically situated like the Petitioner, in Uttaranchal, the Special Secretary, Government of UP had heard the appeals filed by Laxmi Sugar Mills and vide its order dated 5th January 2005 had set aside the reservation/assignment order dated 8.10.2004 so far as it pertained in favour of Respondent No. 3 i.e. Triveni Engineering & Industries Limited.</p> <p>Aggrieved by the aforesaid order dated 5th January 2005, Triveni Engineering & Industries Limited filed Writ Petition No. 9105 of 2005 in the High Court of Allahabad and by the impugned order, while allowing the writ petition, the High Court held that Laxmi Sugar Mills had no legal claim to seek reservation/assignment of sugarcane areas situated within the State of UP as Laxmi Sugar Mills was situated outside the territorial limits of the State of UP, thus Laxmi Sugar Mills had no legal right to file an appeal against the order of reservation/assignment passed by the Cane Commissioner of UP.</p> <p>It is the case of the Petitioner that although it was not a party before the High Court, however, if the impugned order of the High Court is allowed to be sustained than it may affect the rights of the Petitioner too since it is identically situated in Uttaranchal, just like Laxmi Sugar Mills.</p> | Not ascertainable | <p>The case is pending before the Supreme Court and notice has been issued to the Respondent. Based on Memorandum of Understanding dt 19.03.2001 as extended under G.O. dt 29.10.2004 read along with the provisions of section 60/87 of the U.P. Reorganisation Act, 2000 & various other Grounds of Appeal, the S. C granted Stay on High Court Order.</p> <p>The Supreme Court has further directed that the present matter be tagged with Special Leave Petition No. 13912 of 2005, which has been filed by Laxmi Sugar Mills.</p> |
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| 7. | Uttam Sugar Mills Ltd. Vs. State of Uttar Pradesh & Others | Civil Misc. Writ Petition No.4729 (MB) of 2007; High Court, Allahabad, Luknow Bench. | USML filed a writ petition in the Hon'ble High Court of Allahabad for quashing the recovery proceedings against the Uttam Sugar Mills Limited & for passing necessary instructions to the Government of U.P. to consider USML's application dated 12/04/2007 for capital subsidy which is due to USML under the Sugar Promotion Incentive Scheme 2004 of U.P. Government. The first part of the writ petition has since been settled because of the general order dated 27/02/2008 of the Hon'ble Supreme Court favoring sugar mills situated in the state of U.P. & directing therein to the state government of U.P. not to charge any recovery charges from these sugar mills. | Not ascertainable. | The case is pending in High court, Allahabad. However, USML are, now, going to request the Hon'ble High court to permit the Company for withdrawing of the this writ petition and to file a fresh writ petition for getting the capital subsidy and other benefits under the Sugar Promotion Incentive Scheme 2004 of U.P. Government. |
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| 8. | <p>Uttam Sugar Mills Ltd. & others vs. State of Uttarakhand & others—</p> <p>Appeal against writ petition no.204/08 (M/B) & 205/08 (M/B) of High Court of Uttarakhand.</p> | <p>Special Leave Petition (Civil) No. 10516-10517 of 2008, Supreme Court of India</p> | <p>The fact of the case is that the state government notified the State Advised Price for the sugar mills of the state of Uttarakhand. Several writ petitions were filed before the Allahabad High court by the Sugar Mills of U.P. challenging the State Advised Price for the crushing season 2006-07 & 2007-08. In this batch of petitions the High court by way of interim order has fixed the State Advised Price of the sugarcane at Rs. 110/- per quintal. However vide notification dated 23/01/08, the state Government of Uttarakhand has fixed the purchase price of sugarcane at Rs. 132/- per quintal for early maturing variety and Rs. 127/- per quintal for the normal variety for the crushing season 2007-08. Aggrieved by this State Advised Price, the petitioners have filed writ petitions before the Uttarakhand High court at Nainital, challenging the above State Advised Price of the purchase of the cane. The High court at Nainital, however, dismissed these writ petitions and upheld the above said notification dtd 23/01/08 & also notification dtd 28/12/08. Aggrieved by this. USML & others have filed a Special Leave Petition with Supreme court, to appeal against the final judgment dt 31/03/08 passed by the High Court of Uttarakhand vide which the High court has dismissed the writ petition no. 204 of 2008(M/B) for the crushing season 2007-08 and writ petition no.205 of 2008(M/B) for the crushing season 2006-07. It is also prayed in the petition for intrim relief as to stay the operation and effect of the impugned order and judgement dtd 31/03/08 passed by the High court of Uttarakhand in the above said writ petitions and also to restrain the respondents from taking coercive steps against the petitioners.</p> | <p>Amount not ascertainable</p> | <p>The Supreme Court, as an interim order dtd 15/05/2008, has directed, inter alia, that for the crushing season 2007-08, the rate fixed by the Lucknow bench, Allahabad High Court shall be applicable to the sugar mills in Uttarakhand. Therefore, the sugar mills in Uttarakhand shall pay the amount payable at the rate fixed by the Lucknow bench, Allahabad High court after adjustment of amount already paid.</p> |
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| 9. | Uttam Sugar Mills Ltd. vs. State of Uttarakhand and others. | Special Leave Petition (C) No. 26026 of 2008, Supreme Court of India | This Special Leave Petition has been filed by USML in the Supreme Court of India, challenging the judgement dated 14.10.2008 passed by the High Court of Uttarakhand at Nainital in Writ Petition No. 1836 of 2008 whereby the writ petition of the USML was dismissed. The USML writ petition before the High Court challenged the legality and propriety of the State Government of Uttarakhand (Cane Commissioner) in issuing Recovery Certificate dated 7.10.2008 against the USML and taking coercive steps thereupon to recover Sugarcane Price at SAP rates of Rs. 127/- and 132/- per quintal for crushing seasons 2006-07 and 2007-08 in the teeth of interim orders dated 27.02.2008, 15.05.2008 and 08.09.2008 passed by this Hon'ble Court in the batch of pending special leave petitions wherein payment of cane price at Rs. 115/-, 118/- and 123/- per quintal for 2006-07 and Rs. 110/- per quintal for 2007-08 had been ordered. | Not ascertainable | The case is pending before the Supreme Court and recovery certificate has been stayed. |
| 10. | Uttam Sugar Mills Ltd. Vs. State of Uttar Pradesh and Others | Civil Misc. Writ Petition No.9736 of 2009; | USML filed a writ petition in the Hon'ble High Court of Allahabad for challenging the order dated 23.12.2008 passed by the District Magistrate, Bijnor. In the impugned order dated 23.12.2008 passed by D.M. it was stated that USML had failed to pay the entire dues towards cane price which indicated that "Occupier" viz. Mr. Parminder Singh did not have ultimate control over the affairs of the Company and cancelled the nomination of Mr. Parminder Singh as "Occupier" and nominated Mr. Raj Kumar Adlakha, Managing Director of the Company for the purpose of U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953 | Not ascertainable. | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court staying the effect and operation of the order dated 23.12.2008 passed by the District Magistrate, Bijnor |

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| 11. | Uttam Sugar Mills Ltd. Vs. State of Uttar Pradesh and Others | Civil Misc. Writ Petition No.9740 of 2009; | USML filed a writ petition in the Hon'ble High Court of Allahabad for challenging the order dated 26.12.2008 passed by the District Magistrate, Saharanpur. In the impugned order dated 26.12.2008 passed by D.M. it was stated that USML had failed to pay the entire dues towards cane price which indicated that "Occupier" viz. Mr. Parminder Singh did not have ultimate control over the affairs of the Company and cancelled the nomination of Mr. Parminder Singh as "Occupier" and nominated Mr. Raj Kumar Adlakha, Managing Director of the Company for the purpose of U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953 | Not ascertainable. | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court staying the effect and operation of the order dated 26.12.2008 passed by the District Magistrate, Saharanpur |
| 12. | Uttam Sugar Mills Ltd. Vs. State of Uttar Pradesh and Others | Civil Misc. Writ Petition No.9743 of 2009; | USML filed a writ petition in the Hon'ble High Court of Allahabad for challenging the order dated 24.12.2008 passed by the District Magistrate, Muzaffarnagar. In the impugned order dated 24.12.2008 passed by D.M. it was stated that USML had failed to pay the entire dues towards cane price which indicated that "Occupier" viz. Mr. Parminder Singh did not have ultimate control over the affairs of the Company and cancelled the nomination of Mr. Parminder Singh as "Occupier" and nominated Mr. Raj Kumar Adlakha, Managing Director of the Company for the purpose of U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953 | Not ascertainable. | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court staying the effect and operation of the order dated 24.12.2008 passed by the District Magistrate, Muzaffarnagar |
| 13. | Uttam Sugar Mills Ltd. and Other Vs. State of Uttar Pradesh and others | Civil Misc. Writ Petition No.51408 of 2008; | USML filed a writ petition in the Hon'ble High Court of Allahabad for challenging the notification dated 13.03.2008 issued by State of U.P. Under Rule 87 of U.P. Sugarcane (Regulation of Supply and Purchase) Rules, 1954 the weightment Clerk has to obtain a license by the Collector of the District in which the sugar mill is situated. The notification dated 13.03.2008 increased the fee prescribed for issuance of license to Rs. 500/- from Rs. 1/- and the amount of security that the Collector could demand under Rule 89 was increased from Rs. 100/- to Rs. 20,000/-. | Not ascertainable. | The case is pending in High court, Allahabad. However, stay order has been issued by the Hon'ble High Court staying the notification dated 13.03.2008. |

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| 14. | USML V/s Asst. Labour Commissioner, Muzaffarnagar | C.A. No. 118/2011 Appeal filed by USML against the ex- party order/award sum of Rs. 20,11,656.00 in PWA case no. 15/2010 passed by ALC on 30.05.2010 | Appeal filed by USML against the ex- party order/award sum of Rs. 20,11,656.00 in PWA case no. 15/2010 passed by Asst. Labour Commission on 30.05.2010 | Rs. 20,11,656/- | Suit is Pending |
| 15. | USML Vs Labour Court, Rampur and others (Manoj Kr.) | Civil Misc. Writ Petition No.52965 of 2011; | The fact of the case are that Mr Manoj kumar was terminated from the office through letter dated 31.05.2007 in response to which the said person approached the labour court, Rampur raising an industrial dispute demanding reinstatement and full back wages. Labour court, Rampur in this regard issued summon to USML (petitioner) on 13.08.2008, the said summon was not served on the petitioner properly as a result petitioner was not able to put his appearance before the court, therefore award was passed ex- parte allowing full back wages and reinstatement. The said case came to the notice of petitioner on 11.10.2009 when Mr.Manoj Kumar served a copy of award dated 18.04.2009 to petitioner. USML immediately on 30.10.2009 filed a application for restoration under rule 16 of U.P. Industrial Disputes Rules, 1957 and requesting the labour Court to recall its ex-parte order dated 18.04.2009, during the pendency of matter before labour court Deputy commissioner, Moradabad served a letter seeking to recover Rs 4,28,297 towards the back wages due to Mr Manoj kumar. Hence, this writ has been filed against the award of Rs.4,28,297/- ordered by the Labour Court, Rampur. | Rs. 4,28,297/- | The Hon'ble court has pleased to stay the award and also ordered to reinstate the employee meanwhile. The writ petition is pending before High Court, |

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| 16. | USML Vs Labour Court, Rampur and others (Ajay Kr. Dhama) | Civil Misc. Writ Petition No.52960 of 2011; | The fact of the case are that Mr Ajay kumar Dhama was terminated from the office through letter dated 31.05.2007 in response to this, the said person approached the labour court, Rampur raising an industrial dispute demanding reinstatement and full back wages. Labour court, Rampur in this regard issued summon to USML(petitioner) on 13.08.2008, the said summon was not served on the petitioner properly as a result petitioner was not able to put his appearance before the court, therefore award was passed ex- parte allowing full back wages and reinstatement. The said case came to the notice of petitioner on 11.10.2009 when Mr Ajay Kumar Dhama served a copy of award dated 18.04.2009 to petitioner. USML immediately on 30.10.2009 filed a application for restoration under rule 16 of U.P. Industrial Disputes Rules, 1957 and requesting the labour Court to recall its ex-parte order dated 18.04.2009, during the pendency of matter before labour court Deputy commissioner, Moradabad served a letter seeking to recover Rs 4,90,752/- towards the back wages due to Mr.Ajay kumar Dhama. Hence, this writ has been filed against the award of Rs.4,90,752/- ordered by the Labour Court, Rampur. | Rs. 4,90,752/- | The Hon'ble court has pleased to stay the award and also ordered to reinstate the employee meanwhile. The writ petition is pending before High Court, |
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| 17. | USML Vs Labour Court, Rampur and others (Sudhir Kr.) | Civil Misc. Writ Petition No.52986 of 2011; | The fact of the case are that Mr Sudhir kumar was terminated from the office through letter dated 31.05.2007 in response to this, the said person approached the labour court, Rampur raising an industrial dispute demanding reinstatement and full back wages. Labour court, Rampur in this regard issued summon to USML(petitioner) on 13.08.2008, the said summon was not served on the petitioner properly as a result petitioner was not able to put his appearance before the court, therefore award was passed ex- parte allowing full back wages and reinstatement. The said case came to the notice of petitioner on 11.10.2009 when Mr Sudhir Kumar served a copy of award dated 18.04.2009 to petitioner. USML immediately on 30.10.2009 filed a application for restoration under rule 16 of U.P. Industrial Disputes Rules, 1957 and requesting the labour Court to recall its ex-parte order dated 18.04.2009, during the pendency of matter before labour court Deputy commissioner, Moradabad served a letter seeking to recover Rs.3,68,932/- towards the back wages due to Mr Sudhir kumar. Hence, this writ has been filed against the award of Rs.3,68,932/- ordered by the Labour Court, Rampur. | Rs. 3,68,932/- | The Hon'ble court has pleased to stay the award and also ordered to reinstate the employee meanwhile. The writ petition is pending before High Court, |
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| 18. | USML Vs Labour Court, Rampur and others (Prashant Kr.) | Civil Misc. Writ Petition No.52987 of 2011; | The fact of the case are that Mr Prashant kumar was terminated from the office through letter dated 31.05.2007 in response to this, the said person approached the labour court, Rampur raising an industrial dispute demanding reinstatement and full back wages. Labour court, Rampur in this regard issued summon to USML(petitioner) on 13.08.2008, the said summon was not served on the petitioner properly as a result petitioner was not able to put his appearance before the court, therefore award was passed ex- parte allowing full back wages and reinstatement. The said case came to the notice of petitioner on 11.10.2009 when Mr. Prashant Kumar served a copy of award dated 18.04.2009 to petitioner. USML immediately on 30.10.2009 filed a application for restoration under rule 16 of U.P. Industrial Disputes Rules, 1957 and requesting the labour Court to recall its ex-parte order dated 18.04.2009, during the pendency of matter before labour court Deputy commissioner, Moradabad served a letter seeking to recover Rs 3,38,466/- towards the back wages due to Mr.Prashant kumar. Hence, this writ has been filed against the award of Rs.3,38,466/- ordered by the Labour Court, Rampur. | Rs. 3,38,466/- | The Hon'ble court has pleased to stay the award and also ordered to reinstate the employee meanwhile. The writ petition is pending before High Court, |
| 19. | Uttam Sugar mills (through its occupier) 7426 (M/S) 2010 V/S State of U.P & Others | Review Petition 39 of 2011 | Review petition is filed in respect of order dated 03.01.2011 passed in respect of writ petition No.7426 of 2010 (Triveni Engineering & Industries Ltd. Vs State of U.P and others) stating that cane purchase centre transferred to Triveni Engineering & Industries Ltd. is erroneous as such cane purchase centre are within the limit of USML (applicant) and distance mentioned of cane purchase centre in the said order from applicant sugar mill is incorrect. | Not ascertainable | Review petition is pending in Lucknow Bench High Court |

C. Civil Cases – Filed against our Company

| Sl. No | Parties in the Suit/ Show Cause Notices | Case Number / Court/ Authority | Nature of the Case | Amount Involved (Rs.) | Present Status |
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| 1. | Gram Sabha Kulchandi V/s. Uttam Sugar Mills Ltd. | 34/73/2006 Court of S.D.M. Laksar | <p>At the time of setting-up Libberheri unit a land having Khasra No.105, area 0.067 Hectare, which was a Gram Sabha Chakroad, was coming within the factory premises of USML, Libberheri unit.</p> <p>A suit was filed by Gram Sabha Kulchandi against USML in the court of S.D.M. Laksar to get back this Chakroad. In this suit S.D.M., Laksar has passed an order to return this Chakroad to Gram Sabha, Kulchandi and also imposed fine on USML.</p> <p>Against this order USML has filed a restoration application in the court of S.D.M., Laksar. After hearing, S.D.M. Laksar issued an order for restorations vide order-dated 04.04.2007.</p> <p>Meanwhile, USML has filed an application in the court of S.D.M., Roorkee for exchange of this Chakroad, Khasra no.105.</p> | Not ascertainable | The case is pending with S.D.M., Laksar. |
| 2. | Gram Sabha Khundi V/s. Uttam Sugar Mills Ltd. | 35/72/2006 Court of S.D.M. Laksar | <p>At the time of setting-up Libberheri unit a land having Khasra No.43, area 0.020 Hect., which was a Gram Sabha Banjar Land , was coming within the factory premises of USML, Libberheri unit.</p> <p>A suit was filed by Gram Sabha Khundi against USML in the court of S.D.M. Laksar to get back this Banjar Land. In this suit S.D.M., Laksar has passed an order to return this Banjar Land KHASRA No.43 to Gram Sabha, Khundi and also imposed fine on USML.</p> <p>Against this order USML has filed a restoration application in the court of S.D.M., Laksar. After hearing, S.D.M. Laksar issued an order for restoration vide order-dated 04.04.2007.</p> <p>Meanwhile, USML has filed an application in the court of S.D.M., Roorkee for exchange of this Banjar Land KHASRA No.43</p> | Not ascertainable | The case is pending with S.D.M., Laksar. |

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| 3. | Dwarikesh Sugar India Ltd. Vs State & Others | Civil Misc. Writ Petition no.68324 of 2005 in the High Court at Allahabad | Dwarikesh Sugar Ind. Ltd. has filed a writ petition primarily against the State Government and Cane Commissioner. The USML has been made as respondent no. The case relates to the allocation of cane purchase centers/ cane area for the crushing season 2005 - 06. | Amount not ascertainable. | The suit is still pending in the Hon'ble Allahabad High Court. |
| 4. | Yashpal Singh & Another V/s State of U.P. & others. | Civil Misc. Writ Petition No. -29340 OF 2007 in the High Court at Allahabad | Yashpal Singh & another have filled a writ petition before the Hon'ble High Court, Allahabad against the notification no. 539SC/18-02-2007-103/2006 dtd 25.05.06 issued by the U.P. State Govt. under section 6 of Land Acquisition Act, 1894. By State government notification, it is notified that the Governor is satisfied that land as mentioned in the notification is needed for USML (Barkatpur). | Amount not ascertainable | The case is at hearing stage and during hearing proceeding Court allowed the USML, to file reply against this writ petition. The reply has thereafter been filled by USML. The suit is still pending in the Allahabad High Court. |
| 5. | Satish Kumar and Others Vs. USML and Others | Case no. 379/2006 In the Court Of Civil Judge (Junior Division) Nazibabad. | A suit has been filed by Satish Kumar & Others stating therein that USML by forcibly encroaching / possessing the petitioners' land wants to make Residential Construction on the part of land not belonging to it. The petitioner has, therefore, requested the court that the respondents be restrained, through permanent injunction, from undergoing any such construction work at that part of disputed land. | Amount not ascertainable. | The suit is pending in the court of civil Judge (Junior Division) Nazibabad. |
| 6. | Chandan Singh S/o Harpal Vs. USML | Civil Judge (Junior Division) Havali, Saharanpur. Case no. misc 21/09 | This case is regarding allegation for contempt of court for violation of Stay order granted to the plaintiff by USML. | Not ascertainable | The matter is pending. |
| 7. | Mahesh Chander V/s Uttam Sugar Mills Ltd. | 147/06 Civil Judge (J.D.) Muzaffarnagar | This is an injunction suit filed by Mr. Mahesh Chand for restraining the Company from trying to encroaching / tres passing his land (i.e. khasra no.1187) by way of building the boundary wall of Company's new sugar mill, Khaikhery unit on that land and also restraining the Company from destroying the crops standing on that part of land. The Company denied such allegations in the reply filed by it, stating therein that there was no encroachment/trespassing of Mr. Mahesh Chand's land by the Company and the Company is building the boundry wall on the separate land which has already been purchased by the Company. | Not Applicable | The stay order had been passed by the court against the Company. However this stay order has since been vacated by the Hon'ble Civil Judge by order dtd 28/02/07. |

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| 8. | Mahesh Chandar V/s Uttam Sugar Mills Ltd. | 49/06 Civil Judge (J.D.) Muzaffarnagar | This is an application for the contempt of court proceeding against the Uttam Sugar Mills Limited, alleging that the Uttam Sugar Mills Limited had tried to make boundry wall on the Mahesh Chand's land (i.e. the land disputed under case no. 147/06, which is already pending in the court of Civil Judge (J.D.), Muzaffarnagar). | Not Applicable | The matter is pending |
| 9. | Bharat Sanchar Nigam Limited Vs. Uttam Sugar Mills Ltd. | Case No. 671/09 in the Court of Civil Judge (Senior Division), Bijnore | A case has been filed by Bharat Sanchar Nigam Limited in the court of Civil Judge (Senior Division) Bijnore against termination notice served by Uttam Sugar Mills Ltd. for termination of Lease Deed / Agreement dated 26.12.2006 | Amount not ascertainable | The matter pending in the court of Civil Judge (Senior Division), Bijnore. |
| 10. | Shahkumbar i Sugar and Allied Industries Ltd. V/S 1)State of U.P 2) USML 3) Others | Civil Misc Writ No.4438 of 2010 | Shahkumbari Sugars and Allied Industries Ltd. has filed a writ petition against the action of State Government levying VAT at the time of sale of molasses. They have contended that sale of molasses is not liable to additional tax or VAT as molasses has already been taxed under provision of U.P Sheera Niyrantr Adhinyam Act 1964. USML has also been made a party to case since USML has also sold molasses to the petitioner. | Not ascertainable | The case is pending in High court, Allahabad Lucknow bench |
| 11. | Kothari Fermentation and Biochem Ltd. V/S 1)State of U.P 2) USML 3) Others | Civil Misc Writ No.9838 of 2010 | Kothari Fermentation and Biochem Ltd. has filed a writ petition against the action of State Government levying VAT at the time of sale of molasses. They have contended that sale of molasses is not liable to additional tax or VAT as molasses has already been taxed under provision of U.P Sheera Niyrantr Adhinyam Act 1964. USML has also been made a party to case since USML has also sold molasses to the petitioner. | Not ascertainable | The case is pending in High court, Allahabad Lucknow bench |
| 12. | Sir Shadilal Distillery & Chemical Works (a unit of SVP Industries Ltd.) V/S 1)State of U.P 2) USML 3) Others | Civil Misc Writ No.3540 of 2010 | Sir Shadilal Distillery & Chemical Works has filed a writ petition against the action of State Government levying VAT at the time of sale of molasses. They have contended that sale of molasses is not liable to additional tax or VAT as molasses has already been taxed under provision of U.P Sheera Niyrantr Adhinyam Act 1964. USML has also been made a party to case since USML has also sold molasses to the petitioner. | Not ascertainable | The case is pending in High court, Allahabad Lucknow bench |

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| 13. | Simbhaoli Sugars Ltd. V/S 1)State of U.P 2) USML 3) Others | Civil Misc Writ No.3267 of 2010 | Simbhaoli Sugars Ltd. has filed a writ petition against the action of State Government levying VAT at the time of sale of molasses. They have contended that sale of molasses is not liable to additional tax or VAT as molasses has already been taxed under provision of U.P Sheera Niyrantr Adhinyam Act 1964. USML has also been made a party to case since USML has also sold molasses to the petitioner. | Not ascertainable | The case is pending in High court, Allahabad Lucknow bench |
| 14. | UBIO Chemicals Ltd. V/S 1)State of U.P 2) USML 3) Others | Civil Misc Writ No.3314 of 2010 | UBIO Chemicals Ltd. has filed a writ petition against the action of State Government levying VAT at the time of sale of molasses. They have contended that sale of molasses is not liable to additional tax or VAT as molasses has already been taxed under provision of U.P Sheera Niyrantr Adhinyam Act 1964. USML has also been made a party to case since USML has also sold molasses to the petitioner. | Not ascertainable | The case is pending in High court, Allahabad Lucknow bench |
| 15. | Radico Khaitan Ltd. V/S 1)State of U.P 2) USML 3) Others | Civil Misc Writ No.2539 of 2010 | Radico Khaitan Ltd. has filed a writ petition against the action of State Government levying VAT at the time of sale of molasses. They have contended that sale of molasses is not liable to additional tax or VAT as molasses has already been taxed under provision of U.P Sheera Niyrantr Adhinyam Act 1964. USML has also been made a party to case since USML has also sold molasses to the petitioner. | Not ascertainable | The case is pending in High court, Allahabad Lucknow bench |
| 16. | Jain Distillery (a unit of Bijnor Steel and Alloys Pvt.Ltd.) V/S 1)State of U.P 2) USML 3) Others | Civil Misc Writ No.3413 of 2010 | Jain Distillery has filed a writ petition against the action of State Government levying VAT at the time of sale of molasses. They have contended that sale of molasses is not liable to additional tax or VAT as molasses has already been taxed under provision of U.P Sheera Niyrantr Adhinyam Act 1964. USML has also been made a party to case since USML has also sold molasses to the petitioner. | Not ascertainable | The case is pending in High court, Allahabad Lucknow bench |
| 17. | Mohit Petro Chemicals Pvt .Ltd. V/S 1)State of U.P 2) USML 3) Others | Civil Misc Writ No.3414 of 2010 | Mohit Petro Chemicals Pvt. Ltd. has filed a writ petition against the action of State Government levying VAT at the time of sale of molasses. They have contended that sale of molasses is not liable to additional tax or VAT as molasses has already been taxed under provision of U.P Sheera Niyrantr Adhinyam Act 1964. USML has also been made a party to case since USML has also sold molasses to the petitioner. | Not ascertainable | The case is pending in High court, Allahabad Lucknow bench |

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| 18. | Vinay Tyagi V/s USML | Appeal No.70/2010-11 Asst. Dist. Judge muzzafarn-agar | Appeal filed by Mr. Vinay Tyagi u/s. 210 Land Revenue Act against the order dated 06.09.10 passed by tehsildar stating possession of vinay tyagi in disputed land is not valid. | Not ascertainable | The matter is pending |
| 19. | BSNL V/s USML | Civil Revision No. 412 of 2011 | BSNL Filed a Civil Revision Before the Hon'ble High Court Allahabad to allow a stay on the effect of the order dated 24.08.2011 passed by the learned civil judge (senior Division) Bijnore in original suit No. 671\ 2009 (Bharat Sanchar Nigam Limited Vs. Uttam Sugar Mills Limited) and further prayed to direct USML to continue the functioning of the tower in its premises & also to provide supply of electricity as per lease agreement till the pendency of the suit otherwise BSNL will suffer irreparable loss. | Not ascertainable | Civil Revision is pending in Allahabad High Court |

D. Labour Cases

| Sl. No | Parties in the Suit/ Show Cause Notices | Case Number / Court/ Authority | Nature of the Case | Amount Involved (Rs.) | Present Status |
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| 1. | Dharambiri Devi Mother of Shiv Kumar V/s USML / WCA | Case NO.57/07 Dy.Commissioner/ Under W.C. Act | An application has been filed by Smt. Dharambiri Devi Mother of Mr. Shiv Kumar under section 22 of the Workmen Compensation Act, 1923 claiming that her son, who was employed as driver of tractor trolley owned by USML, died while discharging his duties and that she is the dependent of the deceased Mr. Shiv Kumar and therefore entitled to get a sum of Rs. 433820/- as compensation from the USML, the respondent no. 1 and IFFCO TOKIO GENERAL INSURANCE CO. LTD., the respondent no. 2. jointly or severally plus interest and other incidental legal expenses.USML in its written statement has inter alia accepted that the deceased Mr. Shiv Kumar was employed by USML and that he was died while discharging his duties. However, USML has stated that it has already taken an insurance Policy in this regard from IFFCO TOKIO GENERAL INSURANCE CO. LTD. and on the death of Mr.Shiv Kumar, it has provided all necessary documents / papers for the claim to such insurance company and therefore such insurance company is now liable to pay any such compensation in this regard | Rs. 433820/- + interest & other incidental legal expenses | The case is pending till further hearing. |

E. Government / Tax Authorities Litigations and Notices

| Sl. No | Parties in the Suit/ Show Cause Notices | Case Number / Court/ Authority | Nature of the Case | Amount Involved (Rs.) | Present Status |
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| 1. | Uttam Sugar Mills Ltd. vs. Dy. Commissioner (Assessment) Trade Tax, Roorkee. Appeal pending before the Jt. Commissioner of Trade Tax, Dehradun (Having Powers of U.P.Tax on Entry of Goods Act, 2000), Dehradun. | Financial Year 1999-2000 | This appeal has been filed by USML against the assessment order (in remand case) dated 29.3.2004, passed by the Dy Commissioner (Assessment), Trade Tax (Roorkee). For the financial year 1999-2000 the tax demand is for Rs.1,72,907/-. The Dy. Commissioner (Assessment) has passed this order upon remand from the Jt. Commissioner (Appeal). It is the case of USML that no entry tax is payable on the component parts brought in by USML, into the local area. However, the Deputy Commissioner has held that the fabrication of machinery is not possible without the machinery parts and therefore entry tax of Rs.1,72,907/- has been levied and also penalty proceedings have been initiated for the delay. | Rs. 1,72,907/- | This Appeal is pending before the Jt Commissioner of Trade Tax, Dehradun. |
| 2. | Uttam Sugar Mills Ltd. vs. Deputy Commissioner (Assessment) Trade Tax, Roorkee. | Assesment Year 2001-2002 | This appeal has been filed by USML against the assessment order dated 30.3.2005, passed by the Dy. Commissioner Trade Tax (Roorkee). For the assessment year 2001-02 the tax demand is for Rs.2,10,182/- against the admitted tax of Rs.30,643/-. USML had brought certain components (machinery parts) in the local area for assembling the machinery at site. It is the case of USML that these components cannot be termed as spare parts and no entry tax is leviable thereon under the provisions of the Entry Tax Act. This contention of USML has been negatived by the Deputy Commissioner (Assessment). | Rs. 2,10,182/- | This Appeal is pending before the Jt Commissioner of Trade Tax, Dehradun. |

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| 3. | Uttam Sugar Mills Ltd. vs Deputy Commissioner (Assessment) Trade Tax, Roorkee. | Assesment Year 2000-2001 | This appeal has been filed by USML against the assessment order dated 31.3.2004, passed by the Dy. Commissioner Trade Tax (Roorkee). For the A.Y. 2000-01 the tax demand is for Rs.10,99,917- against the admitted tax of Rs.30,643/-. USML had brought certain components (machinery parts) in the local area for assembling the machinery at site. The case of USML is that the said components cannot be termed as spare parts and no entry tax is leviable thereon. However, Dy Commissioner (Assessment) has negated this contention. | Rs. 10,99,917/- | The appeal is pending before the Jt Commissioner of Trade Tax, Dehradun |
| 4. | Uttam Sugar Mills Ltd. vs Commissioner of Central Excise, Meerut - I Raj Kumar Adlakha vs Commissioner of Central Excise, Meerut - I Rajan Adlakha vs Commissioner of Central Excise, Meerut - I Ranjan Adlakha vs Commissioner of Central Excise, Meerut - I T. Kannan(Former G.M. Roorkee Factory) vs Commissioner of Central Excise, Meerut - I | | These appeals have been filed by USML against the Order dated 30.12.2005, passed by Commissioner of Central Excise, Meerut for an amount of Rs.1,16,76,056/- plus interest. A penalty of Rs.1,16,76,056/- has also been imposed on the Company and separate penalty of Rs. 5,00,000/- each on director/former directors namely Mr. Raj Kumar Adlakha, Mr.Rajan Adlakha and Mr.Ranjan Adlakha and penalty of Rs.1,00,000/- on Mr. T. Kannan General Manager has been imposed. It is the case of the Revenue that USML, Libberheri, District Haridwar, the manufacturer of V.P. Sugar & Molasses has contravened the provisions of Rule 6(4) of the Cenvat Credit Rules, 2002 and has wrongly availed CENVAT Credit facility on Capital Goods which were exclusively used in the manufacture of exempted goods. USML has disputed the order of the Commissioner stating that the Capital Goods were used in the manufacture of dutiable sugar during 9.11.2004 to 2.12.2004, i.e. prior to availing of the exemption w.e.f. 3.12.2004. USML is relying upon Rule 6(4) of the Cenvat Credit Rules wherein the condition is that the Capital Goods should not have been exclusively used in the manufacture of exempted goods. USML is claiming that in the present case, it cannot be said that the Capital Goods have been used exclusively in the manufacture of exempted goods. | Rs. 2,49,52,112 Plus interest | The Appeal is pending for adjudication in CESTAT |

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| 5. | Uttam Sugar Mills Ltd. Show Cause Notice No. V(15) off/ Adj/ 230/2005/120 dated 03-01-2006 | | This Show Cause Notices have been issued by the Commissioner, Central Excise Meerut-1. It is the case of the Revenue that USML, Libberheri, Distt Haridwar, the manufacturer of V.P. Sugar & Molasses has contravened the provisions of Rule 4 and Rule 8 of the Cenvat Credit Rules, 2002 read with Section 3 of the Central Excise Act, 1944 and has wrongly cleared the Sugar and Molasses during the period from 03-12-2004 to 30-04-2005 out of the stocks held on 02-12-2004 (i.e. the opening stock on the date of opting for exemption from payment of excise) without payment of duty amounting to Rs.2,10,40,911/- USML has been asked to show cause as to why the above amount of Rs.2,10,40,911/- should not be demanded and recovered from it under Section 11A of Central Excise Act, 1944 together with interest under section 11 AB of the Act and further why penalty should not be imposed under Rule 25(1)(a) of Central Excise Rule, 2002 read with Section 11AC of the Central Excise Act, 1944. USML has contested the show cause notice. | Rs. 2,10,40,911 | Replies have been filed. Commissioner Central Excise Meerut-1 is yet to adjudicate upon show cause Notice. |
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| 6. | 48 notices have been issued | By Court of Stamp Collector/ ADM (F& R), Bijnor u/s 47-A of Indian Stamp Act, against USML, Barkatpur. | The case alleged against USML in all the 48 Notices, is that the USML (at Barkatpur site) short paid stamp duty / registration in the execution of the sales deeds considering the land as agricultural land instead of treating it as for Industrial use. Thereafter the orders have been passed by the Court of Stamp Collector/ ADM (F&R), Bijnor against the USML. | Rs. 35,99,709/- + interest thereon. Out of which Rs.1608905 has already been deposited | The USML preferred appeals against the orders of Court of SC/ADM (F&R), Bijnor before Addl Commissioner & Commissioner, Moradabad Div, as per their respective jurisdictions. The Additional Commissioner (Judicial), Moradabad Div, rejected the appeals and upheld the decision passed by the Court of SC/ADM (F&R), Bijnor. USML BKT has paid the amount as per the orders. Aggrieved by this, USML filed a writ petition in the High Court Allahabad and Hon'ble High Court remand back the matter to SC/ADM (F&R). On the other hand in case of the appeals filed before Commissioner, Moradabad Div, the Commissioner has passed stay orders against the orders of court of SC/ ADM (F&R), Bijnor. |
| 7. | Notices / Orders issued | By Trade Tax Department U.P. | Notices/Orders were issued by the Trade Tax Department regarding procedural and other shortcomings during the movement of goods to & from plants situated at Barkatpur / Khaikheri / Shermou. The Company has already deposited the required security with the department for releasing of goods. | The total aggregate amount covered is Rs. 1,82,220/-, which has already been deposited. | USML has already paid/deposited the amount involved for releasing the goods pending further action in the matter. |
| 8. | Two notices issued by the Court of Asst. Collector/ Tahsildar | Asst. Collector/ Tahsildar, Nakud, Saharanpur. (U.P.) Ref. No. 110/08-09 113/08-09 | Notices were issued for illegal encroachment of Gram Sabha Land. | Not ascertainable | The Company is in process to submit its reply. |

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| 9. | Show Cause Notice No. V(15) Off/Adj-I/76/2008/14164-66 dated 11.11.2008 | The Commissioner Customs & Central Excise, Merrut-I | Show cause notice for alleged contravention of the provisions of the Cenvat Credit Rules, 2004 read with the Central Excise Act, 1944 regarding availment of Cenvat Credit of Duty. USML has adjusted its account as per notice and requested not to impose interest and penalty. Office of the Commissioner Custom and Central Excise, Meerut issued an order for imposing interest and penalty. An appeal has been filed on February 23, 2010 against the order of Commissioner in CESTAT, New Delhi | Rs. 62,10,397 plus interest & penalty, if any | Appeal is pending |
| 10. | Uttam Sugar Mills Ltd. vs. Dy. Commissioner (Assessment) Trade Tax, Roorkee. | Assessment Year 2004-05 | Dy. Commissioner (Assessment) Trade Tax, Roorkee passed an order for demand of Trade Tax of Rs. 5,83,480. Being aggrieved by such order, USML has filed appeal before Joint Commissioner (Appeals), Commercial Tax, Dehradun. | Rs. 5,80,800/- | Appeal is pending before Joint Commissioner (Appeals), Commercial Tax, Dehradun. |
| 11. | Uttam Sugar Mills Ltd. vs. Additional Commissioner Grade - 2 (Appeals) | Assessment Year 2007-08 | Additional Commissioner (Appeal), Commercial Tax Bijnore passed an order U/s 9 of Sales tax act & section 55 of VAT act confirming a demand of Rs 1,85,64,008/-. Being aggrieved by such order, USML has filed an application to reopen the case against the demand of Rs 1,85,64,008/-. | Rs. 1,85,64,008 | Matter is pending before |
| 12. | Uttam Sugar Mills Ltd. V/s Asstt. Commissioner Central Excise, Saharanpur | | Asst. Commissioner Central Excise-1 Sharanpur passed an order confirming a demand of Rs 4,28,734/- plus interest penalty of Rs 4,28,734/-for alleged wrong cenvat credit taken on shapes ,sections & beams. Being aggrieved by such order, USML has filed appeal has been filed before Commissioner (Appeals) Central Excise. | Rs. 4,28,734/- plus interest plus penalty of Rs. 4,28,734/- | Appeal is pending before Commissioner (Appeals) Central Excise Meerut-1 |
| 13. | Uttam Sugar Mills Ltd. V/s Asstt. Commissioner Central Excise, Saharanpur | | Asst. Commissioner Central Excise Saharanpur passed an order confirming demand of Rs 32,955/-for alleged clearance of 426.60 qtls. Mollasses without payment of Central Excise duty. Being aggrieved by such order, USML has filed appeal before Commissioner (Appeals) Central Excise. | Rs. 32,955/- plus interest plus penalty of Rs 32,955/- | Appeal is pending before Commissioner (Appeals) Central Excise Meerut-1 |

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| 14. | Uttam Sugar Mills Ltd. V/s Asstt. Commissioner Central Excise, Saharanpur | | Asst. Commissioner Central Excise Saharanpur passed an order confirming the demand of Rs 1,15,380/- for alleged contravention of the provision of Rule 6(3)(i) of the Cenvat Credit Rules, 2004. Being aggrieved by such order, USML has filed appeal before Commissioner (Appeals) Central Excise. | Rs. 1,15,380/- plus interest plus penalty of Rs 1,15,380/- | Appeal is pending before Commissioner (Appeals) Central Excise Meerut-1 |
| 15. | Show Cause Notice No. V(15) off/Adj-01/2009/1919/03.12.09/30/2009 dated 27.11.2009 | Commissioner of Central Excise, Meerut-I | Show cause notice has been issued for alleged contravention of Rule 10, 11 and 12 of Central Excise Rule, 2002. The company submitted that loss of molasses of 542.25 qtls was due to evaporation natural loss and requested for remission of excise duty of Rs. 41,889/-. Subsequently company has filed an appeal to Commissioner (Appeals) Central Excise Meerut which was decided in favour of USML. A revision application has been filed by Commissioner of Central Excise Meerut to the Central Govt. under section 35EE of Central Excise Act, 1944 against the order of Commissioner Appeal. | Rs. 41,889/- | A memorandum of reply to the revision application has been filed by the Company with Ministry of Finance, Deptt. Of Revenue on 06/09/2010. |
| 16. | Uttam Sugar Mills Ltd. V/s Asstt. Commissioner Central Excise, Muzaffarnagar | | Asst. Commissioner Central Excise passed an order confirming a demand of Rs 3,52,277/- on sale of Baggase and Press Mud made during the year April' 08 – March'09. Being aggrieved by such order, USML has filed appeal before Commissioner (appeals) Central Excise Meerut. | Rs. 3,52,277/- plus interest plus penalty of Rs 3,52,277/- | Appeal is pending before Commissioner (Appeals) Central Excise Meerut. |
| 17. | Uttam Sugar Mills Ltd. V/s Asstt. Commissioner Central Excise, Muzaffarnagar | | Asst. Commissioner Central Excise passed an order confirming a demand of Rs 2,81,395/- on sale of Baggase and Press Mud made during the year April' 09 – March'10. Being aggrieved by such order, USML has filed appeal before Commissioner (appeals) Central Excise Meerut. | Rs. 2,81,395/- plus interest plus penalty of Rs 2,81,395/- | Appeal is pending before Commissioner (Appeals) Central Excise Meerut. |
| 18. | Uttam Sugar Mills Ltd. V/s Commissioner of Central Excise, Meerut-II | CESTAT | Commissioner, Custom & Central Excise Commissionerate Meerut has passed an order rejecting the remission application and thereby confirming a demand of duty of Rs 45,08,739/- u/s 11A of central excise Act, 1944 plus interest. Being aggrieved by such order, USML has filed an appeal before CESTAT. | Rs. 45,08,739/- plus interest | The Appeal is pending for adjudication in CESTAT |

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| 19. | Uttam Sugar Mills Ltd. V/s Commissioner of Central Excise, Meerut-II | CESTAT | Commissioner, Custom & Central Excise Commissionerate Meerut has passed an order disallowing CENVAT credit of Rs.20,67,066/- on tubes and pipes used in factory premises. Being aggrieved by such order, USML has filed an appeal company has filed an appeal before CESTAT. | Rs 20,67,066/- Plus interest | The Appeal is pending for adjudication in CESTAT |
| 20. | Uttam Sugar Mills Ltd. V/s Deputy commissioner er Trade Tax | Financial Year 2011-12 | Deputy Commissioner Trade Tax, Najibabad has passed an order for demand of entry tax of Rs.47,14,780/- on sale of non-levy sugar out of State (Rs.7,14,780/- already admitted and deposited in normal course). Being aggrieved by such order, USML has filed an appeal before Addl. Commissioner (Appeal) Grade-2, Commercial Tax Range-1 Bijnore. | Rs 40,00,000/- | Appeal is pending before Addl. Commissioner (Appeal) Grade-2, Commercial Tax Range-1 Bijnore |
| 21. | Uttam Sugar Mills Ltd. V/s Asst. commissioner er Trade Tax | Financial Year 2010-11 | Asstt. Commissioner ,Trade tax Section - 2, Najibabad passed an order imposing a penalty of Rs 3,52,000/-under section 13 of Entry Tax read with Section 48(4) of U.P. VAT Act. Being aggrieved by such order, USML has filed appeal before Addl. Commissioner (Appeal) Grade-2, Commercial Tax Range-1. | Rs 352,000/- | Appeal is pending before Addl. Commissioner (Appeal) Grade-2, Commercial Tax Range-1 |
| 22. | Uttam Sugar Mills Ltd. V/s Deputy commissioner er Trade Tax | Financial Year 2007-08 | Dy. Commissioner Trade Tax-Section-1, Najibabad passed an order for demand of Trade tax of Rs.7,92,139 for the year 2007-08 on sale of scrap, unregistered dealer purchases etc. Being aggrieved by such order, USML has filed appeal before Joint. Commissioner (Appeal) Trade Tax, Bijnore. | Rs 7,92,139/- | Stay order granted till the disposal of appeal. Appeal is pending |
| 23. | Uttam Sugar Mills Ltd. V/s Deputy commissioner er Trade Tax | Financial Year 2007-08 | Dy. Commissioner Trade Tax-Section-2, Najibabad passed an order demanding sales tax of Rs.3,94,375/- on sale of scrap, unregistered dealer purchase etc. Being aggrieved by such order, USML has filed appeal before Addl. Commissioner (Appeal) Trade Tax, Bijnore. | Rs 3,94,375/- | Appeal is pending before Addl. Commissioner (Appeal) Trade Tax, Bijnore |
| 24. | Uttam Sugar Mills Ltd. V/s Deputy commissioner er Trade Tax | Financial Year 2010-11 | Dy. Commissioner Trader Tax-Section-2, Najibabad passed an order imposing penalty of Rs 2,23,280 under UP VAT Act alleging that there is deficiency in Form no. 38 on purchase of electrical goods. Being aggrieved by such order, USML has filed appeal before Addl. Commissioner (Appeal) Trade Tax, Bijnore. | Rs 2,23,280/- | Appeal is pending before Addl. Commissioner (Appeal) Trade Tax, Bijnore. |

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| 25. | Uttam Sugar Mills Ltd. V/s Deputy commissioner Trade Tax | Financial Year 2011-12 | Dy. Commissioner Trader Tax-Section-2, Najibabad passed an order imposing penalty of Rs 1,77,454/- under UP VAT Act alleging that there is deficiency in Form no. 38 on purchase of diesel. Being aggrieved by such order, USML has filed appeal before Addl. Commissioner (Appeal) Trade Tax, Bijnore. | Rs 1,77,454/- | Appeal is pending before Addl. Commissioner (Appeal) Trade Tax, Bijnore. |
| 26. | Show Cause Notice No. V(15) off/Adj-01/148/2010 dated 18.11.2011 | Assistant Commissioner Central Excise Meerut-1, through Division office, Muzaffarnagar | Show cause notice issued by Assistant Commissioner Central Excise Meerut-1, through Division office, Muzaffarnagar on duty demand on sale of Electricity to UPPCL made by us during the period Apr09 –Mar10. Amount of duty demanded equal to @ 5% of sale value of electricity Rs.4,11,60,375, that is Rs. 20,58,018 (duty) plus interest plus penalty. This amount is demanded/ recovered from assessee under Rule 6(3) (i) and rule 14 of Cenvat Credit Rules, 2004 read with section 11A (1). | Rs 20,58,018/- plus interest plus penalty | Company is in process to submit a reply |
| 27. | Show Cause Notice No. V(30)DCM/ Adj./Uttam/ MZN.- 1/33/11/212 7/26.04.11 | Assistant Commissioner Central Excise Meerut-1, through Division office, Muzaffarnagar | A show cause notice no.V(30)DCM/Adj./Uttam/MZN.- 1/33/11/2127/26.04.11 issued by office of the Assistant Commissioner Customs & Central Excise Division-1, Muzaffarnagar on duty demand on sale of Baggase made by us during the period Apr10 – December 10. Amount of duty demanded on sale value of Rs.67,40,288/- @ 5% of sale value of baggase that is Rs. 3,37,014/- plus interest plus penalty. This amount is demanded/ recovered from assessee under Rule 6(3) (i) and rule 14 of Cenvat Credit Rules, 2004 read with section 11A (1). | Rs. 3,37,014/- plus interest plus penalty | Company is in process to submit a reply |
| 28. | Show Cause Notice No. V(30)DEM/ Adj./USM/ MZN.- 1/56/2011 Dated 25.04.2011 | Assistant Commissioner Central Excise Meerut-1, through Division office, Muzaffarnagar | A Show cause notice issued by office of the Assistant Commissioner Customs & Central Excise Muzaffarnagar-1 MZN on duty demand on sale of Electricity to UPPCL made by us during the period Apr10 –Sept.10. Amount of duty demanded equal to @ 5% of sale value of electricity Rs.93,05,584/- that is Rs. 4,65,279/- (duty) plus interest plus penalty. This amount is demanded/ recovered from assessee under Rule 6(3) (i) and rule 14 of Cenvat Credit Rules,2004 read with section 11AB. | Rs 4,65,279/- plus interest plus penalty | Company is in process to submit a reply |

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| 29. | Show Cause notice no.V(30)DEM/Uttam/MZNI/150/11/3978/07.09.11 | Asstt. Commissioner, Customs & Central Excise, Division Office-1, Muzaffarnagar | A show cause notice no.V(30)DEM/Uttam/MZNI/150/11/3978/07.09.11 issued by office of the Asstt. Commissioner, Customs & Central Excise, Division Office-1, Muzaffarnagar stating that Company has not paid the Excise Duty amounting to Rs.2,19,962 on 2847.40 quintal molasses. Company filed ER-1 return monthly for the month of Sept.2010 showing clearance made 41050.9 qtls. but excise duty paid on 38203.5 qtl. Company has contravened the provisions of Rule 4,6,8 &11 of the Central Excise Rules 2002. | Rs 2,19,962/- plus interest plus penalty | Reply submitted on 21.09.2011 stating that this shortage of 2847.40 qtls. was found shortage on account of storage loss of Molasses which has occurred due to natural causes i.e. evaporation and handling loss while shifting in to dispatch tankers. |
| 30. | Show Cause Notice No. V/(18)Ref./MZN-1/Uttam/98/11/3983/08.09.11 | Asst. Commissioner, Custom, Central Excise and Service Tax Division-1 | Asst. Commissioner, Custom, Central Excise and Service Tax Division-1 issued a show cause notice no.V/(18)Ref./MZN-1/Uttam/98/11/3983/08.09.11 against our refund claim stating that sugar selling commission service is not an input service as being post manufacturing activity and why refund claim of Rs.5,82,293/- should not be rejected. | Rs 5,74,531/- | Company is in process to submit a reply. |
| 31. | Show Cause Notice No. V(15)off/Adj-I/ST/117/2011 dated 04.10.2011 | Additional Commissioner of Customs, Central Excise and Service Tax Commissionerate, Meerut-1 | Additional Commissioner of Customs, Central Excise and Service Tax Commissionerate, Meerut-1 issued a Show Cause Notice no.V(15)off/Adj-I/ST/117/2011 dated 04.10.2011 against credit of service tax on commission for sale of sugar on the ground that it is not admissible to the assessee as the commission on sugar sale is the post manufacturing/post sale activities. | Rs 4,43,814/- | Company is in process to submit a reply |
| 32. | Uttam Sugar Mills Ltd. V/s Asstt. Commissioner Central Excise, Muzaffarnagar | Commissioner (appeals) Central Excise, Meerut-I | Asstt. Commissioner Central Excise confirming a demand of 1,33,900/- on sale of Bio-Compost of 32500 qtls. Being aggrieved by such order, USML has filed appeal before Commissioner (appeals) Central Excise Meerut. | Rs. 1,33,900/- plus interest plus penalty Rs 1,33,900/- | Appeal is pending before Commissioner (appeals) Central Excise Meerut |

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| 33. | Show Cause Notice No. V(15)off/Adj/33/2010/6176/29.12.10 | Superintendent (Tech) Central Excise Saharanpur | Show cause notice. V(15)off/Adj/33/2010/6176/29.12.10 issued by Superintendent (Tech.) Central Excise Saharanpur stating that assessee has not paid excise duty of Rs.51470/- during the month of December 2009 on the clearance of exempted goods i.e. bagasse falling under the chapter heading no.2303 of the Central Excise Tariff Act,1985 and demanded duty of Rs. 51,470/- plus interest plus penalty. | Rs 51,470 plus interest plus penalty | Reply submitted on 17.01.2011 clarifying that Assessee has not manufactured bagasse, it arises as a waste during manufacturing of Sugar, hence there is no contravention of Rule 6 and the Provision of Rule 6 (3)(i) of Cenvat credit Rule, 2004 are not applicable. |
| 34. | Uttam Sugar Mills Ltd. V/s Asstt. Commissioner Central Excise, Saharanpur | Commissioner (appeals) Central Excise, Meerut-I | Asst. Commissioner Central Excise confirming a demand of 45,219/- on sale of Bio-Compost of 32500 qtls. Being aggrieved by such order, USML has filed appeal before Commissioner (appeals) Central Excise Meerut. | Rs 45,219/- Plus interest plus penalty Rs. 45,219/- | Appeal is pending before Commissioner (appeals) Central Excise Meerut |
| 35. | Show Cause Notice No. V(15)off/Adj/11/2011/2556/01.07.11 | Assistant Commissioner Central Excise Saharanpur | Show cause notice no.V(15)off/Adj/11/2011/2556/01.07.11 by Asstt. Commissioner Central Excise Saharanpur stating that company has not paid excise duty of Rs.4,80,482/- on sale of bagasse 109943.20 qtl. Of Rs.9329746/- during the period June 2010 to February 2011. On the clearances of the exempted goods i.e. bagasse falling under chapter heading no.2303.00 of the Central excise Tarriff Act, 1985 | Rs 4,80,482/- plus interest plus penalty | Reply submitted on 09.08.2011 |
| 36. | Show Cause Notice No. V(15)off./Adj./34/2011/3283/26.08.11 | Assistant Commissioner Central Excise Saharanpur | Show cause notice no.V(15)off./Adj./34/2011/3283/26.08.11 issued by office of the Asstt. Commissioner, Customs & Central Excise, Division Office, Saharanpur stating that Company has not paid the Excise Duty amounting to Rs.1,55,713 on 2015.70 quintal molasses. Company has filed letter dated 01.10.10 intimating to Superintendent Central Excise Range-Sarsawa regarding natural loss of 1572.16 qtl Molasses on 30.09.10 and vide letter dated 08.10.10 again intimated natural loss of 443.54 qtl Molasses (Total 2015.70 qtls.). Company has contravened the provisions of Rule 4,6,8 &11 of the Central Excise Rules 2002. | Rs. 1,55,713/- Plus interest plus penalty | Reply submitted on 22.09.2011 to stating that this shortage of 2015.70 qtls. Was found shortage on account of storage loss of Molasses which has occurred due to natural causes i.e. evaporation and handling loss while shifting in to dispatch tankers |

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| 37 | Uttam Sugar Mills Ltd. V/s Asstt. Commissioner Central Excise, Muzzafarnagar | Commissioner (appeals) Central Excise | Asst. Commissioner Central Excise passed an order confirming a demand of Rs. 4,41,589/- on sale of Electricity of value of Rs. 44,15,899/- to Uttar Pradesh Power Corporation Ltd (UPPCL) made during the year Feb'09-June'09. Being aggrieved by such order, USML has filed appeal before Commissioner (appeals) Central Excise Meerut. | Rs 4,41,589/- plus interest plus penalty Rs. 4,41,589 | Appeal is pending before Commissioner (appeals) Central Excise Meerut . |
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Material developments since the date of last Balance Sheet:

In the opinion of our Board, there have not arisen since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months otherwise than as disclosed in this Draft Letter of Offer except as under:

GOVERNMENT APPROVALS

We have obtained necessary licenses, registrations and approvals required for carrying out our current operations and except as mentioned in Table 'B' below, no further approvals are required for carrying on our present business. Details of licenses, registrations and approvals, expired/to be expired shortly and applied for renewal thereof are given in Table 'A' below.

A. Licenses / Registrations / Approvals in respect of which we have applied for renewal:

| Date of approval | Authority granting approval | Approval/ registration number | Applicable law | Nature of approval | Validity |
|------------------|--|-------------------------------|---|---|---|
| 24/06/2006 | Dy. Director of Factories, Meerut, U.P. | B.J.R. – 508 | Rule 7(1) of Factories Act, 1948 | Registration & license for factory at Barkatpur, Bijnor, UP | 31/12/2011 Applied for Renewal on October 21, 2011 |
| 30/10/2006 | Office of Excise Commissioner, Allahabad, UP | 3151-55/2-PD -33 | Excise Manual Part - I | For the grant of PD -2 License, for the unit at Barkatpur UP | 29/10/2008 Applied for Renewal on March 29, 2008 |
| 23/05/2007 | Director of Factories, Meerut, UP | MZR -1098 | Factories Act, 1948 | Registration & License to work a Factory - for employing not more than 500 persons at Khaikheri, Muzzafar Nagar, UP. | 31/12/2011 Applied for Renewal on October 24, 2011 |
| 03/03/2008 | Chief Food Inspector, Muzzaffar Nagar | CFI- 01/ 2010-11 | Uttar Pradesh Prevention of Food Adulteration Rules,1976 | License for unit at Khaikheri, in UP | 31/03/2011 Applied for Renewal on April 26, 2011 |
| 02/09/2011 | Member Secretary, Uttarakhand Environment Protection and Pollution Control Board | UEPPCB/HO/ Haz-S/10/14-525 | Rule 5 of Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 | Authorization for operating the facility for collection, storage, and disposal of hazardous waste for unit at Libberheri, U.P | 31/03/2011 The company is in process to make the application |
| 05.06.2007 | Director of Factories, U P | License No. SPR. -855 | Factories Act, 1948 [Under Rule 7(1)] | Registration & License to work a Factory for employing not more than 500 persons Shermau Saharanpur, UP | 31.12.2011 Applied for Renewal on October 17, 2011 |

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| 20.11.2004 | Director of Factories, Haldwani, Uttaranchal | H.W.R-91 | Rule 7(1) of Factories Act, 1948 | License for factory at Libberheri in Uttaranchal | 31.12.2011 Applied for Renewal on October 10, 2011 |
|------------|--|----------|----------------------------------|--|---|

B. Application filed by us for obtaining fresh License / Approval:

| Date of Application | Authority | Nature of Approval Sought |
|----------------------------|---|---|
| 20/07/2007 | Petroleum & Explosives Safety Organization, Nagpur. | Proposed Petroleum Class B Installation at Shermau, Saharanpur, UP The Company application is under process. |

STATUTORY AND OTHER INFORMATION

Authority for the Present Issue

This issue is pursuant to the resolution passed by the Board in their meeting held on November 5, 2011. The Company has decided to offer [●] Equity shares of Rs. 10/- each at premium of Rs. [●] per share aggregating to not exceeding Rs. [●] to the existing Equity shareholders of the Company on rights basis in the ratio of [●] equity shares for the every [●] Equity Share held as on the Record Date [●] along with [●] Detachable Optionally Convertible Warrants for every [●] Equity Share offered. Each detachable optionally convertible warrant shall be entitled to issue and allotment of [●] Equity Share of Face Value Rs. 10/- each at a premium. For details refer to the Section titled “*Offering Information*” on page no. 175 of this Draft Letter of Offer.

Prohibition by SEBI

Neither our Company, nor our Promoters, our Directors or any of the Promoter Group Entities, or companies or entities with which the Company’s Directors are associated with, as directors or promoters, or persons in control of our Promoters have been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither we nor our Directors, our Promoters, Promoter Group Entities or relatives of Promoters have been identified as willful defaulters by RBI / Government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

None of our Directors is associated with the Securities Market.

Our Company is in compliance with the provisions specified in Part E of the Schedule VIII of the SEBI ICDR Regulations.

Eligibility for the Issue

Uttam Sugar Mills Limited is an existing company registered under the Indian Companies Act, 1956, whose Equity Shares are listed on the NSE and BSE. It is eligible to offer this Issue in terms of SEBI ICDR Regulations.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI.

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED HAS FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) A DUE DILIGENCE CERTIFICATE DATED [●] WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - (a) THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
6. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
7. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
8. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

9. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
 - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
10. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
11. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
12. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED RIGHTS ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.”

Caution / Disclaimer clause of the Issuer and the Lead Manager

The Issuer and the Lead Manager accepts no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by or at the instance of the Issuer and anyone placing reliance on any other source of information would be doing so at his / her / their own risk.

Investor who invest in the Issuer will be deemed to have been represented by the Issuer and Lead Manager and their respective Directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian Law and the applicable rules and regulations there under. The distribution of the Draft Letter of Offer and the Issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons in whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Uttarakhand, India only.

Listing

The existing Shares are listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE). The company has made applications to NSE and BSE for permission to deal in and for an official quotation in respect of the securities being offered in terms of this Draft Letter of Offer. The Company has

received in-principle approvals from the NSE & BSE by letters dated [●] and [●]. The company will apply to NSE and BSE for listing of the securities to be issued pursuant to this issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned here within 42 days from the Issue Closing Date, the Company should forthwith repay, without interest, all monies received from the applicants in pursuance of this Draft Letter of Offer. If such money is not repaid within eight days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest, as prescribed under Section 73 of the Companies Act 1956.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of this Issue will be **National Stock Exchange of India Limited (NSE)**

Disclaimer Clause of the National Stock Exchange of India Limited (NSE)

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with Stock Exchange.

Disclaimer Clause of the Bombay Stock Exchange Limited (BSE)

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with Stock Exchange.

Filing

This Draft Letter of Offer was filed with SEBI, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi - 110001. All legal requirements applicable till date of filing this Draft Letter of Offer with the Stock Exchanges have been complied with.

A copy of the Letter of the Offer, required to be filed under SEBI Guidelines would be filed with all the Stock Exchange(s) where the equity shares of our Company are listed.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act which is reproduced below:

“Any person

a. who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or

b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years”

Dematerialised Dealing

The Company has agreements dated March 03, 2006 and March 03, 2006 with NSDL and CDSL respectively and its Equity Shares bear the ISIN No. INE786F01031.

Consents

Consents in writing of the Auditors, Lead Manager, Legal Advisor, Registrar to the Issue and Banker to the Issue to act in their respective capacities have been obtained and filed with SEBI, along with a copy of the Draft Letter of Offer and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with the Stock Exchange.

The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Draft Letter of Offer and such consents and reports have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration for registration with the stock exchange.

To the best of the Company's knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by the Company.

Issue Expenses

The other expenses of the Issue payable by the Company including, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at Rs. [•] Lakhs (around [•]% of the total Issue size) and will be met out of the proceeds of the Issue. The following table provides a break up of estimated issue expenses:

| Category | Estimated expenses (in lakhs) | % of the Issue expenses | % of total Issue size |
|---|-----------------------------------|----------------------------|--------------------------|
| Fees to the Lead Manager and Registrar to the Issue | [•] | [•] | [•] |
| Fees to the Underwriters | [•] | [•] | [•] |
| Fees to the Auditors and Legal Counsel | [•] | [•] | [•] |
| Fees to SCSBs | [•] | [•] | [•] |
| Advertising, Publicity and Stationery Expenses | [•] | [•] | [•] |
| Contingency & Other Expenses including Stamp duty, Statutory fees, Listing Fees, Depository Charges etc | [•] | [•] | [•] |
| Total | [•] | [•] | [•] |

Investor Grievances and Redressal System

The Company has adequate arrangements for redressal of Investor complaints and well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for the Company is being handled by our registrar and share transfer agent (Link Intime India Private Limited). Letters are filed category wise after having attended to redressal norm for response time for all correspondence including shareholders complaints is 15 days.

For details of Shareholder / Investor Grievance committee, please refer to the section titled "Our Management" on page 72 of this Draft Letter of Offer.

The investor grievances arising out of the Issue will be handled by Mr. G. Ramarathnam, Legal and Corporate Affairs & Company Secretary & Compliance Officer, and Link Intime India Private Limited who are the Registrars to the Issue. The Registrars will have a separate team of personnel handling only our post-Issue correspondence.

The agreement between us and the Registrars will provide for retention of records with the Registrars for a period of 90 days from the date of closure of issue to enable the Registrars to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrars to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the details of the Renounee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be one month from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Investors are advised to contact the Compliance Officer / Company Secretary in case of any pre-Issue / post-Issue related problems such as non-receipt of letters of allotment / share certificates / demat credit / refund orders etc.

Mr. G Ramarathnam

Chief Legal and Corporate Affairs & Company Secretary & Compliance Officer

A-2E, III Floor, CMA Tower

Sector-24, Noida - 201 301

Tel.: +91 120 654 5766

Fax: +91 120 452 5020

E-mail: uttam.right@yahoo.co.in

Website: www.uttamsugar.com

OFFERING INFORMATION

The Equity Shares now being offered are subject to the provisions of the Companies Act, 1956 and the terms and conditions of this Draft Letter of Offer, the Abridged Letter of Offer, the CAF, the Memorandum and Articles of Association of the Company, the approvals from the Government of India, FIPB and RBI, if applicable, Regulations issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and / or other statutory authorities and bodies from time to time, Listing Agreements entered into by the Company with Stock Exchanges, terms and conditions as stipulated in the allotment advise or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time.

Ranking of equity shares

The Equity Shares allotted pursuant to Draft Letter of Offer shall rank pari-passu in all respects with the existing fully paid up Equity Shares of the Company including in respect of dividend, if any, declared by the Company, for the financial year, in which these Equity Shares are allotted.

Mode of payment of dividend

The dividend is paid to all the eligible shareholders in terms of the provisions of the Companies Act, 1956 with regard to payment of dividend. The unclaimed dividend if any are transferred to Investor Protection Fund as prescribed under the Act.

Principal terms and conditions of the Issue: Equity Shares

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

Face value

Each Equity Share shall have the face value of Rs. 10/-.

Issue Price

Equity Share of face value of Rs. 10/- each is being offered at a premium of Rs. [●] per share along with [●] detachable warrant for [●] equity share offered through this Issue. The holder of each warrant shall be entitled to acquire one equity share of Rs. 10/- each per warrant exercised at a premium of Rs. [●] per share. For further details of the principal terms and conditions of the issue of warrants, please refer to page no. 176 of this Draft Letter of Offer.

Terms of payment

| Due date | Face Value | Premium | Total |
|----------------------|-------------|------------|------------|
| On application (Rs.) | 10/- | [●] | [●] |
| Total (Rs.) → | 10/- | [●] | [●] |

Where an applicant has applied for additional equity shares and is allotted lesser number of equity shares than applied for, the excess application money paid shall be refunded. The monies would be refunded within fifteen days from the closure of the Issue, and if there is a delay beyond eight days from the stipulated period, our Company will pay interest on the monies in terms of the section 73 of the Companies Act.

For Equity Shareholders wishing to apply through ASBA process for rights issues, kindly refer section titled “Procedure for Application through the Applications Supported By Blocked Amount (“ASBA”) Process” on page no. 188 of this Draft Letter of Offer.

Rights entitlement ratio

As your name appears as beneficial owner in respect of Equity Shares held in electronic form or appear in the register of members as an Equity Shareholder of the Company as on [●], i.e. the Record Date, you are entitled to the number of Equity Shares set out in Part A of the enclosed CAF.

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of [●] Equity Shares for every [●] Equity Share held as on the Record Date.

Fractional entitlements

If the shareholding of any of the Equity Shareholders is not in multiples of [●], then the fractional entitlement of such holders shall be ignored. Equity Shareholders whose fractional entitlements are being ignored would be given preference for one equity share in allotment of additional Equity Share each if they apply for additional shares. However, they cannot renounce the same in favour of third parties. The CAF with nil entitlement will be non-negotiable / non-renounceable.

Arrangement for Odd Lot Equity Shares

The Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

Market lot

The Equity Shares of the Company is tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one.

In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, the Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one month's time from the request of the Equity Shareholder in accordance with the provisions of the Articles of Association.

Nomination facility

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires change in the nomination, they are requested to inform their respective DP.

Restrictions on transfer and transmission of shares and on their consolidation / splitting

There are no restrictions on transfer and transmission and on their consolidation / splitting of shares issued pursuant to this Issue.

Principal terms and conditions of the Issue: Warrants

Along with equity share being offered under this Issue, there shall be [●] detachable warrants for every [●] Equity Shares. The principal terms and conditions of the Issue of detachable warrants are as under:

Rights of Warrant Holders

- Subject to the above, the Detachable Warrants shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations and other related matters as in the case of Equity Shares of the Company.
- The Detachable Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders of the Company or Annual Report of the Company and or to attend / vote at any of the General Meetings of the Shareholders of the Company held, if any.
- Save and except the right of subscription to the Company's Equity Shares as per the terms of the Issue of Detachable Warrants, the holders of the Detachable Warrants in their capacity as Detachable Warrant holders shall have no other rights or privileges.
- The equity shares arising from the exercise of warrants shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with existing equity shares of the Company including dividends. Except that the shares arising from conversion of warrants shall be eligible for dividends only after payment of Warrant exercise price and allotment of the equity shares.
- The Warrant holders inter-se, shall rank pari passu without any preference or priority of one over the other or others.
- The share entitlement on each Warrant and its exercise price shall be proportionately adjusted for any further corporate action done by the Company like bonus issue or sub - division or consolidation of the face value of equity shares till the date of allotment of shares consequent upon exercise of warrants.

A separate register of warrant holders would be maintained by the Company.

Entitlement and Warrant Exercise Price

For [●] equity shares offered through this issue, the applicant will be entitled for [●] detachable warrants. Each Detachable Warrant is exchangeable into one Equity Share of face value of Rs.10/- each at a premium as under:

Warrant:

The Warrants shall be exercisable at a price of Rs. [●] per warrant (including a premium of Rs. [●] per warrant). The exercise price for Warrants shall be payable in full on exercise of warrants for allotment of equity shares.

Exercise Period of Warrants

The exercise period of Warrants is as under:

The Warrants shall be convertible into equity shares at any time after completion of 9 months but before completion of 12 months from the date of allotment of Warrant under this Issue. The Company shall fix a record date for the purpose of determining the names of holders of Warrants who would be eligible to exercise their right for making an application for equity shares of the Company. After such record date, the Warrants shall not be tradable on the Stock Exchange(s). **The Warrant that are not exercised during this period shall lapse, i.e. the Warrant holders shall not be entitled to exercise or claim issue of equity shares after expiry of the Warrant exercise period and no equity shares shall be allotted against such detachable Warrant.**

The Application Form will be sent by the Company to all the warrant holders on the record date

The application form for exercise of warrants shall be sent by the Company to all the warrant holders, whose name appears in the register of warrant holders of the Company on the record date. The Application Form would also be available to all warrant holders on request with the Registrar during the Warrant Exercise Period and can be downloaded from the Company's website www.uttamsugar.com. During the Warrant Exercise Period, the Warrant holder should send their application to the Registrar and Transfer Agent of the Company by filling up the said application form. It should be accompanied by a cheque / demand draft for the requisite amount.

Procedure for issue of equity shares in exchange of Warrants

Warrant holders can apply for such number of shares as they desire by surrendering relevant warrants [●] equity share per warrant) together with the appropriate amounts as per procedure detailed below:

In case of Warrant held in Physical Mode

During the Warrant Exercise Period, the Warrant holder should send his application for issue of Equity Shares to the Registrar of the Company by filling up the requisite particulars on the Warrant Exercise Application Form and by discharging on the reverse of the Warrants certificate.

| Category of investor | Warrant - Pay order / demand draft to be issued in favor of |
|---|--|
| For Resident Shareholders / Applicants and Non-resident Equity Shareholders / Applicants applying on a non-repatriation basis | “USML - Warrant Issue” payable at New Delhi |
| For Non-resident Equity Shareholders / Applicants applying on a repatriation basis | “USML - Warrant Issue-NR” payable at New Delhi |

For making the payment, Non-resident Equity Shareholders / Applicants are required to follow the similar procedures as specified in ‘Mode of payment for Non-Resident Equity Shareholders/ Applicants’ on page [●] of this Draft Letter of Offer.

In case of Warrant held in Dematerialised Mode, the Registrar and Transfer Agent of the Company, M/s Link Intime India Private Limited will, before the warrant exercise period open a special depository account with NSDL “**USML - Warrant Conversion Escrow Account**” with a Depository Participant (the “Special Depository Account”). The Company will open the Special Depository Account through the Registrar with NSDL at least 2 days prior to the commencement of the warrant exercise period. Shareholders of USML having the depository account with CDSL must use inter depository delivery instruction slip for the purpose of crediting their warrants in favour of the Special Depository Account with the NSDL. Beneficial owners who wish to tender their warrants for conversion, will be required to send their application for issue of equity shares on the prescribed application form sent separately, accompanied by a cheque / demand draft along with a photocopy of the delivery instruction in “off market” mode or counterfoil of the delivery instruction in “off market” mode, duly acknowledged by the depository participant (“DP”) in favour of the special depository account, to the Registrars, M/s Link Intime India Private Limited before the close of warrant exercise period.

In case the warrants along with the cheques/drafts towards full payment of the Warrant Exercise Price do not reach the Registrar by the end of warrant exercise period then the same shall lapse. Warrants with payments for lesser amounts shall be rejected & returned. Any excess conversion price beyond the warrant conversion price shall be refunded by the Company. Shares allotted on exercise of valid warrants will be dispatched / credited to the applicant’s electronic account within 15 days from the expiry of warrant exercise period, subject to requisite approvals from the statutory authorities. On allotment, the Company shall apply for listing of resulting equity shares.

Variance in the terms of the Warrants

The rights, privileges and conditions attached to the warrants may be modified or varied or abrogated with the consent of the holders of the warrants by a Special Resolution passed at a meeting of the warrant holders and/or with the consent in writing of the holders of not less than three-fourth of the warrants. At a meeting of the warrant holders, every warrant holder, and in the case of joint holders the one whose name stands first in the Register, shall be entitled to vote, either in person or by proxy, in respect of such warrants. The warrant holder will be entitled to one vote on a show of hands and his / her voting rights on a poll shall be in proportion to the outstanding number of the warrants held by him / her. The quorum for such meetings shall be at least five warrant holders present in person. The proceedings of the meeting of the warrant holders shall be governed by the provisions contained in the Articles and such other rules in force for the time being to the extent applicable and in relation to matters not otherwise provided for in terms of the Issue.

Separate ISIN for warrants and their listing and trading

Warrants proposed to be issued along with equity shares on rights basis shall be listed and admitted for trading on NSE and BSE for which the Company will make an application to NSDL and CDSL for allotment of new ISIN. The formalities for listing and trading of warrants will be completed within 7 working days from the date of allotment. The Company has received in-principal approval from the NSE through letter no. [●] dated [●] and from the BSE through [●] dated [●].

The equity shares issued pursuant to the allotment made to warrant holders would also be listed on NSE and BSE within 21 days of the expiry of the warrant exercise period.

Caution:

- Each warrant application form shall be accompanied by a single instrument of payment. Clubbing of folios / securities for the purpose of making a consolidated payment is not permitted.
- Cheques / DD should be payable at New Delhi for the full amount and payments for less amount will be rejected.
- Investors are advised not to close or transfer their demat account between the period of application for exercise of warrant(s) till the time of allotment/receipt of credit in their account so as to avoid rejection of credit from the Depositories and resultant delay in receiving the intimation of allotment.

Minimum Subscription

If the Issuer does not receive the minimum subscription of ninety percent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), the company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

The Issue will become under-subscribed, if the number of shares applied for falls short of the number of shares offered, after considering the number of shares applied for as per the entitlement plus additional shares.

The Issue is underwritten to the extent of entitlement of the non promoter shareholders in case the Issue is under-subscribed.

For further details please refer to section titled “Basis of Allotment” beginning on page 194 of this Draft Letter of Offer.

Joint-Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

Offer to non-resident equity shareholders / applicants

Applications received from NRIs and non-residents for allotment of Equity Shares and Detachable Warrants shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of receipt and refund of application moneys and the allotment of Equity Shares and the Detachable Warrants, issue of letter of allotment / share and warrant certificates, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of the Equity Shares and Detachable Warrants, payment of dividend etc. to the non-resident shareholders. The Equity Shares and the Detachable Warrants purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

FIIIs will not need permission of the FIPB / RBI for investment in the Issue to the extent of their Rights Entitlement. However, in case of applications from such entities in excess of their Rights Entitlement, allotment will be subject to restrictions under applicable laws, including existing ceilings on FII holdings in the Company and the sectoral caps on FDI in the Company, as applicable.

Letter of Offer and CAF to non resident Equity Shareholders shall be dispatched only to their address mentioned in the Register of Members in India as provided under Section 53 of the Companies Act.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation and one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation at the place where registered office of the Company is situated and / or will be sent by ordinary post to the registered holders of the Equity Share from time to time.

Issue of duplicate equity share certificate / Warrant Certificate

If any Equity Share certificate(s) / Warrant certificate is / are mutilated or defaced or the cages for recording transfers of Equity Shares are fully utilized, the Company against the surrender of such certificate(s) may replace the same, provided that the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any Equity Share certificate(s) / Warrant Certificate is / are destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity / surety and / or such other documents as the Company may deem adequate, duplicate Equity Share certificate(s) shall be issued.

Option to subscribe Equity Shares / Warrants in dematerialized form

Applicants to the Equity Shares / Warrants of the Company issued through this Issue shall be allotted the securities in dematerialized form at the option of the applicant. The CAF shall contain space for indicating number of shares applied for in demat and physical form or both. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and/or dematerialized form should be made.

Responsibility for correctness of information filled in the CAF vis-à-vis such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.

The Equity Shares / Warrants pursuant to this Offer allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice / refund order, if any would be sent directly to the applicant by the Registrar to the Issue. Renouncees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue in demat form. In case these details are incomplete or incorrect, the application is liable to be rejected.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Issue procedure

The CAF would be printed in black ink for all shareholders. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrars to the Issue, Link Intime India Private Limited, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. The applicant can renounce the right to apply for equity shares offered either in full or in part in favour of any other person or persons. Such renouncees can only be in favour Indian Nationals / Limited Companies incorporated under and governed by the Act, statutory corporations / institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust / society is authorised under its constitution / bye laws to hold equity shares in a company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this Draft Letter of Offer could be illegal or require compliance with securities laws.

Option available to the Equity Shareholders

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to. Equity Shareholder shall have the following options:

- Apply for his entitlement in full;
- Apply for his entitlement in full and apply for additional Equity Shares;
- Apply for his entitlement in part;
- Apply for his entitlement in part and renounce the other part;

- Renounce his entire entitlement.

Additional equity shares

The equity shareholders are eligible to apply for additional equity shares provided the applicant has applied for all the equity shares offered to him without renouncing them in full or in part.

The application for the additional equity shares shall be considered and allotment shall be made at the sole discretion of the Board and in consultation if necessary with the Designated Stock Exchange. This allotment of additional equity shares will be made on equitable basis with reference to number of shares held by the applicant on the record date.

Renounees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

Renunciation

This Issue shall be deemed to include a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons subject to the approval of the Board. Such renounees can only be Indian Nationals (including minor through their natural / legal guardian) / limited companies incorporated under and governed by the Act, statutory corporations / institutions, trusts (registered under the Indian Trust Act), societies (registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution / bye laws to hold equity shares in a company and cannot be a partnership firm, foreign nationals or nominees of any of them (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this Draft Letter of Offer could be illegal or require compliance with securities laws of such jurisdiction or any other persons not approved by the Board.

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s) / renounee(s) obtaining the approval of the FIPB and / or necessary permission of the RBI under the Foreign Exchange Management Act, 1999 (FEMA) and other applicable laws, as may be required and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approval are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of renounees, shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s). Your attention is drawn to the fact that the Company shall not allot and / or register any Equity Shares in favor of:

- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors
- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company)

The right of renunciation is subject to the express condition that the Board / Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renounee(s) without assigning any reason thereof.

Procedure for renunciation

To renounce the whole offer in favour of one renounee

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favor renunciation has been made should complete and sign Part C of the CAF. In case of joint renounees, all joint renounees must sign Part C of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. **Please note that the Warrant being attached to equity shares offered, cannot be renounced separately. Any renouncement of equity shares automatically renounces the right to entitlement of warrant.**

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

Please note that:

- Part A of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid.
- Request by the applicant for the Split Application Form should reach the Company on or before [●].
- Only the person to whom this Draft Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

How to Apply

Applications should be made on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given elsewhere in the Draft Letter of Offer. Payment should be made in cash (not more than Rs.20,000/-) or by cheque / bank draft / drawn on any Bank (including a Co-operative Bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the centre where the CAF is submitted and which is participating in the clearing at the time of submission of the application. Outstation cheques / money orders / postal orders will not be accepted and CAFs accompanied by such cheques / money orders / postal orders are liable to be rejected.

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares
- Part B: Form for renunciation
- Part C: Form for application for renouncees
- Part D: Form for request for split application forms

| Option | Option Available | Action Required |
|---------------|---|---|
| A. | Accept whole or part of your entitlement without renouncing the balance. | Fill in and sign Part A of the CAF (All joint holders must sign) |
| B. | Accept your entitlement in full and apply for additional Equity Shares | Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign) |
| C. | Renounce your entitlement in full to one person (Renouncee) (Joint renouncees not exceeding three are considered as one renouncee). | Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand over the entire CAF to the renouncee. The renouncees must fill in and sign Part C of the CAF (All |

| Option | Option Available | Action Required |
|--------|--|---|
| | | joint renounees must sign) |
| D. | 1. Accept a part of your entitlement and renounce the balance to one or more renounee(s) OR 2. Renounce your entitlement to all the Equity Shares offered to you to more than one renounee | Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A of one split CAF (only for option 1). (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand over the split CAFs to the renounees. (iii) Each of the renounees should fill in and sign Part C for the Equity Shares accepted by them. |
| E. | Introduce a joint holder or change the sequence of joint holders | This will be treated as a renunciation. Fill in and sign Part B and the renounees must fill in & sign Part C. |

For applicants residing at places other than designated Bank Collecting branches.

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post / speed post to the Registrars to the Issue, alongwith bank drafts, net of bank charges and postal charges, payable at New Delhi in favor of “**USML - Rights Issue**” crossed “A/c Payee only” so that the same are received on or before closure of the Issue (i.e. [●]). The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue, are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below.

All application forms duly completed together with cash / cheque / demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrars not having any liabilities to such applicants.

Non-resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment / certificates / payment of dividends etc. The Letter of Offer and CAF shall be despatched to non-resident Eligible Equity Shareholders at their Indian address only.

Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Indian Mutual Fund registered with SEBI and such applications in respect of more than one scheme of the Indian Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Rights Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

Applications by Non Resident Indians

1. CAFs have been made available for eligible NRIs at our Registered Office, Registrar to the Issue and with the Lead Manager.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. Thus in case the original and duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.

Request for Split Forms

- Request for split forms should be addressed to the Registrar to the Issue so as to reach them on or before the last date for receiving of request for split forms by filling in Part D of the CAF.
- Requests for Split Forms will be entertained only once.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Uttam Sugar Mills Limited.
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number / DP ID No. and Client ID No.
- Number of shares held as on Record Date
- Certificate numbers and distinctive numbers, if held in physical form.
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for out of entitlement
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Amount paid on application at the rate of Rs. [●] per Equity Share of face value of Rs. 10/- each (including Rs. [●] towards securities premium)
- Particulars of cheque / draft
- Savings / Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order
- In case of Non Resident Shareholders, NRE / FCNR / NRO account no., name and address of the Bank and branch should be given
- PAN number of the applicant and in case of joint applicants, for each of the applicant, irrespective of the total value of the equity shares applied pursuant to this issue except for applications on behalf of the Central or State Government and the officials appointed by the Courts.
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company and
- Payments in such cases, should be through a cheque / demand draft payable at New Delhi be drawn in favor of "USML - Rights Issue" and marked "A/c payee only" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favor of "USML - Rights Issue NR" in case of non-resident shareholders applying on repatriable basis and marked "A/c payee only".

Please note that those who are making the application on plain paper shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the

applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the applicant without any interest thereon.

Application under Power of Attorney

In case of application under power of Attorney or by Limited Companies or Bodies Corporate or Societies registered under the applicable laws, a certified copy of the Power of Attorney or the relevant authority, as the case may be, along with the certified copy of Power of Attorney or the relevant authority, as the case may be, along with the certified copy of Memorandum & Article of Association or Bye-Laws, as the case may be, must be lodged separately by registered post at the office of the Registrar to the Issue simultaneously with the submission of the CAF, indicating the serial number of CAF and the name of the bank and the branch office where the application is submitted within 10 days of closure of the offer, failing which the application is liable to be rejected. In case the Power of Attorney is already registered with the company, then the same need not be furnished again. However, the serial number of the Registration under which the Power of Attorney has been registered with the Company must be mentioned below the signature of the Applicant.

Quoting of Permanent Account Number in the application forms

In terms of circular No. SEBI/CFD/DIL/DIP/28/2007/29/11 dated November 29, 2007, every applicant shall disclose the Permanent Account Number (PAN), allotted under the Income Tax Act, 1961, in the application form, irrespective of the amount for which application is made. Application forms without this information will be considered incomplete and are liable to be rejected. However the applications on behalf of the Central or State Government and the officials appointed by the courts are exempted from the said requirements.

Note on cash payment (Section 269 SS)

Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, if the amount payable is Rs. 20,000/- or more, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts. In case payment is effected in contravention of this provision, the application is liable to be rejected.

Last date of application

The last date for receipt of the duly filled in CAF by the Bankers to the Issue, together with the amount payable on application is [●].

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section entitled "Basis of Allotment" on page no. 194.

Incomplete Application

CAF's, which are not complete or are not accompanied with the application money amount payable, are liable to be rejected.

Mode of payment for Resident Shareholders / Applicant

Payment(s) must be made by cheque/demand draft and drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the Bankers' Clearing House located at the centre where the CAF is submitted. A separate cheque/draft must accompany each CAF. Only one mode of payment should be used. Money orders, postal orders and outstation cheques will not be accepted and applications accompanied by any such instruments will be rejected. Shareholders/Applicants residing at places other than those mentioned in the CAF and applicants who wish to send their applications but not having collection centres should send their application by Registered Post, only to the Registrar to the Issue enclosing a Cheque / Demand draft, net of bank charges and postal charges, drawn on a clearing Bank and payable at New Delhi only before the closure of the issue.

Such cheque / drafts should be payable to "USML - Rights Issue". All cheque/ drafts must be crossed 'A/c Payee only'. No receipt will be issued for the application money received. However, the Collection Centre receiving the application will acknowledge receipt of the application by stamping and returning the acknowledgement slip at the bottom of each CAF. The Company is not responsible for any postal delay/ loss in transit on this account.

Mode of payment for Non-Resident Equity Shareholders/ Applicants

As regards the application by non-resident Equity Shareholders, the payment must be made by demand draft / cheque payable at New Delhi (net of demand draft charges and postal charges) or funds remitted from abroad in any of the following ways:

1. Application with repatriation benefits

- (a) By Indian Rupee drafts purchased from abroad and payable at New Delhi or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- (b) By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained and drawn on New Delhi; or
- (c) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable at New Delhi; or
- (d) FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- (e) Non resident investors applying with repatriation benefits should draw cheques / drafts in favour of “**USML - Rights Issue NR**” payable at New Delhi and must be crossed “account payee only” for the full application amount.

2. Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in New Delhi or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at New Delhi. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by nonresidents should be drawn in favour of the Bankers to the Issue and marked “**USML - Rights Issue**” or “**USML-Warrant Issue**” payable at New Delhi and must be crossed “Account Payee only” for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the Issue Closing Date. A separate cheque or bank draft must accompany each CAF. Applicants may note that where payment is made by drafts purchased from NRE / FCNR / NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE / FCNR / NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Note:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares / Warrant can be remitted outside India, subject to tax, as applicable according to IT Act.
- In case Equity Shares / Warrant are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares/Warrant cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines / rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.
- Our Company is not responsible for any delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected.

Investments by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue and the issue of Equity Shares on exercise of Warrants to a single FII should not exceed 10% of the post-issue paid up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of the Company. At present, investments in companies manufacturing sugar fall under the RBI automatic approval route for FDI/ investment up to 100%.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

APPLICATIONS WILL NOT BE ACCEPTED BY THE LEAD MANAGER OR THE COMPANY

Rights Entitlement

As your name appears in the Register of Members of the Company on the Record Date, you are entitled to this Rights Offer on the basis mentioned above. The number of equity shares to which you are entitled as a Shareholder of the company is shown in part A of the CAF.

Bank details of the applicant

The applicant must fill in the relevant column in the CAF giving particulars of saving Bank / Current Account Number and the Name of the Bank with whom such account is held, to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the name of the Payees. Please note that provision of Bank Account details has now been made mandatory and applications not containing such details are liable to be rejected.

Application number on the Cheque or Demand Draft

To avoid any misuse of instruments, the applicants are advised to write the application number and name of the first applicant on the reverse of the cheque/demand draft.

General instructions for applicants

All applications should be made on the printed CAF provided by the Company and should be complete in all respects. Applications, which are not complete in all respects or are made otherwise than as herein provided or not accompanied by proper application money in respect thereof will be refunded without interest.

- Please read the instructions in the enclosed CAF carefully.
- All communications in connection with your application for the equity shares including any change in your registered address should be addressed to the registrar to the issue.
- Application Forms must be filled in ENGLISH in BLOCK LETTERS.
- Signatures should be either in English or Hindi or the languages specified in the Eighth Schedule to the Constitution of India. Signatures other than in the aforementioned languages or thumb impressions must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal.
- In case of Joint Holders, all joint holders must sign the relevant parts of the Application Form in the same order and as per the specimen signatures recorded with the Company.
- In case of joint applicants, refunds and all payments will be made to the person whose name appears first on the application form and all communications will be addressed to him/her. To prevent any fraudulent encashment of refund orders by third parties, the Sole/First Applicant must indicate Saving / Current Account number and the name of the bank and its branch with whom such account is held in the space provided in the CAF for the purpose so that Refund Orders are printed with these details after the name. Applications without this information are liable to be rejected.
- The Application Form should be presented to the Bank in its entirety. If any of the Part(s) A, B, C and D of the Application Form(s) is /are detached or separated, such application will forthwith be rejected.
- All shareholders must submit the CAF along with remittance only to the Bankers to the Issue mentioned elsewhere in this Draft Letter of Offer and not to the Company, the Registrar or the Lead Manager.
- Any dispute or suit action or proceedings arising out of or in relation to this Draft Letter of Offer or in respect of any matter or thing herein contained and claimed by either party against the other shall be instituted or adjudicated upon or decided solely by the appropriate Court where Registered Office of the Company is situated.
- The last date for receipt of CAF alongwith the amount payable is [●]. However, the Board will have the right to extend the same for such period as it may determine from time to time, but not exceeding 30 days from the date of opening of the subscription list. If the CAF together with the amount payable thereunder is not received by the bankers to the issue on or before the closure of the banking hours on the aforesaid date, or such date as may be extended by the Board, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose the Rights hereby offered. For further instructions please read CAF carefully.

Grounds for technical rejection

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of first applicant not given;
- Except for CAFs on behalf of the Central or State Government and the officials appointed by the Courts PAN not given irrespective of the amount of application;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renounees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications by US persons;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety. Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Shareholder do not exceed the applicable limits under laws or regulations.

The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations.

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned link.

ASBA Process

An ASBA Investor can submit his application through CAF / plain paper, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Investor or bank account utilised by the ASBA Investor is maintained. The SCSB shall block an amount equal to the application amount in the ASBA Account specified in the CAF, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the CAF. The application data shall thereafter be uploaded by the SCSB in the web enabled interface of the Stock Exchanges as prescribed under circular issued by SEBI -SEBI/CFD/DIL/DIP/38/2009/08/20 dated August 20, 2009 or in such manner as may be decided in consultation with the Stock Exchanges. The amount payable on application shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the amount against the allocated Equity Shares to the separate account opened by the Company for Rights Issue or until failure of the Issue or until rejection of the ASBA application, as the case may be. Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Investors to the separate account opened by the Company for Rights Issue. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Shareholders of the Company on the Record Date and who:

- Is holding Equity Shares in dematerialised form and has applied for entitlements or additional Securities in the Issue in dematerialised form;
- Have not renounced his entitlements in full or in part;
- Are not renouncees
- Who applies through a bank account with one of the SCSBs.

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their entitlement on the Record Date for the Issue. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. The Equity Shareholder shall submit the CAF to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars:

- Name of the issuer, being Uttam Sugar Mills Limited;
- Name and address of the Equity Shareholder, including any joint holders;
- Registered folio number / DP ID number and client ID number;
- Number of Equity Shares held as on the Record Date;
- Rights Entitlement;
- Number of Equity Shares with Detachable Warrants applied for;
- Number of additional Equity Shares with Detachable Warrants applied for, if any;
- Total number of Equity Shares with Detachable Warrants applied for;
- Savings / Current Account Number alongwith name and address of the SCSB and Branch from which the money will be blocked ;
- The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, subject to submitting sufficient documentary evidence in support of

their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;

- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- In case of Non Resident Shareholders, NRE / FCNR / NRO A/c no., name and address of the SCSB and Branch
- In the application, the ASBA Investor shall, inter alia, give the following confirmations/declarations:
 - A) That he / she is an ASBA Investor as per the SEBI ICDR Regulations and
 - B) That he / she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his / her application data, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the separate account maintained by the Company for Rights Issue after finalization of the basis of Allotment entitling the ASBA Investor to receive Equity Shares in the Issue etc

The Equity Shareholder shall submit the plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

If an applicant makes an application in more than one mode i.e both in the Composite Application Form and on plain paper, then both the applications may be liable for rejection.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAF sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Mode of payment

The Shareholder applying under the ASBA Process agrees to block the entire amount payable on application (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB. After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations into the separate bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act, 1956. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Shareholder applying under the ASBA Process

The summary of options available to the Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF received from Registrar:

| Sr. No. | Option Available | Action Required |
|----------------|--|--|
| 1. | Accept whole or part of your entitlement without renouncing the balance. | Fill in and sign Part A of the CAF (All joint holders must sign) |
| 2. | Accept your entitlement in full and apply for additional Equity Shares | Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign) |

The Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required details as mentioned therein. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares

The equity shareholder is eligible to apply for additional Equity Shares over and above the number of Equity Shares that he is entitled too, provided that he has applied for all the Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 194 of this Draft Letter of Offer.

If you desire to apply for additional shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

Renunciation under the ASBA Process

Renouncees cannot participate in the ASBA Process.

Last date of Application

The last date for submission of the duly filled in CAF is [●]. The Issue will be kept open for a minimum of 21 (Twenty One) days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date i.e. [●]. If the CAF together with the amount payable is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board of Directors, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under “Basis of Allotment” on page 194 of this Draft Letter of Offer.

Option to receive Securities in Dematerialized Form

SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.

Issuance of Intimation Letters

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by the Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by the Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the CAF carefully.
- (b) Application should be made on the printed CAF / plain paper and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.
- (c) The CAF / plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.

- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application except for applications on behalf of the Central or State Government and the officials appointed by the Courts. CAFs / plain paper application without PAN will be considered incomplete and are liable to be rejected.
- (e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Thumb impression and Signatures other than in English or Hindi must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with the Company / Depositories.
- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Shareholder, folio numbers and CAF number.
- (i) Only the person or persons to whom Securities have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

Do's:

- (a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under the para "Application on plain paper" appearing under the procedure for application under ASBA.
- (b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- (c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (d) Ensure that the CAF / plain paper application is submitted at the SCSBs whose details of bank account have been provided in the CAF / plain paper application.
- (e) Ensure that you have mentioned the correct bank account number in the CAF / plain paper application.
- (f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price per Equity Shares as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF / plain paper application before submitting the CAF to the respective Designated Branch of the SCSB.
- (g) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF / plain paper application, in the bank account maintained with the respective SCSB, of which details are provided in the CAF / plain paper application and have signed the same.
- (h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF / plain paper application in physical form.
- (i) Except for bids on behalf of the Central or State Government and the officials appointed by the Courts, each applicant should mention their Permanent Account Number ("PAN") allotted under the Income Tax Act.
- (j) Ensure that the name(s) given in the CAF / plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF / plain paper application.
- (k) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- (a) Do not apply on duplicate CAF after you have submitted a CAF / plain paper application to a Designated Branch of the SCSB.
- (b) Do not pay the amount payable on application in cash, money order or by postal order.
- (c) Do not send your physical CAFs / plain paper application to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (e) Do not instruct their respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection for ASBA Process:

In addition to the grounds listed under “Grounds for Technical Rejection” mentioned on page 188 of this Draft Letter of Offer, applications under ASBA Process may be rejected on following additional grounds:

- (a) Application for entitlements or additional shares in physical form.
- (b) DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records available with the Registrar.
- (c) Sending CAF / plain paper application to the Lead Manager / Issuer / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- (d) Renouncee applying under the ASBA Process.
- (e) Insufficient funds are available with the SCSB for blocking the amount.
- (f) Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.
- (g) Account holder not signing the CAF / plain paper application or declaration mentioned therein.
- (h) Application on split form.

Depository account and bank details for Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATION.

Shareholders applying under the ASBA Process should note that on the basis of name of these Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper application, the Registrar to the Issue will obtain from the Depository demographic details of these Shareholders such as address, bank account details for printing on refund orders / advice and occupation (“Demographic Details”). Hence, Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF / plain paper application.

These Demographic Details would be used for all correspondence with such Shareholders including mailing of the letters intimating unblock of bank account of the respective Shareholder. The Demographic Details given by Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAF / plain paper application, the Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Shareholders applying under the ASBA Process and none of the SCSBs, Company or the Lead Manager shall be liable to compensate the Shareholder applying under the ASBA Process for any losses caused to such Shareholder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, account number of the ASBA Bank Account and the Designated Branch or the collection centre of the SCSB where the CAF / plain paper application was submitted by the ASBA Investors.

Basis of allotment

The basis of allotment shall be finalized by the Committee of Directors of the Company authorized in this behalf by the Board of the Company. The Committee of Directors will proceed to allot the equity Share in consultation with [●] in the following order of priority.

- a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renounee(s) who has / have applied for Equity Shares renounced in their favor, in full or in part.
- b) For equity shares being offered on rights basis under this issue, if the shareholding of any of the equity shareholder is less than [●] equity shares or is not in multiple of [●], the fractional entitlement of such holders will be ignored. Shareholders whose fractional entitlements are ignored would be given preference for allotment of [●] additional equity share, if they apply for additional shares. Allotment under this head shall be considered if there are any unsubscribed equity shares after allotment under (a) above. If the number of equity shares required for allotment under this head are more than number of shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- c) Equity Shareholders who having applied for all the Equity Shares offered to them and have also applied for additional Equity Shares, the allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) above. The allotment of such Equity Shares will be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- d) Allotment to the renounees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a), (b) and (c) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the Issue and not as preferential allotment.
- e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b) (c) and (d) above.
- f) The Company shall not retain any over-subscription.

After taking into account allotment to be made under (a), (b) (c) and (d) above, if there is any unsubscribed portion, then the same shall be underwritten by the underwriter appointed for the Issue to the extent of the entitlement of the public shareholders.

Underwriting

Our Company has entered into an underwriting agreement dated [●] with Underwriters for underwriting the issue to the extent of entitlement of non promoter shareholding. The fulfilment of obligations by the Underwriters shall be subject to the assured subscription having been brought in by the Promoters and the Promoter Group i.e. Rights Issue Equity Shares subscribed by the Promoters and Promoter Group pursuant to their entitlements. The Underwriter mentioned in the table below have agreed to underwrite for amounts specified below at a price equal to the Issue Price announced by the Company:

| Name and Address of the underwriter | Amount Underwritten |
|-------------------------------------|---------------------|
| [●] | [●] |

Our Company has ensured that the Underwriters have sufficient resources to enable them to discharge their underwriting obligations in full.

Allotment / Refund Order

In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

In case of those applicants who have opted to receive their Rights Entitlement in physical form, the Company will issue the corresponding share certificates under section 113 of the Companies Act or other applicable provisions, of any.

Any refund orders of an amount equivalent to exceeding Rs. 1,500 will be dispatched by registered post / speed post to the sole / first applicant's registered address. However, refund orders for value less than Rs. 1,500 shall be sent to the applicants by way of certificate of posting. Such cheques or pay orders will be payable at par at all the centres where the applications were originally accepted and will be marked 'A/c payee' and would be drawn in the name of the sole / first applicant. Adequate funds would be made available to the Registrar to the Issue for the dispatch of refund orders.

The Company shall ensure at par facility is provided for encashment of refund orders / pay orders at the places where applications are accepted.

Mode of payment of refund

Applicants should note that on the basis of name of the applicants, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Composite Application Form, the Registrar to the Issue will obtain from the Depositories, the applicant's bank account details including nine digit MICR code. Hence, applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at the applicant's sole risk and neither the Lead Manager nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS - Payment of refund would be done through ECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. Our Company in consultation with the Lead Managers may decide to use NEFT as a mode of making refunds. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational\ feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.
3. Direct Credit - Applicants having bank accounts with the Refund Banker(s), in this case being, [●] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
4. RTGS - Investors desirous of taking direct credit of refund through RTGS, will have to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the

Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value less than Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the [●] and payable at par.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants, which can then be deposited only in the account specified. In case the share held in demat mode, such bank account particulars will be obtained from the Depository. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Interest in case of delay on allotment / dispatch

The Company will issue and dispatch allotment advice / share certificates / demat credit and/ or letters of rejection along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Companies Act.

Disposal of application and application money

No receipt will be issued for the application moneys received. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF / application on plain paper will acknowledge its receipt. In the event of shares not being allotted in full, the excess amount paid on application will be refunded to the applicant within 15 days of the Issue Closing date.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto. In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within 15 days from the close of the Issue in accordance with section 73 of the Act.

Undertakings by the Company

1. The complaints received in respect of the Issue would be attended to be as expeditiously and satisfactorily
2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of Basis of Allotment.
3. The funds required for making refund to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrars to the Issue by the Issuer
4. That where the refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicants within 15 days of the closure of the issue giving details of the Bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangement shall be made to collect all ASBA applications and to consider them similar to Non-ASBA applications while finalizing the basis of allotment
6. The dispatch of Share Certificates / refund orders and demat credit is completed and the allotment and listing documents will be submitted to the Stock Exchanges within two working days of finalization of Basis of Allotment
7. The certificates of the securities/ refund orders to the Non-Resident Indians shall be dispatched within specified time
8. The Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the date of closure of the Issue for the period of delay beyond 8 days from the day the Company becomes liable to pay.
9. No issue of securities shall be made till the securities offered through this Draft Letter of Offer are listed or application moneys refunded on account of non-listing / under subscription.

Utilisation of Issue Proceeds

The Board of Directors declares that:

1. all monies received out of issue of specified securities to public shall be transferred to separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act.
2. details of all monies utilised out of the issue referred to in clause (1) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies has been utilised.
3. details of all unutilised monies out of the issue of specified securities referred to in clause (1) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The funds received against this Issue will be kept in a separate bank account. Our Company will utilize the issue proceeds only after the basis of allotment is finalized in consultation with the Designated Stock Exchange.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act which is reproduced below

- a) *“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or*
- b) *otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”*

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed ‘USML RIGHTS ISSUE’ on the envelope) to the Registrar to the Issue at the following address:

Link Intime India Private Limited

C - 13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West) Mumbai- 400 078
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
Toll Free: 1-800-22-0320
E-mail: usml.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Pravin Kasare

It is to be specifically noted that this Issue of Equity Shares is subject to the section entitled ‘Risk Factors’ beginning on page 8 of this Draft Letter of Offer.

The Issue will not be kept open for more than 21 days unless extended, in which case it will be kept open for a maximum of 30 days.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Letter of Offer), which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at Village Libberheri, Roorkee, District Haridwar - 247 667 from 10.00 AM to 12.00 Noon from the date of the Draft Letter of Offer until the date of closure of the Rights Issue.

A. Material Contracts

1. Agreement dated November 14, 2011 entered between our Company and Lead Manager.
2. MOU dated [●] entered between our Company and Registrar to the Issue.
3. Agreement dated [●] entered between our Company and Banker to the Issue
4. Agreement dated [●] entered between our Company and Underwriter(s)

B. Documents available for inspection

1. Certificate of Incorporation of the Company dated October 04, 1993, Fresh Certificate of Incorporation dated November 24, 1998 issued pursuant to the change of name of the Company and Fresh Certificate of registration dated November 27, 2007 for change of State.
2. Certificate for Commencement of Business dated April 08, 1994
3. Memorandum and Articles of the Company.
4. Copy of Board Resolution dated November 05, 2011 approving this Issue
5. Consents of the Directors, Lead Manager to the Issue, Legal Counsel, Registrar to the Issue, Bankers to the Company, Statutory Auditors, Bankers to the Issue and Company Secretary and Compliance Officer of the Company to include their names in the Draft Letter of Offer to act in their respective capacities.
6. Prospectus dated March 23, 2006 for the initial public offering made by the Company.
7. Copy of resolution appointing the Managing Director and Whole Time Director.
8. Shareholders Resolution passed at the Annual General Meeting held on August 11, 2011 re-appointing B K Kapur & Company, Chartered Accountants, as statutory auditors.
9. Annual Reports of the Company for the last five Financial Years and audited financial statements 6 months period ended September 30, 2011.
10. Statement of Tax Benefits dated November 28, 2011 received from the Auditors of the Company.
11. Annual Reports of the Promoter Group Companies [Autocare Mart Private Limited, Uttam Car Wash Private Ltd, Lipi Consultants Private Limited, Deepjyoti Electronics Private Limited, Uttam Distilleries Limited, Divine Grace Enterprises Private Limited, Uttam Foma Techno Cast Private Limited, Idea Engineering Private Limited, JPC Infra Private Limited (formerly known as JPC Apparels Pvt Ltd.), Uttam Lifestyle Hotels Private Limited, Uttam Luxury Hotels & Resorts Limited (formerly known as Mansinghgroup Hotels & Resorts Ltd.), Pariksha Fin-Invest Lease Limited, Sekhri Finance & Investments Private Limited, Strok Engineering Private Limited, Telma Trading Private Limited and Uttam Adlakha & Sons Holdings Private Limited (formerly known as G.M.Colonisers Pvt Ltd)] incurring losses for the last three Financial Years i.e. 2010-2011, 2009-2010 and 2008-2009.
12. In-principle listing approval for this Issue dated [●] and [●] from NSE and BSE respectively.
13. Due Diligence certificate dated [●].
14. Tripartite agreements dated March 03, 2006 entered into with NSDL.
15. Tripartite agreements dated March 03, 2006 entered into with CDSL.
16. SEBI Observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

No statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the Regulations, instructions etc. issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in this Draft Letter of Offer are true and correct.

On behalf of the Board of Directors of Uttam Sugar Mills Limited

| Name | Signature |
|---|------------------|
| Mr. Raj Kumar Adlakha Managing Director | |
| Mr. Pasha Biswas Whole Time Director | |
| Mr. Vikram Singh Tandon Non-Executive Director (Independent Director) | |
| Dr. Ramasamy Vasudevan Non-Executive Director (Independent Director) | |
| Mr. Gurbachan Singh Matta Non-Executive Director (Independent Director) | |
| Mr. Satish Chandra Non-Executive Director (Nominee Director) | |
| Mr. Kamal Prasad Non-Executive Director (Nominee Director) | |
| Mr. Sanjay Bhandari Chief Financial Officer | |
| Mr. G. Ramarathnam Chief - Legal and Corporate Affairs & Company Secretary & Compliance Officer | |

Place: NOIDA

Date: November 28, 2011