


PROSPECTUS

Please read Section 60B of the Companies Act, 1956

Dated March 23, 2006

100 % Book Building Issue

UTTAM SUGAR MILLS LIMITED

(Originally incorporated as Associated Sugar Mills Limited on October 04, 1993 vide registration no. 55-55495 and received the Certificate for Commencement of Business on April 08, 1994 from the Registrar of Companies, N.C.T. of Delhi and Haryana. The name of our Company was changed to Uttam Sugar Mills Limited w. e. f. November 24, 1998. For details of changes in the address of our registered office, please refer to page no. 71 of this Prospectus)

Registered Office: 7C, 1st Floor, 'J' Block Shopping Centre, Saket, New Delhi – 110 017.

Telefax: +91 11 2956 1721. **E-mail:** uttamipo@uttamsugar.com; **Website:** www.uttamsugar.com

Corporate Office: A-2E, III Floor, CMA Tower, Sector – 24, NOIDA (UP) – 201 301.

Tel.: +91 120 241 2716–8, 241 2722–6; **Fax:** +91 120 241 2715.

Contact Person: Mr. G. Ramarathnam-Company Secretary & Compliance Officer

PUBLIC ISSUE OF 40,00,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH OF UTTAM SUGAR MILLS LIMITED (HEREINAFTER REFERRED TO AS THE "COMPANY" OR "ISSUER") FOR CASH AT A PREMIUM OF RS. 330 PER EQUITY SHARE AT A PRICE OF RS. 340 PER EQUITY SHARE AGGREGATING TO RS. 13600 LACS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 15.53% OF THE POST ISSUE PAID UP CAPITAL OF OUR COMPANY.

ISSUE PRICE: RS. 340 PER EQUITY SHARE OF FACE VALUE OF RS. 10/- EACH.

ISSUE PRICE IS 34 TIMES OF THE FACE VALUE.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. by issuing a press release, and by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

In terms of Rule 19(2) (b) of the SCRR, this Issue is being made through a 100% Book Building Process wherein a minimum of 60% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% of the QIBs portion that would be specifically reserved only for Mutual Funds and Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for QIBs). Further, upto 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10/- per Equity Share and the Issue Price is 34 times of the face value. The Issue Price (as determined by our Company, in consultation with the Book Running Lead Managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book building process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue 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 Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. We have not obtained any grading for this Issue of Equity Shares. Specific attention of investors is drawn to the statement of Risk Factors beginning from page no. ix of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Issue, which is material in context of the Issue, that the information contained in this Prospectus 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 Equity Shares issued through this Prospectus are proposed to be listed on National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE). In-principle approval for listing of the Equity Shares of our Company from NSE and BSE has been received vide their letters dated February 21, 2006 and February 24, 2006. For the purpose of this issue, the Designated Stock Exchange is NSE.

BOOK RUNNING LEAD MANAGERS



IL&FS Investsmart Limited

The IL&FS Financial Centre,
Plot C-22, G-Block, Bandra-Kurla Complex,
Bandra - (E), Mumbai – 400 051.
Tel.: +91 22 2653 3333
Fax: +91 22 5693 1862
Website: www.investsmartindia.com
E-mail: usml.ip@investsmartindia.com



IDBI Capital Market Services Limited

5th Floor, Mafatlal Centre,
Nariman Point,
Mumbai – 400 021.
Tel.: +91 22 5637 1212
Fax: +91 22 2288 5848
Website: www.idbicapital.com
E-mail: usml.ip@idbicapital.com



Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup - (W),
Mumbai – 400 078.
Tel.: +91 22 2596 0320
Fax: +91 22 2596 0329
Website: www.intimespectrum.com
E-mail: usmlipo@intimespectrum.com

ISSUE SCHEDULE

BID / ISSUE OPENED ON : MARCH 16, 2006

BID / ISSUE CLOSED ON : MARCH 21, 2006

TABLE OF CONTENTS

| CONTENTS | Page no. |
|--|----------|
| SECTION I – DEFINITIONS AND ABBREVIATIONS | |
| CONVENTIONAL/GENERAL TERMS | i |
| ISSUE RELATED TERMS | i |
| INDUSTRY/COMPANY RELATED TERMS | v |
| ABBREVIATIONS | vii |
| SECTION II – RISK FACTORS | |
| CERTAIN CONVENTIONS – USE OF MARKET DATA | ix |
| FORWARD LOOKING STATEMENTS | x |
| RISK FACTORS | xi |
| SECTION III – INTRODUCTION | |
| SUMMARY | 1 |
| THE ISSUE | 4 |
| GENERAL INFORMATION | 7 |
| CAPITAL STRUCTURE | 14 |
| OBJECTS OF THE ISSUE | 23 |
| ISSUE STRUCTURE | 33 |
| BASIS OF ISSUE PRICE | 36 |
| STATEMENT OF TAX BENEFITS | 39 |
| SECTION IV – ABOUT OUR COMPANY | |
| INDUSTRY OVERVIEW | 44 |
| BUSINESS OVERVIEW | 55 |
| REGULATIONS AND POLICIES | 65 |
| HISTORY AND CORPORATE STRUCTURE | 70 |
| OUR MANAGEMENT | 73 |
| OUR PROMOTERS AND THEIR BACKGROUND | 85 |
| RELATED PARTY TRANSACTIONS | 91 |
| CURRENCY OF PRESENTATION | 92 |
| DIVIDEND POLICY | 93 |
| SECTION V – FINANCIAL STATEMENTS | |
| AUDITORS’ REPORT | 94 |
| GROUP COMPANIES | 122 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | 137 |
| SECTION VI – LEGAL AND REGULATORY INFORMATION | |
| OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES | 151 |
| GOVERNMENT/STATUTORY AND BUSINESS APPROVALS | 170 |
| OTHER REGULATORY AND STATUTORY DISCLOSURES | 173 |
| SECTION VII – ISSUE RELATED INFORMATION | |
| TERMS OF THE ISSUE | 180 |
| ISSUE PROCEDURE | 183 |
| SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION | |
| MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY | 203 |
| SECTION IX – OTHER INFORMATION | |
| MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION | 220 |
| DECLARATION | 222 |



SECTION I - DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

CONVENTIONAL/GENERAL TERMS

“USML” or “Uttam” or “the Company” or “our Company” or “Uttam Sugar” or “Uttam Sugar Mills Limited ” or “we” or “us” or “our” or “Company” unless the context otherwise requires, refers to Uttam Sugar Mills Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at 7 C, 1st Floor, ‘J’ Block Shopping Centre, Saket, New Delhi – 110 017.

| Term | Description |
|--|---|
| Articles/Articles of Association/ AoA | Articles of Association of our Company |
| Auditors | The statutory auditors of our Company: M/s. B. K. Kapur & Co., Chartered Accountants |
| Board of Directors | The Board of Directors of our Company or a committee thereof |
| Companies Act | The Companies Act, 1956, as amended from time to time and the regulations framed there under |
| Corporate Office | A-2E, III Floor, CMA Tower, Sector – 24, NOIDA (UP) – 201 301. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Depository Participant | A depository participant as defined under the Depositories Act |
| Director(s) | Director(s) of our Company unless otherwise specified |
| EGM | Extraordinary General Meeting of the Company |
| Equity Shares | Equity shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof |
| Face Value | Face Value of equity shares of our Company being Rs. 10/- each |
| FEMA | Foreign Exchange Management Act, 1999 as amended from time to time and the regulations framed there under |
| Financial Year/Fiscal/FY | Period of twelve months ended September 30 of that particular year |
| I.T. Act | The Income Tax Act, 1961, as amended from time to time and the regulations framed there under |
| Memorandum/ Memorandum of Association /MoA | Memorandum of Association of our Company |

ISSUE RELATED TERMS

| Term | Description |
|------------------------|--|
| Allotment | Unless the context otherwise requires, issue of equity shares pursuant to this Issue |
| Allottee | The successful Bidder to whom the Equity Shares are being / or have been issued or transferred |
| Banker(s) to the Issue | The Bankers with whom the escrow account for the issue shall be opened, in this issue being HDFC Bank Limited, ICICI Bank Limited and The Hongkong and Shanghai Banking Corporation Limited |
| Bid | An indication to offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto |

UTTAM SUGAR MILLS LIMITED

| Term | Description |
|--------------------------------------|--|
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue |
| Bid Closing Date/ Issue Closing Date | The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper |
| Bid cum Application Form | The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of the Red Herring Prospectus |
| Bid Opening Date/Issue Opening Date | The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper. |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus |
| Bidding Period/Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids |
| Book Building Process | Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made |
| BRLMs | Book Running Lead Managers to the Issue, in this case being IL&FS Investsmart Limited having its registered office at The IL&FS Financial Centre, Plot No. C-22, G - Block, Bandra - Kurla Complex, Bandra - (E), Mumbai – 400 051 and IDBI Capital Market Services Limited having its registered office at 5th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021. |
| BSE | Bombay Stock Exchange Limited |
| CAN/Confirmation of Allocation Note | Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process |
| Cap Price | The higher end of the Price Band above which the Issue Price will not be finalized and above which no Bids will be accepted. |
| Compliance Officer | In this case being Mr. G. Ramarathnam, our Company Secretary |
| Cut-off price | Cut-off price refers to any price within the Price Band. A Bid submitted at Cut-off price is a valid Bid at all price levels within the Price Band |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time |
| Designated Date | The date on which funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders |
| Designated Stock Exchange | Designated Stock Exchange shall mean National Stock Exchange of India Limited |

| Term | Description |
|------------------------------|---|
| Draft Red Herring Prospectus | Means the Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation |
| Escrow Account | Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheque or draft in respect of the Bid Amount when submitting a Bid |
| Escrow Agreement | Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders |
| Escrow Collection Bank(s) | The Banks at which the Escrow Account of the Company will be opened. In this case being HDFC Bank Limited, ICICI Bank Limited and The Hongkong and Shanghai Banking Corporation Limited |
| FIPB | Foreign Investment Promotion Board, Ministry of Finance, Government of India |
| FII | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India |
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form |
| Floor Price | The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted |
| IDBI Capital | IDBI Capital Market Services Limited |
| IIL | IL&FS Investsmart Limited |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPO | Initial Public Offer |
| Issue/Offer | The fresh issue of 40,00,000 Equity Shares of Rs. 10/- each at the Issue Price by the Company under this Prospectus |
| Issue Price | The final price at which Equity Shares will be issued and allotted in terms of this Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date |
| Margin Amount | The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount |
| Non Institutional Bidders | All Bidders that are not QIBs or Retail Individual Bidders and whose Bid Amount is more than Rs. 1,00,000/-. |
| Non Institutional Portion | The portion of the Issue being up to 10% of the Issue i.e. 4,00,000 Equity Shares of Rs. 10/- each available for allocation to Non Institutional Bidders. |

UTTAM SUGAR MILLS LIMITED

| Term | Description |
|---|--|
| Non Resident/NRI / Non-Resident Indian | A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000 |
| NSE | National Stock Exchange of India Limited |
| Pay-in Date | The last date specified in the CAN sent to Bidders |
| Pay-in-Period | This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date |
| Permanent Employees | Permanent Employees of our Company as on date of filing the Red Herring Prospectus |
| Price Band | Being the price band of a minimum price (Floor Price) of Rs. 290 and the maximum price (Cap Price) of Rs. 340 and includes revisions thereof |
| Pricing Date | The date on which the Company in consultation with the BRLMs finalizes the Issue Price |
| Promoters | Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha, Mr. Ranjan Adlakha, Uttam Industrial Engineering Ltd., Lipi Boilers Ltd. and Uttam Sucrotech Ltd. |
| Prospectus | The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information |
| Public Issue Account | Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date |
| Qualified Institutional Buyers/QIBs | Public financial institutions as specified in Section 4A of the Companies Act, foreign institutional investors, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with IRDA, provident funds and pension funds with a minimum corpus of Rs. 250 million |
| QIB Margin | An amount representing 10% of the Bid amount |
| QIB Portion | The portion of the Issue being atleast 60% of the Issue i.e. 24,00,000 Equity Shares of Rs. 10/- each available for allocation to QIBs |
| Refund Banker | Refund Banker, in this case being HDFC Bank Limited |
| Registered Office | Registered Office of our Company situated at 7 C, 1 st Floor, 'J' Block Shopping Centre, Saket, New Delhi – 110 017 |
| Registrar/Registrar to the Issue | Registrar to the Issue, in this case being Intime Spectrum Registry Limited |
| Retail Bidders/Retail Individual Bidders/Retail Investors | Individual Bidders (including HUFs and NRIs) who have not Bid for an amount in excess of Rs. 1,00,000/- in any of the bidding options in the Issue |
| Retail Portion | The portion of the Issue being up to 30% of the Issue i.e. 12,00,000 Equity Shares of Rs. 10/- each available for allocation to Retail Bidder(s) |

| Term | Description |
|--------------------------------------|--|
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s) |
| RoC/ROC | Registrar of Companies, in this case being Registrar of Companies, N.C.T. of Delhi & Haryana, CGO Complex, Paryawaran Bhawan, New Delhi. |
| Red Herring Prospectus | Means the Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. The Red Herring prospectus will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SEBI | The 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 Guidelines | SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time |
| Stock Exchanges | NSE & BSE |
| Syndicate/Members of the Syndicate | The BRLMs |
| Syndicate Agreement | The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue |
| Syndicate Members | Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs. |
| TRS or Transaction Registration Slip | The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid |
| Underwriters | The BRLMs |
| Underwriting Agreement | The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date |

INDUSTRY/COMPANY RELATED TERMS

| Term | Description |
|----------------------------|--|
| Acre | Unit of land area measurement. 1 hectare = 2.47 acres |
| 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. |
| DG | Diesel Generator |
| Ethanol | Ethyl alcohol produced from fermentation of Molasses. |

UTTAM SUGAR MILLS LIMITED

| Term | Description |
|------------------------|---|
| Free Sale Sugar | That portion of the production of a sugar mill, which can be sold in the open market. |
| FSQ | Free Sale Sugar Quota |
| Fuel Ethanol | Dehydrated ethyl alcohol, which contains at least 99.5% ethyl content. This is used for blending in petrol. |
| Gunta | Unit of land area measurement 1 acre = 40 gunta. |
| ISMA | Indian Sugar Mills Association |
| ICUMSA | International Commission for Uniform Method of Sugar Analysis (ICUMSA) is a global body which brings in concert the activities of all the National Committees for sugar analysis in over thirty member countries. An ICUMSA rating is an international unit for expressing the purity of sugar in solution and is directly related to color of the Sugar i.e. lower the ICUMSA value whiter the sugar. |
| Khatauni | Revenue records showing the mutation |
| KLPD | Kilo Litre Per Day |
| KWH | Kilo Watt Per Hour |
| Levy Sugar | That portion of the production of a sugar mill that is procured by the Govt appointed nominees at a fixed price that has to be sold as per Government direction through fair price shops. |
| Molasses | A thick liquid residue of sugar manufacturing process, which still contains around 50% sugar, which cannot be crystallized. |
| MRM | Monthly Release Mechanism |
| MT | Metric Tonne |
| Mutation | Record of Transfer of immovable property in the Revenue Records in favour of Purchaser |
| MW | Mega Watt |
| OGL | Open General License |
| PDS | Public Distribution System |
| Plantation White Sugar | Sugar manufactured from sugarcane by the double sulphitation process. |
| PPA | Power Purchase Agreement |
| Raw Sugar | Sugar with sucrose content less than 99.5%, which is normally processed further before human consumption. |
| Refined Sugar | Sugar produced by refining raw sugar |
| SDF | Sugar Development Fund |
| SMP | Statutory Minimum Price |
| SAP | State Advised Price |
| SY or Sugar Year | 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

| Abbreviation | Full Form |
|---------------------|--|
| AGM | Annual General Meeting |
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| CAD | Computer Aided Design |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| D/E Ratio | Debt Equity Ratio |
| DG | Diesel Generator |
| DGTD | Director General of Technical Development |
| DP | Depository Participant |
| DRHP | Draft Red Herring Prospectus |
| EBIDTA | Earnings before Interest, Depreciation, Tax and Amortization |
| EPS | Earnings Per Equity Share |
| EU | European Union |
| FCNR Account | Foreign Currency Non Resident Account |
| FI/FI(s) | Financial Institution(s) |
| FII | Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India |
| FY / Fiscal | Financial Year ending September 30 |
| Gol/Govt. | Government of India |
| HUF | Hindu Undivided Family |
| IDBI | Industrial Development Bank of India Limited |
| INR/ Rs. | Indian National Rupee |
| IPO | Initial Public Offering |
| lbs. | Pounds |
| MMT | Million Metric Tonnes |
| MoU/MOU | Memorandum of Understanding |
| MW | Mega Watt |
| NAV | Net Asset Value |
| NRE Account | Non Resident External Account |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depositories Limited |

UTTAM SUGAR MILLS LIMITED

| Abbreviation | Full Form |
|---------------------|---|
| PAN | Permanent Account Number |
| p.a. | per annum |
| P/E Ratio | Price/Earnings Ratio |
| Qtls. | Quintals |
| RHP | Red Herring Prospectus |
| RoNW / RONW | Return on Net Worth |
| RBI | The Reserve Bank of India constituted under RBI Act |
| RBI Act | The Reserve Bank of India Act, 1934 as amended from time to time. |
| SS | Sugar Season |
| U. P. | Uttar Pradesh |
| U.S./U.S.A. | United State of America |
| U.S.D.A. | United States Dept. of Agriculture |
| U.S.F.D.A. | United States Food & Drug Administration |
| WTO | World Trade Organisation |



SECTION II – RISK FACTORS

CERTAIN CONVENTIONS - USE OF MARKET DATA

In this Prospectus, unless the context otherwise requires, unless stated otherwise, the financial data in this Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in this Prospectus. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “lacs” means “one hundred thousand” and the word “million” means “ten lac” and the word “Crore” means “ten million”. Throughout this Prospectus, all figures have been expressed in lacs. Unless otherwise stated, all references to “India” contained in this Prospectus are to the Republic of India.

Industry data used throughout this Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources

For additional definitions, please refer to the section titled ‘Definitions and Abbreviations’ on page no. i of this Prospectus. In the section titled ‘Main Provisions of the Articles of Association’ on page no. 203 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

UTTAM SUGAR MILLS LIMITED

FORWARD LOOKING STATEMENTS

We have included statements in this Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will 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:

- General economic and business conditions in India;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch various projects for which funds are being raised through this Issue;
- Prices of raw materials we consume and the products we produce;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;
- Any adverse outcome in the legal proceedings in which our Company is involved; and
- The loss or shutdown of operations of our Company at any times due to strike or labour unrest or any other reason.

For further discussion of factors that could cause our actual results to differ, please refer to the section titled ‘Risk Factors’ beginning from page no. ix of this Prospectus. 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 our Company nor the members of the Syndicate, nor any of their respective affiliates 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 requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to this Issue.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. The investor should carefully consider all of the information provided in this Prospectus, including the risks and uncertainties described below, before making an investment in the Company's Equity Shares. If any of the following risks actually occur, Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline and the investors may lose all or part of their investment.

Note:

The risk factors are as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any risks mentioned herein under:

In this Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors", "Management's discussion and analysis of financial condition and results of operations" and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of the amounts disclosed in the financial statements prepared in accordance with the Indian Accounting Standards.

A. INTERNAL RISK FACTORS

i) Risks related to our Company

In the past, one of our Promoters and two Promoter Group members were imposed a penalty of Rs. 33,500/- by SEBI under Substantial Acquisition of Shares and Takeovers

In year 2001, the Adjudicating Officer of SEBI, Mumbai initiated proceedings against Mr. Ranjan Adlakha (one of our promoter and director) for late submission of the requisite report as acquirer while proceedings were initiated against Mrs. Amita Adlakha, wife of Mr. Raj Kumar Adlakha and New Castle Finance & Leasing Pvt. Ltd. (one of our group companies) for being considered as acquirer and hence due to non submission of the requisite report as acquirer. For further details, please refer to the section titled 'Outstanding Litigations' beginning from page no. 151 of this Prospectus.

There were some delays in the payments to FI/Banks in the Financial Year ended September 30, 2003, Financial Year ended September 30, 2004 and Financial Year ended September 30, 2005

There were some delays in payment of dues to certain banks/Financial Institutions during the FY 2003, FY 2004 and FY 2005. The details of the delayed payments of installment and interest thereon are as under:

Delays in the Financial Year 2002 - 2003

| Sr. No. | Name of the lending Bank/ Financial Institution | Principal Amount originally advanced (Rs. in lacs) | Instalment (Rs. in lacs) | Interest (Rs. in lacs) | Total (Rs. in lacs) | Payment Due on | Paid on |
|---------|---|--|--------------------------|------------------------|---------------------|----------------|------------|
| 1. | IDBI | 794 | 33.33 | 29.96 | 63.29 | 01.12.2002 | 11.03.2003 |
| 2. | IDBI | 794 | 33.33 | 28.76 | 62.09 | 01.03.2003 | 30.04.2003 |
| 3. | IDBI | 794 | 33.33 | 24.09 | 57.42 | 01.06.2003 | 02.07.2003 |
| 4. | IDBI | 794 | 33.33 | 25.49 | 58.82 | 01.09.2003 | 16.09.2003 |

UTTAM SUGAR MILLS LIMITED

Delays in the Financial Year 2003 - 2004

| Sr. No. | Name of the lending Bank/ Financial Institution | Principal Amount originally advanced (Rs. in lacs) | Instalment (Rs. in lacs) | Interest (Rs. in lacs) | Total (Rs. in lacs) | Payment Due on | Paid on |
|---------|---|--|--------------------------|------------------------|---------------------|----------------|------------|
| 1. | Indian Overseas Bank | 450 | 21.25 | - | 21.25 | 31.12.2003 | 09.01.2004 |
| 2. | Punjab National Bank | 1170 | 50.00 | - | 50.00 | 31.12.2003 | 09.01.2004 |
| 3. | IDBI | 794 | 33.33 | 23.37 | 56.70 | 01.12.2003 | 09.12.2003 |
| 4. | IDBI | 794 | - | 10.00 | 10.00 | 01.03.2004 | 13.04.2004 |
| 5. | IDBI | 794 | 18.09 | 11.91 | 30.00 | 01.03.2004 | 28.04.2004 |
| 6. | IDBI | 794 | 15.24 | - | 15.24 | 01.03.2004 | 30.04.2004 |
| 7. | IDBI | 794 | 33.33 | 19.16 | 52.49 | 01.09.2004 | 02.09.2004 |
| 8. | State Bank of India | 600 | 30.00 | - | 30.00 | 30.09.2004 | 01.10.2004 |

Delays in the Financial Year 2004 - 2005

| Sr. No. | Name of the lending Bank/ Financial Institution | Principal Amount originally advanced (Rs. in lacs) | Instalment (Rs. in lacs) | Interest (Rs. in lacs) | Total (Rs. in lacs) | Payment Due on | Paid on |
|---------|---|--|--------------------------|------------------------|---------------------|----------------|------------|
| 1. | Indian Overseas Bank | 1450 | - | 8.59 | 8.59 | 30.09.2005 | 01.10.2005 |
| 2. | Punjab National Bank | 1170 | 50.00 | - | 50.00 | 30.09.2005 | 04.10.2005 |
| 3. | State Bank of India | 600 | 30.00 | - | 30.00 | 30.09.2005 | 05.10.2005 |
| 4. | State Bank of India | 1000 | 62.50 | - | 62.50 | 20.09.2005 | 05.10.2005 |

These delays were procedural delays only and we have not defaulted in payment of dues to any Bank/Financial Institution as on date.

ii) *Risks related to the expansion project*

Most of the plant and machinery required for the expansion project are being procured from our group companies.

An amount of Rs. 21090 lacs (being 73.74% of the total project cost) is proposed to be spent towards acquiring Plant and Machinery required for the expansion. We have placed orders/received quotations for major plant and machineries involving an expenditure of Rs. 13903.81 lacs being 65.93% of the total amount proposed to be spent on plant and machinery. Most of these orders have been placed with Uttam Industrial Engineering Limited and Lipi Boilers Limited, the promoters of our Company. To this extent, our promoters/directors are interested in these transactions. For more details, please refer to the section titled 'Objects of the Issue' beginning from page no. 23 of this Prospectus.



Mutation of land acquired for the expansion project is yet to be done in our name.

The expansion project involves setting up of two additional units in the state of Uttar Pradesh (U. P.) in order to expand the cane crushing capacity of our Company. We have acquired around 85 acres of land at village Khaikheri in the district of Muzaffarnagar in U. P. and around 50 acres of land at village Shermau in the district of Saharanpur in U. P. Although, the said lands are registered in our name and the permission has been granted for establishing and running sugar factory at these lands, mutation of around 15 acres of land at village Khaikheri and around 30-35 acres of land at village Shermau is yet to be obtained.

No Power Purchase Agreement (PPA) has been entered as on date of filing this Prospectus

Our Company is setting up co-generation power units with an installed capacity of 20 MW at village Barkatpur (installation of 10 MW of co-generation power unit has been completed in December 2005), 15 MW at village Khaikheri (Unit III) and 30 MW at village Shermau (Unit IV). Out of the proposed installed capacity of 65 MW of power in respect of these three units, the power generation is expected to be 50 MW of which our Company shall require around 23 MW for its captive consumption, leaving an exportable surplus of around 27 MW during the sugar season after stabilization of the expansion projects. As on date of filing this Prospectus, no Power Purchase Agreement (PPA) has been entered for the proposed exportable surplus of 27 MW of power. We have already made an application for entering into a PPA with the U. P. State Electricity Board in respect of sale of excess power generated at our village Barkatpur unit. Similarly, we expect to enter into a PPA soon with the U. P. State Electricity Board for off take of surplus power generated in our other units.

We have delayed the commencement of certain project related activities as envisaged in the project implementation schedule of the Merchant appraisal report of IDBI Ltd.

As per the Merchant Appraisal Report, the site development work and placing of orders for Plant & Machinery was to be completed by December 2005 and construction of factory buildings was to commence by December 2005. However, due to the delay in acquisition of land, we expect to complete the site development work by February 2006 and commence the construction of the factory building thereafter. We have completed the placing of orders for long - delivery duration Plant & Machinery by February 2006. Since, the timely commencement of commercial operations at our projects is critical, any delay in the completion or to the beginning of sugar production at our mills may adversely affect the results of our operations and may adversely affect the market price of our Equity Shares. However, our promoters are well experienced in the Sugar industry. We have in the past successfully implemented our projects on time without any cost overrun. We expect to complete the implementation of the projects within the projected time and cost parameters.

Our inability to effectively manage our rapid infrastructure and personnel growth could have a material adverse effect on our business, results of operations and financial condition.

We started our operations in January 2001 by setting up a 2500 TCD sugar plant in village Libberheri, Tehsil Roorkee, District Haridwar, Uttaranchal. Within a span of five years, we have expanded our capacity at village Libberheri to 6250 TCD. We are also setting up a green field project at village Barkatpur in Bijnore District in Uttar Pradesh with a capacity of 7000 TCD alongwith a co-generation power plant of 20 MW capacity, of which the first phase of 3500 TCD capacity and 10 MW power plant has commenced commercial operations in December 2005. The second phase is expected to commence operations shortly. The same will result in an overall capacity of 13250 TCD and co-generation power plant facility of 35 MW. Our inability to manage such rapid expansion effectively or to ensure the continued adequacy of our current systems could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Appraiser of our Project, IDBI has mentioned certain Weaknesses and Threats in its Merchant Appraisal Report dated December 2005.

Our Project has been appraised by IDBI. IDBI has mentioned the following **Weaknesses and Threats** in its Appraisal Report:

UTTAM SUGAR MILLS LIMITED

Weaknesses

- Implementation of several projects in quick succession may result in temporary liquidity problems
- The proposed IPO's success will depend on the market sentiments at that point of time

Threats

- The industry as a whole is cane price/cane availability sensitive
- Government regulations and further increase in SMP/SAP for Sugar cane may affect the performance adversely
- Being agro-based Industry, susceptible to vagaries of monsoons
- Import of Sugar – lowering of import duty by GOI
- Lowering of entry barriers (except surrounding of 15 Kms from the mill)

The proposed expansion project envisages setting up of green field sugar mill units at village Khaikheri and village Shermau. An expansion to such an extent will have to be closely monitored to ensure successful implementation

The proposed expansion project as appraised by Industrial Development Bank of India Limited constitutes setting up of two above-mentioned additional units in the state of Uttar Pradesh and involves an expenditure of Rs. 28600 lacs. Our Company proposes to implement the projects by October 2006. The deployment of funds raised from the Issue will be monitored by Punjab National Bank.

iii) Risks related to the business

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. In India, agriculture is primarily dependent on agro climatic conditions. Proper water management through irrigation during the formative phase of the cane is critical to the sucrose content and overall quality of the cane. Apart from climatic conditions, the sugar cane crop may also be impacted by the occurrence of crop disease. In case the quality or quantity of cane available to us 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.

Our success depends on our ability to efficiently handle the critical factors affecting profitability of sugar mill units.

Production of sugar is a complicated activity with the profitability primarily dependent on four critical factors being Cane Acreage, Yield per Hectare, Drawal and Recovery factor. The sugar cycle (as described on page no. 50 of this Prospectus) affects the Cane Acreage. As per the extant laws, the distance between the chimneys of two sugar mills should be a minimum of 15 kilometers. The Cane Commissioner of the respective region allocates the reserved area for each sugar mill. We are required under law to purchase any sugarcane grown within our reserved area.

However, the farmers are not under any obligation to grow sugar cane and may shift to alternative/more remunerative crops in case of non-receipt of sugar cane dues. Yield per Hectare affects the quantum of sugar cane availability. As discussed earlier, adverse weather conditions, crop disease, pest attacks may adversely affect sugarcane crop yields. Recovery rate depends on various factors including quality of cane, duration between harvesting and crushing, sucrose content in cane etc. Any reduction in the yield per hectare or the recovery rate may have a material adverse effect on our profitability.



Sugarcane grown within our Reserved Cane Area may be sold to manufactures of Gur & Khandsari and others instead of us.

As per the statistics of ISMA, the percentage of India's sugarcane production utilized for 'Gur and Khandsari' was 32.5%, 20.1% and 31.5% in the Sugar Year 2003-2004, 2002-2003 and 2001-2002 respectively. In addition, 11.4%, 11.1% and 11.1% of the sugarcane production was utilized for 'Seed, Feed and Chewing, etc.' in the Sugar Year 2003-2004, 2002-2003 and 2001-2002 respectively. Hence, a substantial portion of the total sugarcane grown may not be available to sugar manufacturers. To ensure that the farmers stay interested in selling sugarcane to us, we may need to provide financial and other incentives to the farmers. This may adversely affect our financial condition and results of our operations.

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

Sugarcane costs constitute a major portion of our direct expenditure. As per the extant norms, we have to purchase sugarcane at the State Advised Price (SAP). At the same time, the amount of sugar that can be sold in the market is regulated. 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. This can put a pressure on our profit margins.

Production of sugar is seasonal

The main raw material for the sugar industry, i.e., sugar cane is highly perishable as regards to the operational efficiency and optimum recovery from crushing. Harvesting of sugar cane is typically done between mid of October to April. The juice starts drying up fast after the harvesting, putting heavy demands on time and place co-ordination between the farmers and the sugar mill. Sugarcane must be transported to and crushed at the mill fast otherwise, the sugar recovery rate may go down at a rate as high as almost 1% a day as the temperature rises towards end of February. Thus, crushing of sugarcane or production of sugar can typically be stretched over a period of 170 days in a year depending on the region. Thus, sugar production in this region is typically done during the six months from November to April in a year.

Sugar Industry is cyclic

Domestic sugar industry typically follows a 5 to 7 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 and extraordinary profits. 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. Presently, the industry has witnessed low production of 12.5 million tonnes of sugar in the Sugar Season 2004-05. As per ISMA, the production is expected to increase by 40% in the current Sugar Season 2005-06. However, the higher production is also coupled with lower inventory levels and thus prices are expected to remain stable if not rise.

Selling Price of sugar depends largely on prevailing market prices.

The wholesale price of sugar has a significant impact on our profits. Sugar is subject to price fluctuations resulting from weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our control. Further the sugar industry in India is highly fragmented and the pricing power of individual companies is limited. As a result, any prolonged decrease in sugar prices could have a material adverse effect on our Company and our results of operations.

Sugar Industry is a highly regulated industry

Sugar is an essential commodity, and is included within the purview of the Essential Commodities Act, 1955.

UTTAM SUGAR MILLS LIMITED

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 Sugar Directorate. We thus operate in an industry, which is highly regulated and any change in governmental or legal policies to the detriment could adversely affect the business, operations and profitability of our Company.

Restriction on further expansion of sugar mills in Uttar Pradesh

Monnet Sugars Ltd. had filed a writ petition in Allahabad High Court challenging the de-licensing of sugar industry in November 1998. The Company had stated that sugar being a central subject, the de-licensing order would require Parliament approval and cannot be merely done through an executive order. The Allahabad High Court passed an order in August 24, 2005 and declared the de-licensing of the sugar industry as illegal. The matter was taken to the Supreme Court and the Supreme Court has stayed the Allahabad High Court judgment. As of now, the cane Commissioner of Uttar Pradesh (U. P.) will decide on cane allocation, reserved areas and other issues affecting sugar units in U.P., while the matter is in Supreme Court. In case, the order passed by the Allahabad High Court is upheld by the Supreme Court, implementation of the expansion projects being undertaken by us and other sugar mills may be delayed or aborted. This will, however, not affect our existing operations at Libberheri in Uttaranchal, since license for setting up the mill had been procured prior to the de-licensing of the sugar industry in 1998.

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

Since the sugar industry is going through a boom period, increasingly additional capacities are being added by existing sugar companies and by new entrants in this field. The supply of sugar in the market will 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. Competition is inevitable in any line of business.

iv) Other Incidental Risks

Our existing and proposed sugar mills are not fully integrated

As discussed earlier, manufacturing of sugar is a seasonal and a regulated business. As a result, most of the sugar mills have started expanding their product profile by efficient utilization of by-products, namely bagasse and molasses, to enhance their profitability. This helps in de-risking the business so that they are not exposed to a large extent to the vagaries of nature and the adverse government policies. However, though bagasse, is being utilized to generate power, our existing plants at village Libberheri in Uttaranchal and village Barkatpur in Uttar Pradesh as well as our proposed mills are not fully integrated to the extent of value addition of molasses through distillery operations. This may restrict us from using the molasses generated through the sugar production process efficiently, thereby limiting our scope of enhancing our profitability.

Existing Induction Furnace has not generated any revenue during the Financial Year 2005. Further, we propose to set up another induction furnace.

To efficiently utilize the excess power that can be generated during the sugar season, our Company set up an induction furnace of 80 Tonnes Per Day (TPD) for manufacturing of M. S. steel ingots at its unit in village Libberheri in FY 2002. The said facility has been licensed to Gayatri Iron Pvt. Ltd. for a period of three years commencing from FY 2003. As per the terms of the License Agreement, Gayatri Iron Pvt. Ltd. shall pay an amount of Rs. 1.00 lac per day for using consumables like power and water etc. supplied by our Company. Apart from this, Gayatri Iron Pvt. Ltd. shall pay us an amount of Rs. 3.00 lacs per month for utilizing the M. S. steel



ingots manufacturing facilities. However, the said facility has not generated any revenues in the FY 2005, due to the non-availability of excess power to operate the induction furnace by Gayatri Iron Pvt. Ltd. The non-availability of excess power to operate the induction furnace was mainly due to the delay in stabilization of the new turbine set up by us. Further, we propose to set up one more induction furnace of 100 TPD at an estimated cost of Rs. 200 lacs, to be funded entirely by internal accruals. Our Company proposes to license this additional furnace facility to Gayatri Iron Pvt. Ltd. on similar terms.

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. The 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. Further, we do not maintain any 'key man' life insurance for our senior members of our management team or other key personnel, except our Chairman and Managing Director.

We have not yet applied for or are yet to receive certain statutory clearances and approvals in relation to our business.

Our Company has not received the following approvals/sanctions:

1. Our Company is yet to procure the renewal of the following licenses for the year 2006 in respect of the unit at village Libberheri:

| License/Approval | Whether Applied | Status of Application |
|---|-----------------|-----------------------|
| License to run a factory | Yes | Pending |
| Approval for installation of Boiler | Yes | Pending |
| Water (Prevention and Control of Pollution) Act, 1974 | Yes | Pending |
| Air (Prevention and Control of Pollution) Act, 1981 | Yes | Pending |
| Registration under the Labour Act, 1970 for employment of contract labour | Yes | Pending |
| Approval for Storage of HSD under the Explosives Act, 1884 | Yes | Pending |

2. Our Company stores High Speed Diesel (HSD) within the factory premises at the units in village Libberheri in Uttaranchal. The HSD is used for running DG sets during the off-season i.e. when sugarcane is not crushed. We have been storing HSD at our unit in village Libberheri without obtaining prior approval from the Chief Controller of Explosives as required under the Explosives Act, 1884. Our Company has made an application to the Deputy Chief Controller of Explosives, Explosives Department, Agra for the approval for the construction of HSD Storage Tank vide their application dated February 09, 2005. The said application is still pending for approval.

UTTAM SUGAR MILLS LIMITED

3. Our Company is yet to procure the following licenses in respect of the unit at village Barkatpur:

| License/Approval | Whether Applied | Status of Application |
|---|-----------------|-----------------------|
| License to run a factory | Yes | Pending |
| Hazardous Wastes (Management and Handling) Rules, 1989 to the Uttar Pradesh Pollution Control Board | No | - |
| Water (Prevention and Control of Pollution) Act, 1974 | Yes | Pending |
| Air (Prevention and Control of Pollution) Act, 1981 | Yes | Pending |
| Approval of storage of HSD under the Explosives Act, 1884 | No | - |
| Approval for installation of Boiler | Yes | Pending |
| Registration under the Employees Provident Fund | Yes | Pending |
| Registration under the Labour Act, 1970 for employment of contract labour | Yes | Pending |
| License under the Prevention of Food Adulteration Act, 1954 | No | - |

We have not registered our brand i. e. 'Uttam Sugar' and we do not have a registered trademark.

We have yet not registered the brand 'Uttam Sugar' in our name and do not have a registered trademark. 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. The same cannot be registered, as the word 'Uttam' is a generic term.

Some of our term loan agreements have certain restrictive covenants, which may affect the rights of equity shareholders.

Some of our term loan agreements entered into with our lenders contain certain restrictive terms viz., we cannot declare or pay any dividend without prior permission of the lenders to our shareholders during any financial year unless we have paid all the dues to the respective lenders or paid or have made satisfactory provisions therefore or in the event we are in default of the terms and conditions of such loan agreements.

As per the terms of the Borrowing Agreement entered into with IDBI, in case of any default for three consecutive instalments and outstanding, IDBI has the option to convert its then existing outstanding loan balance into Equity Shares at any time during the currency of the loan. As on January 31, 2006, Rs. 3334.97 lacs is due to IDBI Ltd. Additionally, Rs. 5100 lacs has been sanctioned, but yet to be disbursed.

We currently enjoy certain tax benefits, which may not be available to us in the future

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 village Libberheri, Tehsil Roorkee, District Haridwar (Uttaranchal) Unit on the basis of substantial expansion of Industrial Undertaking in Uttaranchal State. 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.

Availing of tax benefits by our Company and/or the shareholders will be subject to fulfillment of certain conditions

Our Company will be eligible for certain tax benefits as enumerated in the section titled 'Statement of Tax Benefits' on page no. 39 of this Prospectus. However, several of these benefits are dependent on our Company fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws, non-fulfillment of which may make our Company ineligible for these benefits.



Similarly our shareholders will be eligible for certain tax benefits as enumerated in the section titled 'Statement of Tax Benefits' on page no. 39 of this Prospectus. However, several of these benefits are dependent on our shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws, non-fulfillment of which may make our shareholders ineligible for these benefits.

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

We maintain insurance policies in respect of our principal places of business, including our sugar mills vehicles. Our plant and machinery such as mills, pans, boilers, pressure vessels, DG sets, turbines, motors, tubewells, effluent treatment plant and office equipment are also covered by insurance.

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, 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.

We do not have a track record for payment of dividends on Equity Shares.

We have not declared or paid any cash dividends on the Equity Shares since our inception. The future payment of dividends, if any, would be based on the then available distributable profits and the recommendations of our Board of Directors.

We have a high Total Debt-Equity ratio of 2.41 as on financial year ended September 30, 2005.

We have undertaken three expansions and modernization at our unit in village Libberheri within the short span of 5 years and are setting up a green field sugar mill at village Barkatpur. These have been funded through a mix of debt, equity and internal accruals. Consequent to this, our Total Debt to Equity Ratio as on September 30, 2005 is 2.41, which is on the higher side. Our capacity to service the debt depends on our continued profitability as demonstrated in the past. 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. However, our long-term debt to equity ratio is 1.87.

Foreign Exchange Risks

We have availed of FCNR (B) Demand Loan amounting to USD 10.00 lacs (approx. Rs. 450 lacs, assuming exchange rate of Rs. 45/- per USD) to encash on the lower interest rates on such loans. To this extent, we are exposed to risks arising from adverse movements in the exchange rate parity between the US dollar and the Indian Rupee. However, we have hedged this risk by taking full coverage through forward cover for exchange rate.

Large number of companies in the group catering to diverse industry segments

Our promoters and their associates have promoted a large number of companies operating in diverse industry segments. As a result of this, promoters may find it difficult to focus on every business venture. However, each of the business ventures is run independently by a team of well-qualified professionals and we are not exposed to any conflict of interest with any of these ventures. For more details of companies in the group, please refer to the section titled 'Group Companies' beginning from page no. 122 of this Prospectus.

UTTAM SUGAR MILLS LIMITED

Losses incurred by group companies

Losses incurred by some of the companies under our group are as given below:

(Rs. in lacs)

| Name of the Company | 2003 | 2004 | 2005 |
|-------------------------------------|--------|--------|--------|
| Lipi Boilers Ltd. | (1.73) | 1.22 | 4.98 |
| The Standard Type Foundry Pvt. Ltd. | (9.41) | 17.80 | 7.17 |
| Lipi Consultants Pvt. Ltd. | 2.12 | (0.34) | 1.93 |
| Uttam Tubes Pvt. Ltd. | (0.25) | (0.12) | (0.08) |
| Shree Uttam Colonisers Pvt. Ltd. | (0.07) | 0.08 | (0.08) |
| Shubham Sugars Ltd. | 3.63 | (3.19) | (1.16) |
| Telma Trading Pvt. Ltd. | (0.42) | (0.15) | (0.78) |
| Adharshila Capital Services Ltd. | 0.24 | 0.24 | (0.02) |

Some of our group companies viz., Uttam Distilleries Ltd., Shubham Sugars Ltd., Divine Grace Enterprises Pvt. Ltd., Idea Engineering Pvt. Ltd., Uttam Trading Centre Pvt. Ltd. and Mansingh Group Hotels & Resorts Ltd. are not carrying out any business activities.

The following of our group companies' equity shares though listed, are not traded.

Adharshila Capital Services Ltd.: The Equity Shares of Adharshila Capital Services Ltd. are listed on the Delhi Stock Exchange Association Ltd. and the same are in the compulsory list of trading in dematerialization w.e.f. January 02, 2002. There was no transaction in the Equity Shares of the company on Delhi Stock Exchange for more than three years. The same are not traded as on date of filing this Prospectus. For more details, please refer to the section titled 'Group Companies' beginning from page no.122 of this Prospectus.

Pariksha Fin-Invest-Lease Ltd.: The Equity Shares of Pariksha Fin-Invest-Lease Ltd. are listed on the Delhi Stock Exchange Association Ltd. and the same are in the compulsory list of trading in dematerialization w.e.f. January 02, 2002. There was no transaction in the Equity Shares of the company on Delhi Stock Exchange for more than three years. The same are not traded as on date of filing this Prospectus. For more details, please refer to the section titled 'Group Companies' beginning from page no. 122 of this Prospectus.

Our Promoters and Promoter group will continue to retain significant control in our Company after the current Issue, which may influence the outcome of matters submitted to shareholders for approval.

The post Issue Equity Share Capital holding of our Promoters and Promoter group will be 83.25%. As a result, the Promoters and Promoter group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. The Promoters and Promoter group will also be in a position to influence any shareholder action or approval requiring a majority vote. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

We have issued Equity Shares in last twelve months at a price, which could be lower than the Issue Price

We have made the following allotments in the last twelve months at a price, which could be lower than our current Issue price -



| Date of Allotment | Face Value (Rs.) | Issue Price (Rs.) | Mode of payment | Allottee | No. of Equity Shares allotted |
|-------------------|------------------|-------------------|-----------------|------------------------------|-------------------------------|
| 27.07.2005 | 5.00 | 7.50 | Cash | Promoters and Promoter Group | 44,59,800 |
| 22.08.2005 | 5.00 | 7.50 | Cash | Promoters and Promoter Group | 32,64,000 |
| 17.10.2005 | 10.00 | 15.00 | Cash | Promoters and Promoter Group | 12,82,600 |
| 10.11.2005 | 10.00 | 15.00 | Cash | Others | 74,000 |
| 15.12.2005 | 10.00 | 15.00 | Cash | Promoters and Others | 13,31,000 |
| 23.12.2005 | 10.00 | 15.00 | Cash | Promoters and Others | 2,49,500 |

Contingent Liabilities not provided for

Contingent liabilities not provided for as on Financial year ended September 30, 2005 are as under:

Outstanding Bank guarantee in favour of U.P. Pollution Control Board: Rs. 5.98 lacs Excise Duty/Sales Tax demands and show cause notices aggregating to Rs. 144.36 lacs against which the Company/department has preferred appeals/filed replies.

Litigations/ Disputes/defaults against our Company

Litigations against our Company

There are some litigations pending against our Company. The total amount of the same can not be ascertained. There are no litigations other than those stated below against our Company.

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|---|--|-----------------|---|
| 1. | Uttam Sugar Mills Ltd. vs. Deputy Commissioner (Assessment) Trade Tax, Roorkee Appeal pending before the Joint Commissioner of Trade Tax, Dehradun | This appeal has been filed by USML against the assessment order dated 29.3.2004, passed by the Deputy Commissioner Trade Tax (Roorkee). The assessment year is 1999-2000. The liability has been held to the tune of 1,72,907/-. The Deputy Commissioner (Assessment) has passed this order upon remand from the Joint 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 | Rs. 1,72,907/- | This Appeal is pending before the Joint Commissioner of Trade Tax, Dehradun |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|--|---|-----------------|--|
| | | fabrication of machinery is not possible without the machinery parts and therefore entry tax has been levied to the tune of Rs. 1,72,907/- and also penalty proceedings have been initiated for the delay. | | |
| 2. | Uttam Sugar Mills Ltd. vs. Deputy Commissioner (Assessment) Trade Tax, Roorkee Appeal pending before Joint Commissioner of Trade Tax, Dehradun | This appeal has been filed by USML against the assessment order dated 30.3.2005, passed by the Deputy Commissioner Trade Tax (Roorkee). The assessment year is 2001-2002. The liability has been held to the tune of 2,10,182/- against the admitted tax of Rs. 30,642.50. 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 negated by the Deputy Commissioner (Assessment). | Rs. 2,10,182/- | The Appeal is pending Before the Joint Commissioner of Trade Tax, Dehradun |
| 3. | Uttam Sugar Mills Ltd. vs Deputy Commissioner (Assessment) Trade Tax, Roorkee Appeal pending before the Joint Commissioner of Trade Tax, Dehradun | This appeal has been filed by USML against the assessment order dated 31.3.2004, passed by the Deputy Commissioner Trade Tax (Roorkee). The assessment year is 2000-2001. The liability has been held to the tune of Rs. 10,99,917/- against the admitted tax of Rs. 30,642.50. USML had brought certain components (machinery parts) in the local area for assembling the machinery at site. It is the case of USML that the said components cannot be termed as spare parts and no entry tax is leviable thereon under the provisions of Entry Tax Act. This contention of USML has been negated by the Deputy Commissioner (Assessment). | Rs. 10,99,917/- | The appeal is pending before the Joint Commissioner of Trade Tax, Dehradun |

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|---|---|-------------------|--|
| 4. | <p>Uttam Sugar Mills Ltd. Show Cause Notice No. V(15) of/Adj/28/2005/3561 dated 24.3.2005 Show Cause Notice No. V(15) of/Adj/28/2005/3562 dated 24.3.2005 Show Cause Notice No. V(15) of/Adj/28/2005/3563 dated 24.3.2005 Show Cause Notice No. V(15) of/Adj/28/2005/3564 dated 24.3.2005</p> | <p>These Show Cause Notices have been issued by the Commissioner, Central Excise Meerut-1. 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 <i>Cenvat Credit Rules, 2002</i> and has wrongly availed Cenvat Credit facility on Capital Goods (as per Annexures A & B attached to the respective Show Cause Notices) amounting to Rs. 1,42,42,543/- which were exclusively used in the manufacture of exempted goods. USML has been asked to show cause as to why the above amount of Rs. 1,42,42,543/- should not be demanded and recovered from it under Rule 12 of the <i>Cenvat Credit Rules</i> read with Section 11 (A) of <i>Central Excise and Salt Act 1944</i>, and further why penalty should not be imposed under Section 13(2) of the <i>Cenvat Credit Rules 2002</i> read with Section 11(a) (c) of the <i>Central Excise and Salt Act 1944</i>. USML has further been asked to show cause why a penalty should not be imposed on various Directors of USML namely Raj Kumar Adlakha, Rajan Adlakha and Ranjan Adlakha, with its General Manager T. Kannan, for contravention of the provisions of Rule 6 of the <i>Cenvat Credit Rules</i>. Copies of these notices have been served on the aforesaid Directors and the General Manager.</p> <p>USML has disputed the allegations levelled in the above show cause notices and it is the case of USML 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 <i>Cenvat Credit Rules</i> 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. It is only on or after 3.12.2004 that the noticees started using the subject Capital Goods for the manufacture of exempted goods.</p> | Rs. 1,42,42,543/- | Replies have been filed by USML to the various Show Cause Notices and the Commissioner Central Excise Meerut-1 is yet to adjudicate upon these Show Cause Notices. |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|---|---|--|---|
| 5. | Uttam Sugar Mills Ltd. vs. Commissioner of Central Excise Meerut Appeal No. E/812,813/NB(SM) | <p>This is an appeal filed by USML against two different orders passed by the Commissioners (Appeal) Customs & Central Excise Meerut-1, being orders in Appeal No. 292-CE/MRT-1/2003 dated 13.11.2003 and orders in Appeal No. 292-CE/MRT-1/2003 dated 14.11.2003. The facts pertaining to the present appeal are that the Deputy Commissioner, Central Excise, Saharan, Pur Division, allowed the Cenvat Credit of Rs. 1,78,753 + 8,228 = Rs. 2,09,741/- taken by USML during the month of November 2000 to January 2001 on channels, plates, H.R. Sheets, Angles, Base Frame & Welding Electrodes. By the same order, the Deputy Commissioner had disallowed the MODVAT credit of Rs. 1,02,727 + 18,406 = Rs. 1,21,133/- taken on lubricants and chemicals. The order of the Deputy Commissioner was challenged both by USML (against the rejection of claim of MODVAT on Lubricants and Chemicals) and by the Revenue (for allowing the Cenvat Credit on Channels/plates/sheets/a-ngles, Base frames and welding Electrodes) before the Commissioner, Appeals Customs & Central Excise, Meerut. It was the contention of the Revenue that channels/plates/sheets/a-ngles, Base frames and welding Electrodes are not eligible capital goods as these are used as construction/erection material and cannot be considered as components/spares/accessories of plant and machinery. This contention of the Revenue has been upheld in the first impugned order which has been challenged by USML in the present appeal before CESTAT.</p> <p>The Commissioner (Appeals) has, by its order dated 13.11.2003 disallowed the appeal of USML against the rejection of the claim of MODVAT on lubricants and chemicals, whereas the appeal of the Revenue was allowed by the Commissioner (Appeal) by its order dated 14.11.2003.</p> <p>Both the above orders are under challenge in this common appeal before CESTAT.</p> | <p>Rs. 1,21,133 + Rs. 2,09,741 Total <u>Rs. 3,30,874</u></p> | The Appeal is pending adjudication in CESTAT. |

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|--|--|--|---|
| 6. | <p>Deputy Commissioner, Customs & Central Excise Dehradun vs. Uttam Sugar Mills Ltd.</p> <p>Appeal No. 62/04 pending before the Commissioner (Appeals) Customs & Central Excise Meerut</p> | <p>This appeal has been filed by the Revenue against the order dated 16.10.2003 No. 82/2003 passed by the Deputy Commissioner Customs & Central Excise Dehradun.</p> <p>Proceedings were initiated by the Revenue against USML on the grounds that USML was availing credit of duty on the inputs, namely, phosphoric acid, Magnafloc, Caustic Soda etc. which were being used by it in the manufacture of sugar and molasses, pressmud and Bagasses as well. The Revenue alleged that as common inputs were used in the manufacture of bagasses and pressmud (i.e. exempted goods), USML was liable to pay an amount equal to 8% of the price of exempted goods, at the time of their clearance in view of Rule 57 CC/57 AD of the <i>Central Excise Rules</i>. It was the case of the Revenue that these products were actually sold by USML and were thus excisable goods.</p> <p>By its order dated 16.10.2003 no. 82/2003 the Deputy Commissioner, Central Excise Dehradun held that:</p> <p>(i) in view of the decision of the Hon'ble Supreme Court in <i>CCE Meerut vs. Titawi Sugar Complex</i> reported in 2003 (152) ELT (21), there is no case for the Department in demanding the amount of 8% from the party on the price of pressmud cleared by them.</p> <p>(ii) It was held that bagasses generated in the course of manufacture of sugar are a waste and residue and no demand for recovery of 8% of their sale price can be made under the provisions of Rule 57 CC/57AD of the <i>Excise Rules</i>.</p> <p>(iii) In view of the fact that no demand could be sustained for pressmud/bagasse there is no reason for demand of interest and penalty.</p> <p>It is against this order that the Revenue has filed the present Appeal, bearing No. 62/2004.</p> | <p>Duty involved: Rs. 17,261 + Rs. 14,207 (for pressmud) + Rs. 3, 174 + Rs. 97,486 + Rs. 2,25,712 + Rs. 1, 32,301 Total Rs. 4,90,141</p> | <p>The Appeal is pending before the Commissioner (Appeals).</p> |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|--|--|--|---|
| 7. | <p>Simplicity Projects Pvt. Limited vs. Uttam Sugar Mills Ltd.</p> <p>Suit No: 612/2005</p> <p>pending in the Court of J.P. Narain, Civil Judge Delhi.</p> | <p>This Suit for the recovery of Rs. 76,573/-, along with a claim of <i>pendete lite</i> and future interest @ 18% p.a., has been filed by Simplicity Projects Pvt. Ltd. against USML. The case of the Plaintiff, i.e Simplicity Projects Pvt. Limited, is that it has supplied various goods to USML, for which after adjustment of all accounts, as on 13.12.2002, an amount of Rs 51,123.42 is still outstanding against USML. This amount, the Plaintiff claims, has not been paid to it despite demand. Thus the present suit includes the original amount of Rs. 51,123.42 with interest from 13.12.2002 @ 18% interest.</p> <p>USML has not yet filed its Written Statement in this case.</p> | <p>Rs, 76,573/- along with <i>pendete lite</i> and future interest @ 18% p.a.</p> | <p>The suit is pending before the Civil Judge Delhi. USML is yet to file its Written Statement.</p> |
| 8. | <p>Lokesh vs Uttam Sugar Mills Limited, Case No. 106/2003, pending before the Labour Court, Dehradun.</p> | <p>The Labour Commissioner of Uttaranchal, Dehradun has made a reference to decide the dispute between Lokesh and USML. The terms of reference are: "Whether the termination of services of Shri Lokesh on 21.10.2001, by Management, is legal and justified, if no, what relief is the workman entitled to?"</p> <p>The case of Lokesh is that he was employed with USML on 1.1.2001 as a helper and while he was cleaning the machines on 22.1.2001, the machine started automatically which resulted in serious injuries to Lokesh, because of which he was under medical treatment for many months. After recovery when he returned to work, he was not taken back on the job, despite many efforts. Finally his services were terminated on 21.10.2001, without any show cause notice or compensation. Lokesh has not stated in his Statement of Claim what his alleged wages were per month.</p> | <p>Since the wages have not been specified by Lokesh, the exact amount involved cannot be ascertained. However we feel that if the Labour Court ultimately awards reinstatement with back wages to Lokesh, the minimum wages as per the <i>Minimum Wages Act</i> will have to be paid for the entire period.</p> | <p>The case is still pending at the stage of evidence before the Labour Court.</p> |

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|--|---|---|---|
| | | <p>USML has filed its Written Statement in this case and has denied that Lokesh was ever employed by it. The employer/employee relationship between USML and Lokesh has been denied by USML. Thus USML has claimed that there was no employment and no termination of Lokesh, by USML.</p> | | |
| 9. | <p>Laxmikant Sharma vs. Uttam Sugar Mills Ltd. C.P. Case No. 8/2003, pending before the Assistant Labour Commissioner & Conciliation Officer Haridwar.</p> | <p>This is a complaint filed by Laxmikant Sharma under Section 2-A of the <i>U.P. Industrial Disputes Act 1947</i>, claiming that he was appointed as a seasonal weightment clerk on 14.1.2001 and has not been taken on duty in the season 2002-2003 which started with effect from 25.11.2002.</p> <p>USML has filed its written statement and has prayed for the rejection of the complaint on the technical grounds that <i>UP Industrial Disputes Act, 1947</i> [<i>“UPID Act”</i>] is not applicable to Uttaranchal State and since the Complainant himself had stated that he has not been taken on duty the same cannot be treated either as discharge, dismissal, retrenchment or termination and is thus absolutely out of the purview of Section 2A of <i>UPID Act 1947</i>.</p> | <p>Since the wages have not been specified by Laxmikant, the exact amount involved cannot be ascertained. However we feel that if the matter is referred to the Labour Court and if the Labour Court ultimately awards reinstatement with back wages to Laxmikant, the minimum wages as per the <i>Minimum Wages Act</i> will have to be paid for the entire period</p> | <p>The complaint is pending consideration before the Assistant Labour Commissioner and Conciliation Officer Haridwar.</p> |
| 10. | <p>Satya Kumar Vs. Uttam Sugar Mills Ltd. I.D. No. 235/2003</p> | <p>The Labour Commissioner of Uttaranchal, Dehradun has made a reference to decide the dispute between Satya Kumar and USML. The terms of reference are: “Whether the termination of services of Shri Satya Kumar on 25.11.2002, by Management, is legal and justified, if no, what relief is the workman entitled to?”</p> <p>The case of Satya Kumar is that he was employed with USML since 17.11.2001 as a clerk but w.e.f. 25.11.2002 when the new</p> | <p>Since the wages have not been specified by Satya Kumar, the exact amount involved cannot be ascertained. However, we feel that if the labour Court ultimately awards reinstatement with back wages to Satya Kumar, the minimum wages, as per the <i>Minimum Wages Act</i> will have to be paid for the entire period.</p> | <p>The case is pending adjudication before the Labour Court and the pleadings are yet to be completed.</p> |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|---|---|---|---|
| | | <p>season of 2002-2003 started, he was not taken on the job. Satya Kumar has not specified his last drawn wages.</p> <p>USML filed its reply, while the case was before the Conciliation Officer Haridwar. The stand of USML is that since its factory is in Uttaranchal, the claim which has been raised by Satya Kumar under the <i>UP Industrial Disputes Act</i> is not maintainable since the <i>UP Industrial Disputes Act</i> is not applicable to Uttaranchal. Further, it has been stated by USML that Satya Kumar has never been directly employed by USML, therefore there is no question of his services being terminated by USML. In other words, USML has denied any employer and employee relationship with Satya Kumar.</p> | | |
| 11. | <p>Abhimanyu Singh (Cane Manager USML) vs. Munnu Singh & Ors Case No 408 of 2005, pending before the High Court of Uttaranchal at Nainital.</p> | <p>This is a petition filed under Section 482 of the Cr.P.C seeking quashing of Criminal Complaint No 806/04, under Section 420 I.P.C pending before the Additional Civil Judge/ Judicial Magistrate, Roorkee, Haridwar. In the complaint the Complainant has alleged cheating by USML, through its Cane Manager. The case of the Complainant is that USML had announced a prize to be given to the cane grower whose land would yield exceeding 70 quintal per Beegha, a specific variety of sugar cane. The Complainant claims to have met the requirement but states that USML has not complied with its promise and this amounts to cheating. The Complainant had led evidence before the Magistrate and upon perusal of the material before him,</p> | <p>If the present petition before the High Court is not allowed than the Petitioner will have to face the trial before the Judicial Magistrate. If after the trial, the Petitioner is found guilty, he may be punished for imprisonment up to three years for committing an offence under Section 420 of the IPC.</p> | <p>The matter is pending before the High Court of Uttaranchal at Nainital. The High Court has issued notice and has passed interim orders. The High Court has stayed the proceedings before the J u d i c i a l Magistrate.</p> |

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|--|--|--|---|
| | | <p>the Magistrate took cognizance of the matter and issued warrants to the present Petitioner.</p> <p>Being aggrieved by the cognizance order, the present Petitioner, i.e. the Cane Manager of USML filed the present petition under Section 482 of the CrPC. It is the case of the Petitioner that the material before the Magistrate was not sufficient to take cognizance of the offence. Further, since the Petitioner who is only an employee and not a director, he ought not to have been summoned by the Court since he is neither the person responsible for the affairs of the company nor is he a director. It is also the case of USML that there was never a valid promise and no case can at all be established.</p> | | |
| 12. | <p>Sahakari Ganna Vikas Samiti Limited, Titavi vs. Uttam Sugar Mills Ltd.</p> <p>Suit No. 321 of 2005 pending before the Civil Judge Senior Division, Muzaffarnagar.</p> | <p>This is a Civil Suit seeking an injunction by the Plaintiff against the Defendant, USML. The case of the Plaintiff is that it is a co-operative society of Sugarcane Growers and helps its members in growing and selling the sugarcane; that it has an exclusive right to sell the sugarcane to the sugar factories in the concerned area. It has been alleged by the Plaintiff that USML has been attempting to buy Sugarcane directly from the sugar growers that it has by-passed the co-operative society, i.e. the Plaintiff. By the present case, the Plaintiff seeks to obtain restraint orders against the Defendant in bypassing the Plaintiff while purchasing the Sugarcane.</p> <p>The case of the Defendant is that the Plaintiff has no <i>locus standi</i> to file the case; further that the Defendant is purchasing the Sugarcane under various orders passed by the High Court and the State Government, from time to time. It is further the case of the Defendant that it has always complied with all the rules and regulations and the suit is liable to be dismissed since the plaintiff does not disclose any cause of action.</p> | <p>The suit, if allowed, can result in restraint orders issued to the USML. In such an eventuality, USML may have to approach the High Court or the State Government for allocation of suitable centres for the purchase of the sugarcane.</p> | <p>The case is pending before the Civil Judge Senior Division Muzaffarnagar and USML has filed its written statement.</p> |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|---|---|---|---|
| 13. | <p>Uttam Sugar Mills Ltd. vs. State of UP and others.</p> <p>Special Leave Petition (C) No. 18846 of 2005, Supreme Court of India</p> | <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> | <p>If the order of the High Court is not set aside it can seriously affect the rights of USML, in obtaining centres for the purchase of sugar from the State of UP. The State of Uttaranchal does not have sugarcane production areas and if USML is not allowed to purchase sugarcane from Centres in UP, this can prove very risky for the business of USML</p> | <p>The case is pending before the Supreme Court of India and notice has been issued to the Respondent by the Supreme Court. Based on Memo-randum of Understanding dated 19.03.2001 as extended under G.O. dated 29.10.2004 read along with the provisions of section 60/87 of the U.P. Reorgani-sation Act ,2000 and various other Grounds of Appeal the Supreme Court granted Stay on High Court Order. The Sup-reme 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 in the Supreme Court.</p> |

| Sr. No. | Cause Title | Nature of the Case | Amount involved | Present Status |
|---------|---|--|---|---|
| 14. | 13 Show Cause notices issued on various dates in the year 2004-2005, to USML by the Collector & District Magistrate, Haridwar under <i>Uttaranchal Sugar-cane Purchase Regulations</i> , [Rules 91, 120 & 122]. | <p>The case alleged against USML in all the 13 Show Cause Notices, is that upon inspection by the Sugar Officer/Assistant Sugar Commissioner Uttaranchal Haldwani, at the Sugarcane sale purchase centre of USML, various irr-regularities were found in the weight measurements, equipments and the concerned documents of the USML.</p> <p>By all the above Show Cause Notices, USML has been asked to show cause why the weight license issued to USML for the year 2004-2005 may not be cancelled and why the security deposit made by USML, for obtaining the said license, be not forfeited.</p> | If USML fails to satisfy the District Collector and Magistrate Haridwar, by its reply to the show cause notice, the same may result in either the cancellation of the sugar weight license issued to USML for the year 2004-2005 or may result in the forfeiture of the security deposit of Rs. 2000 by USML. | USML has yet to file its replies to the show cause notices issued by the Collector and District Magistrate, Haridwar. |

Litigation against our Promoters and Directors

For the details of the litigations against our Promoters viz. Uttam Industrial Engineering Ltd., Lipi Boilers Ltd. and Uttam Sucrotech Ltd., which are Companies, please refer to the section titled 'Outstanding Litigations' beginning from page no. 151 of this Prospectus.

There is no direct litigation pending against our individual Promoters and Directors as on date of filing this Prospectus. However, the following are the litigations of our Company, in which our individual Promoters/Directors are also made a party with our Company -

(a) Mr. Raj Kumar Adlakha, Chairman & Managing Director

A copy of the show cause notice issued to our Company has been endorsed by the Commissioner of Central Excise, Meerut under CENVAT Rules, 2002. The primary liability is on our Company. This has been disclosed under the head "Litigation against our Company".

(b) Mr. Rajan Adlakha, Director

A copy of the show cause notice issued to our Company has been endorsed by the Commissioner of Central Excise, Meerut under CENVAT Rules, 2002. The primary liability is on our Company. This has been disclosed under the head "Litigation against our Company".

(c) Mr. Ranjan Adlakha, Director

A copy of the show cause notice issued to our Company has been endorsed by the Commissioner of Central Excise, Meerut under CENVAT Rules, 2002. The primary liability is on our Company. This has been disclosed under the head "Litigation against our Company".

(d) Mr. U. R. K. Rao, Director

A copy of the show cause notice issued to our Company has been endorsed by the Commissioner of Central Excise, Meerut under CENVAT Rules, 2002. The primary liability is on our Company. This has been disclosed under the head "Litigation against our Company".

UTTAM SUGAR MILLS LIMITED

Group Companies Litigations

There are various litigations pending against our group companies. The total amount of the same cannot be ascertained. For further details, please refer to the section titled 'Outstanding Litigations' beginning from page no. 151 of this Prospectus.

B. EXTERNAL RISK FACTORS

Any slowdown in the economic growth in India could cause the business to suffer.

Indian Economy performed satisfactorily during the year 2004-05 with a GDP growth rate of 6.9%. This growth momentum has been very optimistic for the first half of 2005-06 with the GDP growth at around 8.1%. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could adversely affect the business of our Company, including future financial performance, shareholders' funds and ability to implement strategy and the price of our Company's equity shares.

Any significant change in the Government's economic liberalization and deregulation policies could disrupt the business and adversely affect the financial performance of our Company.

The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies had and could continue to have a significant effect on public & private sector entities, including our Company, on market conditions, prices of Indian securities, including in the future on our Company's Equity Shares. Any significant change in the Government's policies or any political instability in India could adversely affect the business and economic conditions in India and could also adversely affect the business, future financial performance and the price of our Company's Equity Shares.

Sensitivity to the economy and extraneous factors

Our Company's performance is highly correlated to the performance of the economy and the financial markets. The health of the economy and the financial markets in turn depends on the domestic economic growth, state of the global economy and business and consumer confidence, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of our Company.

If we fail to comply with environmental laws and regulations or face environmental litigation, our results of operations may be adversely affected.

Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. If, as a result of compliance or non-compliance with any environmental regulations, any heavy penalty is imposed on us or any of our units or the operations of such units are shut down, we will continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue, even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease.

The price of our Equity Shares may be volatile.

The Equity Shares of our Company are currently not listed. The price of our Equity Shares on the Indian Stock Exchanges may fluctuate after listing as a result of several factors including -

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors and perception in the Indian market about investment in the Sugar Industry;
- Adverse media reports, if any, on our Company or the Sugar Industry;
- Changes in the estimates of our performance or recommendations by financial analysts;



- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's fiscal and environmental regulations.

There can also be no assurance that the price at which our equity shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.

The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section titled 'Basis of Issue Price' beginning from page no. 36 of this Prospectus) and may not be indicative of the market price for our Equity Shares after the Issue.

The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure the investors that they will be able to resell their Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly and other variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

Certain factors beyond the control of our Company like terrorist attacks, Civil unrest, droughts, floods, earthquakes, war etc. or any other acts of violence involving India and other countries can adversely affect our Company and financial markets, where the Equity Shares of our Company will be traded.

Certain events that are beyond our control such as the recent tsunami or seismically generated sea waves capable of considerable destruction on December 26, 2004 and terrorist attacks such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001. The other acts of violence or war including civil unrest, military activity and hostilities among countries may adversely affect worldwide financial markets and could lead to economic recession. Any such event could adversely affect our financial performance or the market price of the equity shares.

C. Notes to Risk Factors

1. Public Issue of 40,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 340 per Equity Share aggregating to Rs. 136.00 lacs.
2. The book value per Equity Share of Rs. 10/- was Rs. 31.69 as at September 30, 2005.
3. The average cost of acquisition of Equity Shares of face value of Rs. 10/- each by our Promoters, is as follows:

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

UTTAM SUGAR MILLS LIMITED

4. The net worth of our Company as on September 30, 2005 was Rs. 6104.91 lacs.
5. For details of related party transactions, please refer to the section titled 'Related Party Transactions' on page no. 91 of this Prospectus.
6. All information shall be made available by the BRLMs and our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
7. Investors are advised to refer to the section titled 'Basis of Issue Price' on page no. 36 of this Prospectus before making an investment in this Issue.
8. In terms of Rule 19(2) (b) of the SCRR, this Issue is being made through a 100% Book Building Process wherein a minimum of 60% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% of the QIBs portion that would be specifically reserved only for Mutual Funds and Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for QIBs). Further, upto 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
9. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to Retail Individual Bidders, Non-Institutional Bidders and QIBs. For more information, please refer to the section titled 'Issue Procedure' beginning from page no. 183 of this Prospectus.

Investors are free to contact the BRLMs or the Compliance Officer for any clarification or information or for any complaint pertaining to this Issue. For contact details, please refer to the cover page of this Prospectus.



SECTION III - INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that one should consider before investing in the equity shares offered by our Company. Investors should read the entire Prospectus, including the information on the section titled 'Risk Factors' beginning from page no. ix and the section titled 'Financial Statements' and related notes beginning from page no. 94 of this Prospectus before deciding to invest in the equity shares offered by our Company.

INDUSTRY SUMMARY

India is the largest consumer of sugar and second largest producer of sugar in the world. The Indian sugar industry is the second largest agro-industry located in India. The Indian sugar industry has a turnover of Rs. 500 billion per annum and it contributes almost Rs. 22.5 billion to the central and state exchequer as tax, cess, and excise duty every year (Source: Ministry of Food, Government of India). There are 566 installed sugar mills in the country with a production capacity of 180 lakh MTs of sugar, of which only 453 are working. These mills are located in 18 states of the country. Around 315 of the total installed mills are in the cooperative sector, 189 in the private sector and 62 in the public sector (Source: Directorate of Sugar).

With 453 operating sugar mills in different parts of the country, Indian sugar industry has been a focal point for socio-economic development in the rural areas. About 50 million sugarcane farmers and a large number of agricultural labourers are involved in sugarcane cultivation and ancillary activities, constituting 7.5% of the rural population. Besides the industry provides employment to about 2 million skilled/semi skilled workers and others mostly from the rural areas (Source: ISMA Website accessed on January 18, 2006).

The sugar industry not only generates process steam and power for its own captive requirement but also generates surplus exportable power to be sold to the electricity board/private players, based on one of its by-products - bagasse. The integrated sugar industry also effectively utilizes molasses, another by-product, to produce rectified spirit and extra neutral alcohol, which is used for industrial and potable uses, and also to manufacture ethanol, a renewable fuel for blending with petrol.

BUSINESS OVERVIEW

Our company is promoted by Adlakha family, having experience in providing turnkey solutions for setting up sugar mills of over 20 years. We started our sugar manufacturing operations in January 2001 by setting up a 2500 TCD sugar plant alongwith co-generation facility of 6 MW of power in village Libberheri, Tehsil Roorkee, District Hardwar, Uttaranchal. Within a span of five years, we have expanded our capacity to 6250 TCD alongwith expansion of co-generation facility to 16 MW of power. Our sugar mill at village Libberheri in Uttaranchal is one of the few in India producing sugar through the Defeco Remelt Phospho Flootation Process (DRP). This process ensures that the sulphur content in the sugar produced is negligible and is in line with the global standards.

We commissioned our Barkatpur facility for 3500 TCD and 10 MW of power as our first phase of expansion in December 2005. Phase II at the same location consisting of additional sugar cane crushing capacity of 3500 TCD and 10 MW of power is under implementation and proposed to be commissioned shortly. Thus, during part of the current sugar season, we will have a total sugarcane crushing capacity of 13250 TCD with 36 MW of power generation capacity.

We plan to further increase our capacity of sugar production and co-generation. Given below is a snapshot of our facilities including the proposed expansion:

| Unit /Location | Cane Crushing capacity (TCD) | Co-generation Capacity (MW) |
|--|------------------------------|-----------------------------|
| Libberheri | 6250 | 16 |
| Barkatpur – I | 3500 | 10 |
| Barkatpur – II (Under implementation) | 3500 | 10 |
| Khaikheri (Proposed) | 4500 | 15 |
| Shermau (Proposed) | 5000 | 30 |
| Total capacity including proposed expansion | 22750 | 81 |

UTTAM SUGAR MILLS LIMITED

OUR COMPETITIVE STRENGTHS

We face competition from the established large players in the industry. Some of our strengths are as under:

- **Our Promoters have a technical knowledge of the Sugar Industry**

Our promoters Mr. Raj Kumar Adlakha, Mr. Ranjan Adlakha, Mr. Rajan Adlakha and Uttam Industrial Engineering Limited (UIEL) have been associated with the Sugar Industry for over 20 years. UIEL has been assisting a number of sugar mills in project implementation and providing technical support since its incorporation.

- **As on September 30, 2005, our Company does not have any cane dues towards sugarcane arrears to farmers**

Our Company does not have any cane dues towards sugarcane arrears to the farmers as on the year ended September 30, 2005. We are paying SAP to the farmers towards the purchase of sugarcane. For the year ended on September 30, 2005, we do not have any outstanding liability of payment for cane price differential. We have paid all the sugarcane dues up to financial year ended September 30, 2005.

- **We have excellent relationships with sugarcane farmers**

We have excellent relationships with sugarcane farmers. We also take full care that payments to sugarcane farmers are made in a timely manner. We believe this relationship is a significant competitive advantage because farmers have no obligation to grow sugarcane and may switch to crops that may be more profitable. However, our track record of paying a high sugarcane price to farmers on a timely basis provides an incentive for farmers to cultivate sugarcane. We also co-ordinate the harvesting and transportation of cane, which saves the farmers effort, time and money. This also enables us to get fresh and mature sugarcane, which increases the yield of sugar.

- **We are eligible for various incentives under Government Policy**

Our Libberheri unit is eligible for Income Tax deduction under section 80-IC and is also eligible for the exemption from excise duty for 10 years commencing from December 2004. This unit is also eligible for Capital subsidy and transport Subsidy under New Industrial Policy 2003 of Uttaranchal Government.

Our other units in Uttar Pradesh are eligible for various incentives under the new Sugar Industry Incentive Policy 2004 issued by the Uttar Pradesh State Government.

- **Our recovery at Libberheri unit is on the higher end of the average in Uttar Pradesh and Uttaranchal.**

Our recovery at the Libberheri unit has been on the higher end of average recovery in comparison to the other sugar units in the state of Uttaranchal and Uttar Pradesh.

Our sugar recoveries as compared with the average sugar recoveries in UP and Uttaranchal as per the Sugar Journal "INDIAN SUGAR" June 2005, published by ISMA, are given below:

| Particulars | 2001-02 | 2002-03 | 2003-04 |
|--------------------|---------------|--------------|---------------|
| East UP | 9.36% | 9.53% | 9.93% |
| West UP | 9.88% | 9.79% | 9.95% |
| Central UP | 9.34% | 9.29% | 9.56% |
| Uttaranchal | 9.42% | 9.51% | 9.75% |
| Our Company | 10.10% | 9.80% | 10.50% |

- **We are among the few players in the country to use Defeco Remelt Phospho floatation (DRP) Process to produce sulphurless sugar**

Most of the conventional sugar mills in India adopt Double Sulphitation Process to manufacture Plantation White Sugar. At the Libberheri unit, we have moved away from this conventional method of sugar manufacturing and adopted the Phosphoflotation process of manufacturing EC II grade refined sugar. This sugar meets the European standards of refined sugar (Colour of less than 45 IU). We produce sugar with negligible sulphur content. Refined sugar is preferred by industrial buyers and generally commands a premium over plantation white sugar.



- **We have sugar refining capacity**

Our Libberheri unit is capable to produce sugar not only from sugarcane but also from raw sugar. This unit has a sugar refining capacity of 625 TPD which facilitates refining of raw sugar, thereby enabling us to have an increased utilisation of our refining capacity as compared to majority of other sugar manufacturers.

UTTAM SUGAR MILLS LIMITED

THE ISSUE

| | |
|---|--|
| Equity Shares offered: | 40,00,000 Equity Shares of Rs. 10/- each |
| Of which: | |
| Qualified Institutional Buyers (QIBs) Portion ⁽¹⁾ (Allocation on a proportionate basis) | 24,00,000 Equity Shares of Rs. 10/- each constituting at least 60% of the Issue |
| Out of which | |
| a) Reservation for Mutual Funds | 1,20,000 Equity Shares of Rs. 10/- each constituting reservation up to 5% of the QIB portion |
| b) Balance for all QIBs including Mutual Funds | 22,80,000 Equity Shares of Rs. 10/- each constituting balance of the QIB portion |
| Non Institutional Portion ⁽²⁾ (Allocation on a proportionate Basis) | 4,00,000 Equity Shares of Rs. 10/- each constituting up to 10% of the Issue |
| Retail Portion ⁽²⁾ (Allocation on a proportionate basis) | 12,00,000 Equity Shares of Rs. 10/- each constituting up to 30% of the Issue |
| Equity Shares outstanding prior to the Issue | 2,17,69,000 Equity Shares of Rs. 10/- each |
| Equity Shares outstanding after the Issue | 2,57,69,000 Equity shares of Rs. 10/- each |

⁽¹⁾ As per recent amendments to the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this Prospectus. 5% of the QIBs portion would be specifically reserved only for Mutual Funds and Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for QIBs. Further attention of all QIBs is required towards the following:

- a. Once a QIB has applied for our issue, the QIB will not be allowed to withdraw the application after the Bid / Issue Closing date.
- b. Each QIB including Mutual Funds will be required to deposit 10% margin money with the application.

⁽²⁾ Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail and Non Institutional categories would be allowed to be met with spill over inter-se from any other category, at the sole discretion of our Company in consultation with the BRLMs.

| | |
|-----------------------|--|
| Use of Issue proceeds | For detailed discussion on the objects of the issue, please refer to the section entitled 'Objects of the Issue' on page no. 23 of this Prospectus for additional information. |
|-----------------------|--|



SUMMARY OF FINANCIAL DATA

The following table sets forth the selected historical financial information of our Company derived from its restated and audited financial statements for the 3-month period ended on March 31, 2001, 18-month period ended on September 30 2002 and financial year ended September 30, 2003, 2004 and 2005 as described in the Auditors' report of M/s. B. K. Kapur & Co., Chartered Accountants included in the section titled 'Auditors' Report' beginning from page no. 94 of this Prospectus and should be read in conjunction with those financial statements and notes thereon.

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

| Year ended Period | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) | 30.09.2003 (12 Months) | 30.09.2002 (18 Months) | 31.03.2001 (08.01.2001 to 31.03.2001) |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---|
| Income | | | | | |
| Sales: | | | | | |
| Of Products manufactured by the Company | 19,056.15 | 10,550.51 | 9,030.32 | 8,622.29 | 90.05 |
| Less: Excise Duty | 262.61 | 766.28 | 731.04 | 653.38 | 24.49 |
| Net Sales | 18,793.54 | 9,784.23 | 8,299.28 | 7,968.91 | 65.56 |
| Other Income | 3.36 | 2.53 | 1.01 | 1.07 | 0.49 |
| Increase/(Decrease) in inventories | (2,249.29) | 74.85 | 66.71 | 722.14 | 1,947.23 |
| Total Income (A) | 16,547.61 | 9,861.61 | 8,367.00 | 8,692.12 | 2,013.28 |
| Expenditure | | | | | |
| Raw material consumed | 9,664.07 | 6,499.11 | 6,205.03 | 5,992.83 | 1,788.60 |
| Other Manufacturing Expenses | 632.71 | 464.89 | 384.15 | 453.01 | 125.02 |
| Salaries, Wages and Benefits | 525.11 | 318.67 | 245.48 | 229.29 | 38.68 |
| Administration and other Expenses | 371.47 | 221.04 | 193.44 | 187.07 | 26.30 |
| Depreciation | 532.91 | 315.51 | 277.90 | 364.66 | 51.96 |
| Interest & Financial Charges | 1,196.37 | 790.69 | 845.67 | 1,228.73 | 106.74 |
| Total Expenditure (B) | 12,922.64 | 8,609.91 | 8,151.67 | 8,455.59 | 2,137.30 |
| Net Profit before Tax and Extraordinary Items (A-B) | 3,624.97 | 1,251.70 | 215.33 | 236.53 | (124.02) |
| Taxation | | | | | |
| Current Tax | 245.50 | 97.50 | 16.00 | 14.10 | - |
| Deferred Tax | 702.93 | 333.85 | (22.94) | - | - |
| Fringe Benefit Tax | 5.45 | - | - | - | - |
| Net Profit before Extraordinary Items | 2,671.09 | 820.35 | 222.27 | 222.43 | (124.02) |
| Extraordinary Items (net of tax) | - | 606.20 | - | - | - |
| Net Profit after Extraordinary Items | 2,671.09 | 214.15 | 222.27 | 222.43 | (124.02) |
| Income Tax for Earlier Years | 29.76 | - | - | - | - |
| Net Profit /(Loss) before adjustments | 2,641.33 | 214.15 | 222.27 | 222.43 | (124.02) |

UTTAM SUGAR MILLS LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| A. Fixed Assets: | | | | | |
| Gross Block | 12,029.43 | 6,729.82 | 5,752.35 | 5,354.40 | 4,285.22 |
| Less: Depreciation | 1,540.28 | 1,009.79 | 697.60 | 420.78 | 56.12 |
| Net Block | 10,489.15 | 5,720.03 | 5,054.75 | 4,933.62 | 4,229.10 |
| Capital Work-in-progress | 8,043.41 | 2,917.12 | 950.57 | 370.48 | 515.38 |
| Total | 18,532.56 | 8,637.15 | 6,005.32 | 5,304.10 | 4,744.48 |
| B. Investments | 2.00 | 39.23 | - | - | - |
| C. Current Assets, Loans and Advances | | | | | |
| Inventories | 678.64 | 3,113.71 | 2,989.47 | 2,662.58 | 2,140.19 |
| Sundry Debtors | 342.99 | 122.04 | 466.69 | 310.26 | 4.04 |
| Cash and Bank balances | 3,052.29 | 667.74 | 108.76 | 93.11 | 64.04 |
| Loans and Advances | 1,098.22 | 593.12 | 268.49 | 232.05 | 453.37 |
| Total | 5,172.14 | 4,496.61 | 3,833.41 | 3,298.00 | 2,661.64 |
| D. Liabilities and Provisions: | | | | | |
| Secured Loans | 13,801.35 | 7,263.08 | 5,593.82 | 5,776.94 | 4,193.31 |
| Unsecured Loans | 907.00 | 250.00 | 200.00 | 200.00 | 200.00 |
| Current liabilities and Provisions | 1,848.43 | 2,180.14 | 2,181.33 | 733.42 | 1,122.42 |
| Total | 16,556.78 | 9,693.22 | 7,975.15 | 6,710.36 | 5,515.73 |
| E. Deferred Tax Liability/(Asset) (net) | 1,045.01 | 342.07 | 8.23 | 31.17 | (45.07) |
| F. Networth (A+B+C-D-E) | 6,104.91 | 3,137.70 | 1,855.35 | 1,860.57 | 1,935.46 |
| Net worth Represented by | | | | | |
| G. Share Capital | 1,883.19 | 1,497.00 | 1,367.70 | 1,367.69 | 937.01 |
| H. Share Application Money | 138.24 | 425.00 | 194.00 | 2.00 | 654.94 |
| I. Reserves & Surplus | 4,086.35 | 1,219.94 | 300.11 | 503.00 | 362.61 |
| J. Miscellaneous Expenditure not yet written off | 2.87 | 4.24 | 6.46 | 12.12 | 19.10 |
| K. Networth (G+H+I-J) | 6,104.91 | 3,137.70 | 1,855.35 | 1,860.57 | 1,935.46 |

Note: The above statement should be read with the Notes on adjustments and significant accounting policies & notes to the accounts for restated financial statements as appearing in Annexure to the report included in the section titled 'Auditors' Report' on page no. 94 of this Prospectus are integral part of this statement.



GENERAL INFORMATION

UTTAM SUGAR MILLS LIMITED

(Originally incorporated as Associated Sugar Mills Limited on October 04, 1993 and received the Certificate for Commencement of Business on April 08, 1994 from the Registrar of Companies, N.C.T. of Delhi and Haryana. The name of our Company was changed to Uttam Sugar Mills Limited w.e.f. November 24, 1998. For details of changes in the address of our registered office, please refer to page no. 71 of this Prospectus).

| | |
|------------------------------------|--|
| Registered Office | 7C, 1 st Floor, 'J' Block Shopping Centre, Saket, New Delhi – 110 017. Telefax: +91 11 2956 1721 |
| Corporate Office | A-2E, III Floor, CMA Tower, Sector – 24, NOIDA (UP) – 201 301 Tel.: +91 120 241 2716–8, 241 2722–6, Fax: +91 120 241 2715 E-mail: uttamipo@uttamsugar.com Website: www.uttamsugar.com Contact person: Mr. G. Ramarathnam Company Secretary & Compliance Officer |
| Mills | Libberheri Unit Village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttaranchal Tel.: +91 1332 229 193, 229 445; Fax: +91 1332 229 194 Barkatpur Unit Village Barkatpur, Tehsil: Nazibabad, Distt.: Bijnore (Uttar Pradesh) |
| Registrar of Companies | Registrar of Companies, N.C.T. of Delhi & Haryana, CGO complex, Paryavaran Bhawan, New Delhi. |
| Registration no. of Company | 55–55495 |

BOARD OF DIRECTORS

| Name of Director | Designation |
|-------------------------|------------------------------|
| Mr. Raj Kumar Adlakha | Chairman & Managing Director |
| Mr. Rajan Adlakha | Director |
| Mr. Ranjan Adlakha | Director |
| Mr. U. R. K. Rao | Whole Time Director |
| Mr. V.S. Tandon | Independent Director |
| Mr. N. K. Sawhney | Independent Director |
| Mr. Jeewan Jyoti Bhagat | Independent Director |
| Dr. R. Vasudevan | Independent Director |

For more details on our Directors, please refer to the section titled 'Our Management' on page no. 73 of this Prospectus.

Company Secretary and Compliance Officer

Mr. G. Ramarathnam

Uttam Sugar Mills Limited
A-2E, III Floor, CMA Tower,
Sector – 24, NOIDA (UP) – 201 301.
Tel.: +91 120 554 5766
Fax: +91 120 241 2715
E-mail: gramarathnam@uttamsugar.com

UTTAM SUGAR MILLS LIMITED

Legal Adviser to the Issue:

Little & Co.

Advocates Solicitors & Notary
A 445, Defence Colony,
New Delhi – 110 024.
Tel.: +91 11 2433 2399/8522
Fax: +91 11 2433 2063
Contact Person: Ms. Ramni Taneja
E-mail: ramni.taneja@littlecompany.com

Bankers to the Company

Punjab National Bank

Mohan Nagar,
Ghaziabad, (U. P.).
Tel.: +91 120 294 0103
Fax: +91 120 294 0394

Indian Overseas Bank

Industrial Finance Branch,
101, Rohit House,
3, Tolstoy Marg,
New Delhi – 110 001.
Tel.: +91 11 2371 8061
Fax.: +91 11 2371 8061

State Bank of India

SIB Branch,
Navyug Market,
Ghaziabad, (U.P.)
Tel.: +91 120 279 1066
Telefax: +91 120 279 0665

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

ISSUE MANAGEMENT TEAM

Book Running Lead Managers:

IL&FS Investsmart Limited

The IL&FS Financial Centre
Plot No. C-22, G Block,
Bandra Kurla Complex, Bandra-(E),
Mumbai – 400 051.
Tel.: +91 22 2653 3333
Fax: +91 22 5693 1862
Contact Person: Mr. Vishal Bandekar / Mr. Rohan Saraf
E-mail: usml.ipo@investsmartindia.com
Website: www.investsmartindia.com



IDBI Capital Market Services Limited

5th Floor, Mafatlal Centre,
Nariman Point,
Mumbai – 400 021.
Tel.: +91 22 5637 1212
Fax: +91 22 2288 5848
Contact Person: Mr. Huzefa Sitabkhan
E-mail: usml.ipo@idbicapital.com
Website: www.idbicapital.com

Registrar to the Issue:**Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup - (W),
Mumbai – 400 078.
Tel.: +91 22 2596 0320
Fax: +91 22 2596 0329
Contact Person: Mr. Vishwas Attavar
E-mail: usmlipo@intimespectrum.com
Website: www.intimespectrum.com

Bankers to the Issue and Escrow Collection Banks**HDFC Bank Limited**

Maneekji Wadi Building
Ground Floor, Nanik Motwani Marg,
Mumbai - 400 001
Tel : +91 22 2856 9009
Fax: +91 22 2856 9256
Contact Person: Mr. Clayton Mendonca
E-mail: Clayton.Mendonca@hdfcbank.com
Website: www.hdfcbank.com

ICICI Bank Limited

Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai – 400 001.
Tel.: +91 22 2265 5285
Fax: +91 22 2261 1138
Contact Person: Mr. Sidhartha Routray
E-mail: sidhartha.routray@icicibank.com
Website: www.icicibank.com

The Hongkong and Shanghai Banking Corporation Limited

52/60, Mahatma Gandhi Road,
Mumbai – 400 001.
Tel.: +91 22 2268 1673 / 2268 1290
Fax: +91 22 2273 4388
Contact Person: Mr. Dhiraj Bajaj
E-mail: dhirajbajaj@hsbc.co.in
Website: www.hsbc.co.in

UTTAM SUGAR MILLS LIMITED

Refund Banker to the Issue

HDFC Bank Limited

Maneekji Wadi Building
Ground Floor, Nanik Motwani Marg,
Mumbai - 400 001
Tel : +91 22 2856 9009
Fax: +91 22 2856 9256
Contact Person: Mr. Clayton Mendonca
E-mail: Clayton.Mendonca@hdfcbank.com
Website: www.hdfcbank.com

Auditors of the Company

B. K. Kapur & Co.

Chartered Accountants
17, Navyug Market,
Ghaziabad, (U.P.) – 201 001.
Telefax: +91 120 279 0951
E-mail: bkkapurco@rediffmail.com
Contact Person: Mr. Madhu Sudan Kapur

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES AMONGST THE BRLMs

The responsibilities and co-ordination for various activities in this Issue have been distributed amongst the BRLMs as under:

| Sr. No. | Activities | Responsibility | Co-ordinator |
|---------|--|--------------------|--------------|
| 1. | Capital Structure with the relative components and formalities such as type of instruments, etc. | IIL & IDBI Capital | IDBI Capital |
| 2. | Due diligence of the Company's operations/ management/ business plans/legal, etc. | IIL & IDBI Capital | IDBI Capital |
| 3. | Drafting and design of the Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with the stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI. | IIL & IDBI Capital | IDBI Capital |
| 4. | Drafting and approval of Issue and statutory publicity material, etc. | IIL & IDBI Capital | IDBI Capital |
| 5. | Drafting and approval of all corporate advertisement, brochure and other publicity material | IIL & IDBI Capital | IIL |
| 6. | Appointment of Ad Agency | IIL & IDBI Capital | IIL |
| 7. | Appointment of Registrar, Bankers and Printer | IIL & IDBI Capital | IDBI Capital |
| 8. | Marketing of the Issue, which will cover inter alia, <ul style="list-style-type: none">● Formulating marketing strategies, preparation of publicity budget● Finalise Media and PR strategy● Finalising centers for holding conference for brokers, etc.● Finalise collection centres | | |

| Sr. No. | Activities | Responsibility | Co-ordinator |
|---------|--|--------------------|--------------|
| | <ul style="list-style-type: none"> Follow up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material | IIL & IDBI Capital | IIL |
| 9. | Finalising the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement | IIL & IDBI Capital | IIL |
| 10. | Finalising of Pricing and allocation | IIL | IIL |
| 11. | Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Bank, Refund to Bidders, etc. | IIL & IDBI Capital | IDBI Capital |
| 12. | The post-offer activities of the Issue will involve essential follow up steps, which will include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refunds business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable arrangements with the Issuer Company. | IIL & IDBI Capital | IDBI Capital |

The selection of the various agencies like the Registrar to the Issue, Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, brokers, advertising agencies, printer etc. will be finalized by our Company in consultation with the BRLMs in terms of the inter-se allocation of responsibilities. Even if many of these activities will be handled by other intermediaries, the designated BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

IPO Grading

We have not obtained any grading for this Issue of Equity Shares.

Trustees

As the Issue is of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

Punjab National Bank has been appointed as the monitoring agency to monitor the deployment of funds.

Appraising Entity

Industrial Development Bank of India Ltd.

New Delhi Branch Office
 3rd Floor, Indian Red Cross Society Building,
 1, Red Cross Road,
 New Delhi – 110 001.
 Tel.: +91 11 2371 6181
 Fax: +91 11 2332 8094
 E-mail: dd.shivankar@idbi.co.in
 Website: www.idbi.com

UTTAM SUGAR MILLS LIMITED

BOOK BUILDING PROCESS

Book Building refers to the process of collection of bids from investors on the basis of the Red Herring Prospectus including the Price Band. This Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. Book Running Lead Managers, in this case being IL&FS Investsmart Limited & IDBI Capital Market Services Limited;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE/BSE and eligible to act as underwriters. The Syndicate Members will be appointed by the BRLMs;
4. Registrars to the Issue, in this case being Intime Spectrum Registry Limited.

This being an Issue for less than 25% of the post-issue capital, the securities are being offered to the public through the 100% Book Building Process wherein (i) a minimum of 60% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% of the QIBs portion that would be specifically reserved only for Mutual Funds and Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for QIBs); (ii) upto 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders; and (iii) upto 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Our Company will comply with these Guidelines for this Issue. In this regard, our Company has appointed the BRLMs to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgement about investment through this process prior to making a Bid in the Issue. QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. For more details, please refer to the section titled 'Terms of the Issue' beginning from page no. 180 in this Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form; and
- Ensure that the Bid cum Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For more details, please refer to the section titled 'Issue Procedure' beginning from page no. 183 of this Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number, as the Bid is liable to be rejected.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 60/- to Rs. 72/- per share, issue size of 5,000 equity shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated on the basis of bids from various investors.



| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|--------------|-----------------|---------------------|--------------|
| 1700 | 72 | 1700 | 34% |
| 1500 | 71 | 3200 | 64% |
| 1000 | 70 | 4200 | 84% |
| 200 | 69 | 4400 | 88% |
| 500 | 68 | 4900 | 98% |
| 2000 | 65 | 6900 | 138% |
| 1000 | 62 | 7900 | 158% |

The price discovery is a function of demand at various prices. The highest price at which we are able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 65/- in the above example. The Issuer, in consultation with the BRLM will finalize the issue price at or below such cut off price i.e. at or below Rs. 65/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Underwriting Agreement

After allocation of our Equity shares but prior to filing of the Prospectus with ROC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

| Name and Address of the Underwriters | Indicated Number of Equity Underwritten | Amount Underwritten (Rs. in lacs) |
|--|---|-----------------------------------|
| IL&FS Investsmart Limited The IL&FS Financial Centre Plot No. C-22, G Block, Bandra Kurla Complex, Bandra - (E), Mumbai – 400 051. Tel.: +91 22 2653 3333 Fax: +91 22 5693 1862 E-mail: usml.ipo@investsmartindia.com | 20,00,000 | 6800 |
| IDBI Capital Market Services Limited 5 th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021. Tel.: +91 22 5637 1212 Fax: +91 22 2288 5848 E-mail: usml.ipo@idbicapital.com | 20,00,000 | 6800 |

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above underwriting agreement is dated March 23, 2006.

In the opinion of the Board of Directors of our Company, the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). The above Underwriting Agreement has been accepted by the Board of Directors of our Company at their meeting held on March 23, 2006 and our Company has issued letters of acceptance to the underwriters.

Allocation among the Underwriters may not be necessarily in the proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the syndicate members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure / subscribe to the extent of the defaulted amount.

UTTAM SUGAR MILLS LIMITED

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Prospectus with RoC is as set forth below:

| | Particulars | Aggregate Nominal Capital (Rs.) | Total Value at Issue price (Rs.) |
|-----------|---|---------------------------------|----------------------------------|
| A. | Authorized Capital 3,00,00,000 Equity Shares of Rs. 10/- each | 30,00,00,000 | |
| B. | Issued Subscribed and Paid-Up Capital before the Issue 2,17,69,000 Equity Shares of Rs. 10/- each fully paid-up | 21,76,90,000 | |
| C. | Present Issue in terms of this Prospectus 40,00,000 Equity Shares of Rs. 10/- each | 4,00,00,000 | 1,36,00,00,000 |
| D. | Equity Capital After the Issue 2,57,69,000 Equity Shares of Rs. 10/- each | 25,76,90,000 | 25,76,90,000 |
| E. | Share Premium Account Before the Issue | 10,88,44,650 | |
| | After the Issue | 1,42,88,44,650 | |

History of changes made in the Authorized Share Capital

| Date of change | Authorized capital pursuant to change |
|---|---|
| Incorporation | 20,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 200 lacs |
| 29.08.2000 | 1,25,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1250 lacs |
| 31.12.2001 | 1,50,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1500 lacs |
| 24.04.2004 | 1,70,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1700 lacs |
| 19.06.2004 (Split of Shares) | 3,40,00,000 Equity Shares of Rs. 5/- each aggregating to Rs. 1700 lacs |
| 30.04.2005 | 4,00,00,000 Equity Shares of Rs. 5/- each aggregating to Rs. 2000 lacs |
| 16.08.2005 | 6,00,00,000 Equity Shares of Rs. 5/- each aggregating to Rs. 3000 lacs |
| 02.09.2005 (Consolidation of Shares) | 3,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 3000 lacs |

- At the Extra-ordinary General Meeting of our Company held on June 19, 2004, our shareholders approved the sub-division of 1 Equity Share of Rs. 10/- each into 2 Equity Shares of Rs. 5/- each. Consequently, our authorized capital was altered from Rs. 1700 lacs comprising of 1,70,00,000 Equity Shares of Rs. 10/- each to 3,40,00,000 Equity Shares of Rs. 5/- each.
- At the Extra-ordinary General Meeting of our Company held on September 02, 2005, our shareholders approved the consolidation of our Equity Shares from face value of Rs. 5/- each to face value of Rs. 10/- each. Consequently, our authorized capital was altered from Rs. 3000 lacs comprising of 6,00,00,000 Equity Shares of Rs. 5/- each to 3,00,00,000 Equity Shares of Rs. 10/- each.

Notes to the Capital Structure

1. Share Capital History

| Date of Allotment | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Nature of payment of consideration | Reasons for Allotment (Bonus, Swap etc.) | Cumulative Paid-up Capital (Rs.) | Cumulative Share Premium (Rs.) |
|-------------------|-------------------------|------------------|-------------------|---|---|----------------------------------|--------------------------------|
| 14.10.1993 | 70 | 10 | 10 | Cash | Initial subscription | 700 | - |
| 17.11.2000 | 93,70,000 | 10 | 15 | Cash | Allotment to promoters and promoter group | 9,37,00,700 | 4,68,50,000 |
| 02.01.2002 | 16,00,000 | 10 | 15 | Cash | Allotment to promoters, promoter group and others | 10,97,00,700 | 5,48,50,000 |
| 15.03.2002 | 27,06,900 | 10 | 15 | Cash | Allotment to promoters, promoter group and others | 13,67,69,700 | 6,83,84,500 |
| 09.03.2004 | 12,93,030 | 10 | 15 | Cash | Allotment to promoters, promoter group and others | 14,97,00,000 | 7,48,49,650 |
| 19.06.2004 | 2,99,40,000 | 5 | - | Sub-division of 1 Equity Share of Rs. 10/- each into 2 Equity Shares of Rs. 5/- each | | 14,97,00,000 | 7,48,49,650 |
| 27.07.2005 | 44,59,800 | 5 | 7.50 | Cash | Allotment to promoters and promoter group | 17,19,99,000 | 8,59,99,150 |
| 22.08.2005 | 32,64,000 | 5 | 7.50 | Cash | Allotment to promoters and promoter group | 18,83,19,000 | 9,41,59,150 |
| 02.09.2005 | 1,88,31,900 | 10 | - | Consolidation of Equity Shares from face value of Rs. 5/- each to face value of Rs. 10/- each | | 18,83,19,000 | 9,41,59,150 |
| 17.10.2005 | 12,82,600 | 10 | 15 | Cash | Allotment to promoters and promoter group | 20,11,45,000 | 10,05,72,150 |
| 10.11.2005 | 74,000 | 10 | 15 | Cash | Allotment to others | 20,18,85,000 | 10,09,42,150 |
| 15.12.2005 | 13,31,000 | 10 | 15 | Cash | Allotment to promoters and others | 21,51,95,000 | 10,75,97,150 |
| 23.12.2005 | 2,49,500 | 10 | 15 | Cash | Allotment to promoters and others | 21,76,90,000 | 10,88,44,650 |

UTTAM SUGAR MILLS LIMITED

2. Promoters Contribution and lock-In:

a. 3 Years lock-in

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment in this Issue. The Equity Shares, which are being locked-in, are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines. The details of the promoters' Equity Shares locked-in for a period of three years are as follows:

| Name of the Promoter | Date of Allotment/ Acquisition | Date when made fully Paid-up | Consideration (Cash, bonus, kind, etc.) | No. of Equity Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | % of Post-Issue paid-up capital | Lock-in Period (in years) |
|-----------------------------------|--------------------------------|------------------------------|---|----------------------|------------------|--------------------------------|---------------------------------|---------------------------|
| Uttam Sucrotech Ltd. | 17.11.2000 | 17.11.2000 | Cash | 3,00,000 | 10 | 15 | - | - |
| | | Sub-division | | 6,00,000 | 5 | - | - | - |
| | 05.10.2005 | Consolidation | | 3,00,000 | 10 | - | - | - |
| | | N.A. | Cash | 25,83,223 | 10 | 15 | - | - |
| | | Total | | 28,83,223 | 10 | - | 11.19% | 3 years |
| Uttam Industrial Engineering Ltd. | 15.03.2002 | 15.03.2002 | Cash | 13,50,000 | 10 | 15 | - | - |
| | | Sub-division | | 27,00,000 | 5 | - | - | - |
| | 27.08.2005 | N.A. | Cash | 11,52,086 | 5 | 7.50 | - | - |
| | | Consolidation | | 19,26,043 | 10 | - | - | - |
| | | Total | | 19,26,043 | 10 | - | 7.47% | 3 years |
| Lipi Boilers Ltd. | 27.08.2005 | N.A. | Cash | 6,89,068 | 5 | 7.50 | - | - |
| | | Consolidation | | 3,44,534 | 10 | - | - | - |
| | | Total | | 3,44,534 | 10 | - | 1.34% | 3 years |
| | | Total | | 51,53,800 | 10 | - | 20.00% | 3 years |

b. 1 Year lock-in

| Name of the Promoter | Date of Allotment/ Acquisition | Date when made fully Paid-up | Consideration (Cash, bonus, kind, etc.) | No. of Equity Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | % of Post-Issue paid-up capital | Lock-in Period (in years) |
|----------------------|--------------------------------|------------------------------|---|----------------------|------------------|--------------------------------|---------------------------------|---------------------------|
| Uttam Sucrotech Ltd. | 17.11.2000 | 17.11.2000 | Cash | 3,00,000 | 10 | 15 | - | - |
| | | Sub-division | | 6,00,000 | 5 | - | - | - |
| | 15.12.2005 | Consolidation | | 3,00,000 | 10 | - | - | - |
| | | 15.12.2005 | Cash | 3,30,000 | 10 | 15 | - | - |
| | | Total | | 6,30,000 | 10 | - | 2.44% | 1 year |



| Name of the Promoter | Date of Allotment/ Acquisition | Date when made fully Paid-up | Consideration (Cash, bonus, kind, etc.) | No. of Equity Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | % of Post-Issue paid-up capital | Lock-in Period (in years) |
|-----------------------------------|--------------------------------|------------------------------|---|----------------------|------------------|--------------------------------|---------------------------------|---------------------------|
| Uttam Industrial Engineering Ltd. | 17.11.2000 | 17.11.2000 | Cash | 15,00,000 | 10 | 15 | - | - |
| | 22.08.2005 | Sub-division | | 30,00,000 | 5 | - | - | - |
| | | 22.08.2005 | Cash | 14,00,000 | 5 | 7.50 | - | - |
| | 15.12.2005 | Consolidation | | 22,00,000 | 10 | - | - | - |
| | 23.12.2005 | 15.12.2005 | Cash | 3,30,000 | 10 | 15 | - | - |
| | | 23.12.2005 | Cash | 2,29,500 | 10 | 15 | - | - |
| | | Total | | 27,59,500 | 10 | - | 10.71% | 1 year |
| Lipi Boilers Ltd. | 17.11.2000 | 17.11.2000 | Cash | 17,00,000 | 10 | 15 | - | - |
| | 02.01.2002 | 02.01.2002 | Cash | 9,15,000 | 10 | 15 | - | - |
| | | Sub-division | | | 52,30,000 | 5 | - | - |
| | 06.05.2005 | N.A. | Cash | 2,66,000 | 5 | 7.50 | - | - |
| | 27.07.2005 | 27.07.2005 | Cash | 6,66,600 | 5 | 7.50 | - | - |
| | 22.08.2005 | 22.08.2005 | Cash | 13,34,000 | 5 | 7.50 | - | - |
| | 27.08.2005 | N.A. | Cash | 31,154 | 5 | 7.50 | - | - |
| | 27.08.2005 | N.A. | Cash | 7,38,646 | 5 | 7.50 | - | - |
| | | | Consolidation | | 41,33,200 | 10 | - | - |
| | | Total | | 41,33,200 | 10 | - | 16.04% | 1 year |
| Raj Kumar Adlakha | 07.10.1998 | N.A. | Cash | 10 | 10 | 10 | - | - |
| | 17.11.2000 | 17.11.2000 | Cash | 1,20,000 | 10 | 15 | - | - |
| | | 02.01.2002 | 02.01.2002 | Cash | 10,000 | 10 | 15 | - |
| | | Sub-division | | 2,60,020 | 5 | - | - | - |
| | 24.10.2004 | N.A. | Cash | 2,13,200 | 5 | 7.50 | - | - |
| | 24.10.2004 | N.A. | Cash | 80,000 | 5 | 7.50 | - | - |
| | 22.08.2005 | 22.08.2005 | Cash | 3,30,000 | 5 | 7.50 | - | - |
| | | Consolidation | | 4,41,610 | 10 | - | - | - |
| | 17.10.2005 | 17.10.2005 | Cash | 5,33,000 | 10 | 15 | - | - |
| 15.12.2005 | 15.12.2005 | Cash | 6,50,000 | 10 | 15 | - | - | |
| | | Total | | 16,24,610 | 10 | - | 6.30% | 1 year |
| Rajan Adlakha | 07.10.1998 | N.A. | Cash | 10 | 10 | 10 | - | - |
| | 17.11.2000 | 17.11.2000 | Cash | 3,00,000 | 10 | 15 | - | - |
| | 02.01.2002 | 02.01.2002 | Cash | 67,000 | 10 | 15 | - | - |
| | | Sub-division | | 7,34,020 | 5 | - | - | - |
| | | Consolidation | | 3,67,010 | 10 | - | - | - |
| | | Total | | 3,67,010 | 10 | - | 1.42% | 1 year |
| Ranjan Adlakha | 07.10.1998 | N.A. | Cash | 10 | 10 | 10 | - | - |
| | 17.11.2000 | 17.11.2000 | Cash | 1,53,500 | 10 | 15 | - | - |
| | 02.01.2002 | 02.01.2002 | Cash | 65,700 | 10 | 15 | - | - |
| | 09.03.2004 | 09.03.2004 | Cash | 4,93,130 | 10 | 15 | - | - |
| | | Sub-division | | 14,24,680 | 5 | - | - | - |
| | 24.10.2004 | N.A. | Cash | 1,33,200 | 5 | 7.50 | - | - |
| | 24.10.2004 | N.A. | Cash | 1,60,000 | 5 | 7.50 | - | - |
| | Consolidation | | 8,58,940 | 10 | - | - | - | |
| | | Total | | 8,58,940 | 10 | - | 3.33% | 1 year |

UTTAM SUGAR MILLS LIMITED

- c. Other than the lock-in on the promoters' shares as stated above, the entire Pre-issue capital of our Company will be locked in for a period of one year from the date of allotment in this issue.
- d. The following Equity Shares held by promoters are pledged with IDBI and Punjab National Bank (PNB). The Company has received No-Objection certificates dated November 05, 2005 and December 16, 2005 from PNB, Mohan Nagar, Ghaziabad and IDBI, New Delhi for including these Equity Shares pledged with IDBI and PNB under lock-in for a period varying from 1 to 3 years as per the applicable SEBI Guidelines. The details of the same are as under:

| Name of the promoter | Name of the pledgee | No. of shares of face value of Rs. 10/- each | Facilities availed | Terms and Conditions of the pledge |
|-----------------------------------|---|--|--|---|
| Uttam Industrial Engineering Ltd. | Industrial Development Bank of India Ltd., New Delhi & Punjab National Bank, Mohan Nagar, Ghaziabad | 27,50,000 | IDBI Ltd. (a) Rupee Term Loan of Rs. 1400 Lacs (b) Rupee Term Loan of Rs. 925 Lacs. (c) Rupee Term Loan of Rs. 2400 Lacs. PNB Rupee Term Loan of Rs. 600 Lacs. | Collateral security of shares by means of pledge is for securing due repayment of the Rupee Term Loans together with interest and other monies payable by the Borrower to the Lenders (IDBI Ltd./ PNB). |
| Uttam Sucrotech Ltd. | Industrial Development Bank of India Ltd., New Delhi & Punjab National Bank, Mohan Nagar, Ghaziabad | 3,00,000 | IDBI Ltd. :- (a) Rupee Term Loan of Rs. 1400 Lacs. (b) Rupee Term Loan of Rs. 925 Lacs. (c) Rupee Term Loan of Rs. 2400 Lacs. PNB Rupee Term Loan of Rs. 600 Lacs. | Collateral security of shares by means of pledge is for securing due repayment of the Rupee Term Loans together with interest and other monies payable by the Borrower to the Lenders (IDBI Ltd./ PNB). |
| Lipi Boilers Ltd. | Industrial Development Bank of India Ltd., New Delhi & Punjab National Bank, Mohan Nagar, Ghaziabad | 29,50,000 | IDBI Ltd. :- (a) Rupee Term Loan of Rs. 1400 Lacs. (b) Rupee Term Loan of Rs. 925 Lacs. (c) Rupee Term Loan of Rs. 2400 Lacs. PNB Rupee Term Loan of Rs. 600 Lacs. | Collateral security of shares by means of pledge is for securing due repayment of the Rupee Term Loans together with interest and other monies payable by the Borrower to the Lenders (IDBI Ltd./ PNB). |

- e. In terms of clause 4.16.1 (b) of the SEBI Guidelines, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

- f. In terms of clause 4.15 of the SEBI Guidelines, locked-in securities held by promoters may be pledged only with banks or Financial Institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

3. **Shareholding pattern of our Company prior and post this Issue**

| Shareholders' Category | Pre-issue | | Post-issue | |
|--|--------------------|---------------|--------------------|---------------|
| | No. of shares | % | No. of shares | % |
| Promoters | | | | |
| Mr. Raj Kumar Adlakha | 16,24,610 | 7.46 | 16,24,610 | 6.30 |
| Mr. Rajan Adlakha | 3,67,010 | 1.69 | 3,67,010 | 1.42 |
| Mr. Ranjan Adlakha | 8,58,940 | 3.95 | 8,58,940 | 3.33 |
| Uttam Industrial Engineering Ltd. | 46,85,543 | 21.52 | 46,85,543 | 18.18 |
| Uttam Sucrotech Ltd. | 35,13,223 | 16.14 | 35,13,223 | 13.63 |
| Lipi Boilers Ltd. | 44,77,734 | 20.57 | 44,77,734 | 17.38 |
| Sub-total (A) | 1,55,27,060 | 71.33 | 1,55,27,060 | 60.25 |
| Promoter Group | | | | |
| New Castle Finance & Leasing P. Ltd. | 22,62,650 | 10.40 | 22,62,650 | 8.78 |
| Shomna Adlakha | 8,70,410 | 4.00 | 8,70,410 | 3.38 |
| G. M. Colonisers Pvt. Ltd. | 8,13,650 | 3.74 | 8,13,650 | 3.16 |
| Uttam Chand Adlakha | 6,33,610 | 2.91 | 6,33,610 | 2.46 |
| Ranjana Chopra | 3,73,300 | 1.71 | 3,73,300 | 1.44 |
| Balram Adlakha | 1,93,100 | 0.90 | 1,93,100 | 0.74 |
| Jai Adlakha-Guardian Raj Kumar Adlakha | 1,66,500 | 0.76 | 1,66,500 | 0.65 |
| Bharat Adlakha-Guardian Rajan Adlakha | 1,66,500 | 0.76 | 1,66,500 | 0.65 |
| Saieesha Adlakha-Guardian Rajan Adlakha | 1,66,500 | 0.76 | 1,66,500 | 0.65 |
| Rajni Babbar | 1,39,910 | 0.64 | 1,39,910 | 0.54 |
| Kumari Shanta | 60,000 | 0.28 | 60,000 | 0.23 |
| R. K. & Sons HUF | 53,300 | 0.24 | 53,300 | 0.21 |
| Shubham Sugars Ltd. | 28,000 | 0.13 | 28,000 | 0.11 |
| Sonia Adlakha | 10 | - | 10 | - |
| Sub-total (B) | 59,27,440 | 27.23 | 59,27,440 | 23.00 |
| Total Promoter and Promoter Group C = (A) + (B) | 2,14,54,500 | 98.56 | 2,14,54,500 | 83.25 |
| Others (D) | 3,14,500 | 1.44 | 3,14,500 | 1.22 |
| Public Issue (E) | - | - | 40,00,000 | 15.53 |
| Grand Total F = (C) + (D) + (E) | 2,17,69,000 | 100.00 | 2,57,69,000 | 100.00 |

UTTAM SUGAR MILLS LIMITED

4. Particulars of top ten shareholders as on the date of filing of this Prospectus with ROC are as follows:

| Sr. No. | Name of shareholder | No. of shares |
|---------|--|---------------|
| 1. | Uttam Industrial Engg. Ltd. | 46,85,543 |
| 2. | Lipi Boilers Ltd. | 44,77,734 |
| 3. | Uttam Sucrotech Ltd. | 35,13,223 |
| 4. | New Castle Finance & Leasing Pvt. Ltd. | 22,62,650 |
| 5. | Raj Kumar Adlakha | 16,24,610 |
| 6. | Shomna Adlakha | 8,70,410 |
| 7. | Ranjan Adlakha | 8,58,940 |
| 8. | G.M. Colonisers Pvt. Ltd. | 8,13,650 |
| 9. | Uttam Chand Adlakha | 6,33,610 |
| 10. | Ranjana Chopra | 3,73,300 |

5. Particulars of top ten shareholders ten days prior to the date of filing this Prospectus with ROC are as follows:

| Sr. No. | Name of shareholder | No. of shares |
|---------|--|---------------|
| 1. | Uttam Industrial Engg. Ltd. | 46,85,543 |
| 2. | Lipi Boilers Ltd. | 44,77,734 |
| 3. | Uttam Sucrotech Ltd. | 35,13,223 |
| 4. | New Castle Finance & Leasing Pvt. Ltd. | 22,62,650 |
| 5. | Raj Kumar Adlakha | 16,24,610 |
| 6. | Shomna Adlakha | 8,70,410 |
| 7. | Ranjan Adlakha | 8,58,940 |
| 8. | G.M. Colonisers Pvt. Ltd. | 8,13,650 |
| 9. | Uttam Chand Adlakha | 6,33,610 |
| 10. | Ranjana Chopra | 3,73,300 |

6. Particulars of top ten shareholders 2 years prior to the date of filing of this Prospectus with ROC are as follows:

| Sr. No. | Name of shareholder | No. of shares |
|---------|--|---------------|
| 1. | Uttam Industrial Engg. Ltd. | 28,50,000 |
| 2. | Adharshila Capital Services Ltd. | 27,25,000 |
| 3. | Lipi Boilers Ltd. | 26,15,000 |
| 4. | Pariksha Fin-Invest-Lease Ltd. | 12,33,300 |
| 5. | Yogesh Chandra | 7,61,300 |
| 6. | New Castle Finance & Leasing Pvt. Ltd. | 6,80,000 |
| 7. | Uttam Sucrotech Ltd. | 6,00,000 |
| 8. | G.M. Colonisers Pvt. Ltd. | 4,83,300 |
| 9. | Uttam Chand Adlakha | 4,66,610 |
| 10. | Rajan Adlakha | 3,67,010 |

7. The Promoters/Promoter Group and Directors of our company have not purchased or sold the Equity Shares of our Company during the period of six months preceding the date of filing of this Prospectus with ROC, other than those mentioned below -

| Name of Transferor | Name of Transferee | Date of Transfer | No. of Shares | Face Value (Rs.) | Consideration (Rs.) |
|----------------------------------|--|------------------|---------------|------------------|---------------------|
| Yogesh Chandra | Shomna Adlakha | 22.06.2005 | 15,22,600 | 5 | Gift |
| Uttam Chand Adlakha | Jai Adlakha-Guardian Raj Kumar Adlakha | 10.11.2005 | 1,66,500 | 10 | Gift |
| Uttam Chand Adlakha | Balram Adlakha | 10.11.2005 | 1,66,500 | 10 | Gift |
| Adharshila Capital Services Ltd. | Uttam Sucrotech Ltd. | 05.10.2005 | 51,66,446 | 5 | 7.50 |
| Pariksha Fin- Invest- Lease Ltd. | Uttam Industrial Engineering Ltd. | 27.08.2005 | 11,52,086 | 5 | 7.50 |
| Adharshila Capital Services Ltd. | Lipi Boilers Ltd. | 27.08.2005 | 31,154 | 5 | 7.50 |
| Pariksha Fin- Invest- Lease Ltd. | Lipi Boilers Ltd. | 27.08.2005 | 14,27,714 | 5 | 7.50 |
| Sunna Adlakha | Ranjan Adlakha | 10.11.2005 | 1,99,500 | 10 | Gift |
| Sunna Adlakha | Ranjana Chopra | 10.11.2005 | 2,00,000 | 10 | Gift |
| Sunna Adlakha | Rajni Babbar | 10.11.2005 | 66,610 | 10 | Gift |
| Ranjan Adlakha | Jai Babbar | 02.01.2006 | 33,250 | 10 | Gift |
| Ranjan Adlakha | Shiv Babbar-Guardian Rajni Babbar | 02.01.2006 | 33,250 | 10 | Gift |
| Ranjan Adlakha | Gayatri Babbar-Guardian Rajni Babbar | 02.01.2006 | 33,250 | 10 | Gift |
| Ranjan Adlakha | Karn Chopra-Guardian Ranjana Chopra | 02.01.2006 | 33,250 | 10 | Gift |
| Ranjan Adlakha | Pranavi Chopra-Guardian Ranjana Chopra | 02.01.2006 | 33,250 | 10 | Gift |
| Ranjan Adlakha | Krishn Chopra-Guardian Ranjana Chopra | 02.01.2006 | 33,250 | 10 | Gift |
| Uttam Chand Adlakha | Master Bharat Adlakha- Guardian Rajan Adlakha | 10.01.2006 | 1,66,500 | 10 | Gift |
| Uttam Chand Adlakha | Baby Saieesha Adlakha- Guardian Rajan Adlakha | 10.01.2006 | 1,66,500 | 10 | Gift |

8. The total number of members of our Company as on the date of filing this Prospectus is 32.
9. Our Company has not availed any bridge loan against the proceeds of this Issue.
10. The Promoters, Directors and BRLMs to the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Prospectus.
11. In this Issue, in case of over-subscription in all categories, minimum 60% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers. Out of this, not less than 5% will be allocated to Mutual Funds on a proportionate basis. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers. Further, up to 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.
12. Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail and Non Institutional categories would be allowed to be met with spill over inter-se from any other category, at the sole discretion of our Company in consultation with the BRLMs.
13. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, i.e., 40,00,000 Equity Shares, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

UTTAM SUGAR MILLS LIMITED

14. There are no outstanding warrants, options or right to convert debentures, loans or other instruments into our Equity shares.
15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed or application monies refunded on account of non-listing or under subscription etc.
16. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that we may issue options to our employees pursuant to the ESOP or, if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use equity shares as currency for acquisition or participation in such joint ventures.
17. Our Company does not have any outstanding Employees Stock Option Plan.
18. Our Company has not made any public issue since its inception.
19. Our Company undertakes that at any given time, there shall be only one denomination for the shares of our Company and our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
20. Our Company has not revalued its assets since inception.
21. An over-subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of one Equity Share while finalizing the allotment.
22. Restrictive Covenants under the lender's agreements about capital structure: In respect to the various agreements entered into by our Company with its lenders, we are bound by certain restrictive covenants regarding our capital structure. As per these restrictive covenants, our Company cannot, without the prior approval of the Banks/FIs prepay any outstanding loan amount, issue any debentures, raise loans, deposits from public, issue equity or preference capital, issue bonus shares, change its capital structure or create any charge on its assets or give any guarantees. Also, we shall not without the prior written approval of the Banks/FIs buy back, cancel, retire, reduce, redeem, purchase, re-purchase, acquire any of its share capital, issue any further share capital. Further, our Company is also prohibited from creating any subsidiary or undertaking mergers, amalgamations and re-organizations with the creditors or shareholders, without the prior consent of its lending institutions. Also, our Company shall not, without the prior permission of its lender, invest any part of the loan money advanced, by way of deposits, loans, share capital or otherwise in any concern. Our Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid all the pending dues. We shall not make any investments by way of deposits, loans, share capital, revalue its assets, carry out general trading other than sale of its own products, enter into an arrangement for sale of its products and purchase of raw materials without the prior written approval of the bank. Pursuant to the aforesaid covenants, we have obtained the requisite approvals from Banks/FIs.



OBJECTS OF THE ISSUE

The objects of the present issue of Equity Shares are:

1. To set up two new grassroot units for manufacture of premium quality white sugar with a capacity of 4500 TCD and 5000 TCD along with co-generation of power with a capacity of 15 MW & 30 MW at village Khaikheri (Unit III) and village Shermau (Unit IV) respectively;
2. To meet the Issue expenses; and
3. To get the Equity Shares of our Company listed on NSE and BSE.

The main Objects clause of the Memorandum of Association of our Company enable our Company to undertake the existing activities and the activities for which the funds are being raised through the present Issue.

REQUIREMENT OF FUNDS

The total estimated funds requirement is given below:

(Rs. in lacs)

| Particulars | Amount |
|--|--------------|
| A. New Projects | |
| ● Setting up of Unit III at village Khaikheri having a capacity of 4500 TCD along with co-generation of power with a capacity of 15 MW | 12172 |
| ● Setting up of Unit IV at village Shermau having a capacity of 5000 TCD along with co-generation of power with a capacity of 30 MW | 14758 |
| B. Margin money for working capital for new Unit III and Unit IV | 1670 |
| C. Issue expenses* | 105 |
| Total | 28705 |

* The total Issue expenses are approximately Rs. 705 lacs. Of these, Rs. 600 lacs has been allocated as pre-operative expenses as a part of the project cost of the new projects viz., Unit III and Unit IV.

APPRAISAL

The projects for which we intend to use our issue proceeds as mentioned in the Objects of the Issue have been appraised by Industrial Development Bank of India Limited, New Delhi Branch Office (IDBI-NBO), vide their appraisal note dated December 09, 2005. Further, IDBI-NBO vide its letter dated January 18, 2006 has given its No Objection to incorporate the required details in this Prospectus from the Merchant Appraisal Report prepared for the project.

Scope and purpose of the appraisal

Our Company has appointed Industrial Development Bank of India Limited, New Delhi Branch Office (IDBI-NBO) as advisors to appraise our project envisaging setting up of two new grassroot sugar units with a capacity of 4500 TCD along with co-generation facility of 15 MW of power at village Khaikheri, Dist. Muzaffarnagar, Uttar Pradesh (Unit III) and 5000 TCD (expandable up to 7000 TCD) along with co-generation facility of 30 MW of power at village Shermau, Dist. Saharanpur, Uttar Pradesh (Unit IV) respectively for manufacture of premium quality white sugar using single sulphitation and re-melt clarification process.

The sole purpose of the Merchant Appraisal Report is to provide detailed information about our Company and to carry out a technical and financial assessment of the proposed expansion project.

UTTAM SUGAR MILLS LIMITED

COST OF THE PROJECT

The total cost of the project as appraised in the appraisal report of IDBI is as under:

(Rs. in lacs)

| Particulars | 4500 TCD Khaikheri Unit (Unit III) | 5000 TCD Shermau Unit (Unit IV) | Total |
|----------------------------------|--|---------------------------------------|--------------|
| Land & Site Development | 350 | 500 | 850 |
| Buildings & Civil works | 1100 | 1300 | 2400 |
| Plant and Machinery | 9489 | 11601 | 21090 |
| Miscellaneous fixed assets | 150 | 150 | 300 |
| Preoperative expenses | 529 | 529 | 1058 |
| Provision for contingencies | 554 | 678 | 1232 |
| Margin money for working capital | 790 | 880 | 1670 |
| Total | 12962 | 15638 | 28600 |

Project Details

The project envisages setting up of two new grassroot sugar units for manufacture of premium quality white sugar with a capacity of 4500 TCD along with co-generation facility of 15 MW of power at village Khaikheri, Dist. Muzaffarnagar, Uttar Pradesh (Unit III) and 5000 TCD (expandable up to 7000 TCD) along with co-generation facility of 30 MW of power at village Shermau, Dist. Saharanpur, Uttar Pradesh (Unit IV) respectively. The units shall be employing new concept of Single Sulphitation and re-melt process which will enable the units to manufacture Sugar of International Commission for Uniform Method of Sugar Analysis (ICUMSA) of less than 75. The use of single sulphitation and re-melt process is expected to produce superior quality sugar as compared to sugar produced by using conventional Double Sulphitation process.

The projects have been technically analysed by Sugar Technology Mission (STM), Technology Information, Forecasting and Assessment Council (TIFAC), Department of Science & Technology, Government of India.

As per STM's Detailed Project Reports (DPR), the Shermau project has been structured in a fashion so that it can be upgraded to 7500 TCD along with additional co-generation facility of 10 MW (totaling to 40 MW) with least expenditure in future. STM has indicated that the present cane availability in the area is sufficient to run the expandable capacity of 7500 TCD mill. Khaikheri area also has sufficient cane to run the mill's capacity of 4500 TCD.

Khaikheri Unit (4500 TCD and 15 MW Co-generation Power Plant) (Unit III)

Land

We propose to acquire 100 acres of land costing Rs. 350 lacs, including the cost for site leveling and development. We have already acquired 85 acres of land and the balance 15 acres of land is yet to be acquired. The Government of Uttar Pradesh vide its letter dated March 07, 2005 has permitted the industrial use of agricultural land in the said area.

Site Development, Buildings and Civil Works

A sum of Rs. 80 lacs has been provided for the main factory roads (Rs. 45 lacs), compound wall etc. (Rs. 35 lacs). We propose to construct the entire factory and administrative block at the project site. The main factory building shall comprise mill house, boiler house, evaporation and clarification house, pan house, sugar bagging house, power house, workshop, one sugar godown, guest house, canteen and other miscellaneous civil works. The average cost of construction for the main factory building (Rs. 640 lacs) excluding miscellaneous civil works would work out to about Rs. 3900/- per square metre. The remaining amount of Building & Civil works are for Sugar Godown (Rs. 360 lacs) and other miscellaneous civil works like technical office & Cane office etc. (Rs. 20 lacs).

Plant and Machinery

The total cost of plant & machinery is estimated at Rs. 9489 lacs, details of which are given below:

(Rs. in lacs)

| Sr. No. | Items | Amount |
|----------|---|----------------|
| A | Cane Weighment | |
| | Load cell based cane weight bridge of 3 No - 40 T and 3 No - 10 T capacity each | 25.50 |
| | Sub total (A) | 25.50 |
| B | Milling Section | |
| | 2 Nos. hydraulic grab type cane unloader & gantry 1 No. Hydraulic truck unloader | 83.00 |
| | 1 No. Cane carrier, 1 No. rake type cane carrier | 97.87 |
| | 1 No. leveller and 1 No. fibrizer | 51.20 |
| | 2 Nos. AC motors of 750 kW each for fibrizer | 65.00 |
| | 2 Nos. AC motors of 300 hp each for leveler | 10.00 |
| | 4 Nos. mills of size 915 x 1830 mm with drive, gearing, hydraulic system, inter carriers, juice pumps & troughs, railings & platform etc. | 826.60 |
| | 2 Nos. imbibition water pump | 2.00 |
| | 1 No. rotary screen for juice | 11.00 |
| | 1 No. bagasse elevator, 1 no. bagasse belt conveyor, 1 No. bagasse carrier and 1 No. return bagasse carrier including steel & structure for Milling Section | 133.33 |
| | Mill house crane gantry | 74.00 |
| | Sub total (B) | 1354.00 |
| C | Process | |
| | 1 No. mass flow meter, 300 cu m capacity | 16.00 |
| | 2 Nos. VLJH of 260 m2 each and 6 Nos; juice heaters of 280 m2 each for SJH, DJH & CJH | 76.44 |
| | Milk of lime station complete with lime slacker, classifier, vibro screen, storage tanks and MOL pumps etc. | 12.00 |
| | 1 No. Film type Sulphur Furnace & Air compressor | 47.00 |
| | 1 No. Juice Sulphiter | 19.53 |
| | 1 No. DORR / tray less juice clarifier | 47.30 |
| | 1 No. rotary vacuum filters, size 14'x30' with filterate treatment system | 50.00 |
| | 1 No. Semi Kestner, 2000 m2 HSA | 61.82 |
| | 1 No. Robert type vessel, 2400 m2 HSA | 71.76 |
| | 1 No. Robert type vessel, 1100 m2 HSA | 44.40 |
| | 1 No. Robert type vessel, 450 m2 HSA | 21.05 |
| | 1 No. Robert type standby vessel, 2 x 1100 m2 HSA | 88.8 |
| | 1 No. Flash body – tubeless | 7.15 |
| | Syrup extraction system | 3.06 |
| | Condensate System | 7.00 |
| | 4 Nos. on line molasses conditioners, 10 t capacity each | 8.00 |
| | 4 Nos. batch type vacuum pans, 50 t each for A,B,& C graining | 99.59 |
| | 2 Nos. SS batch type vacuum pans, 50 t each for A1 m'cuite | 80.33 |
| | 2 Nos. cont. vacuum pans, 25 t/h for A-boiling | 93.37 |
| | 1 Nos. cont. vacuum pans, 26 t/h for B-boiling | 47.15 |
| | 1 Nos. cont. vacuum pans, 16 t/h for C-boiling | 39.48 |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Items | Amount |
|----------------|---|----------------|
| | 5 Nos. vacuum & seed crystallisers, 45 T & 40 T respectively each | 34.22 |
| | 13 Nos. single entry condensers for evaporator and pans | 53.00 |
| | 3 Nos. injection water pumps, 2250 m3/hr and header | 24.30 |
| | 1 No. cooling tower consisting of 2 cells of 2250 m3 capacity each and 3 Nos; lifting/spray pumps, 2250 m3/hr capacity each | 48.56 |
| | 7 No. air cooled crystallizer of 55 t capacity each for A-masseccuite | 53.30 |
| | 4 No. water cooled crystallizer of 2X150 & 2X200 t cap. each for B & C-mass. Cooling | 129.00 |
| | 7 No. Masseccuite transfer pumps | 12.42 |
| | 3 Nos. fully automatic, flat bottom c/f, 1250 kg/ch with DC drive | 98.00 |
| | 9 Nos. continuous machines of 1500 mm size | 198.38 |
| | Sub total (C) | 1592.41 |
| D | Melt Clarification Section | |
| | 2 Nos. Sugar melter | 10.80 |
| | Melt Clarification System | 50.00 |
| | Static bed filter and wash system | 20.00 |
| | 1 No. Rotary Sugar drier cum dust collector, 25 t/h | 28.72 |
| | 1 No. Sugar elevator | 5.50 |
| | 1 No. sugar grader, 25 t/h capacity | 15.20 |
| | 4 Nos. sugar bins, 40 t capacity each with SS lining | 48.00 |
| | 3 Nos. automatic sugar weighing cum filler with stitching machines | 48.35 |
| | Sub total (D) | 226.57 |
| E | Steam And Power Generation | |
| | 1 No. boilers, 100 t/h each, 67 kg/cm ² g, 505+5 oC | 1390.00 |
| | 1 No. back pressure turbo alternator sets of 16 MW each, operating at 66 kg/cm ² g, 500oC | 901.00 |
| | Transformer | 180.00 |
| | Transmission line 4 km. | 60.00 |
| | Sub total (E) | 2531.00 |
| F | Miscellaneous | |
| | Steel Structure for juice heaters, pan, evaporator and other boiling house equipments, service water tank etc | 210.00 |
| | PRD station 1 No. D. G. Set | 20.00 |
| | 2 Nos. D. G. Set | 65.00 |
| | Electrical cables, panels, switches etc. | 615.00 |
| | Pumps, piping and valves | 475.00 |
| | Insulation, paints etc | 175.00 |
| | 1 No. Molasses storage tank | 90.00 |
| | Complete plant automation | 100.00 |
| | Laboratory Equipment | 30.00 |
| | Workshop | 20.00 |
| | ETP | 15.00 |
| | Fire fighting equipment | 10.00 |
| | Sub total (F) | 1825.00 |
| | Total (A+B+C+D+E+F) | 7554.48 |
| | Tax and duties @ 16.32% | 1232.89 |
| | Sales Tax @ 4% | 351.49 |
| | Freight | 100.00 |
| | Erection and commissioning | 250.00 |
| | Grand Total | 9488.87 |



Our Company has placed the orders/quotation received of Rs. 5745.21 lacs, which is about 60% of the total estimated cost of Plant & Machinery.

The cost estimates of plant & machinery are based on the quotations obtained/orders placed by our Company with group companies/other suppliers. Where there are no orders/quotations, the cost has been considered on the basis of estimates provided in STM report.

Miscellaneous Fixed Assets

The miscellaneous fixed assets have been estimated at Rs. 150 lacs, including water treatment equipment (Rs. 50 lacs), stores & spares (Rs. 50 lacs), Vehicles (Rs. 17.50 lacs) and other miscellaneous equipments (Rs. 32.50 lacs).

Preoperative Expenses

An amount of Rs. 529 lacs has been allocated to this unit out of the total Pre-operative expenses of Rs.1058 lacs provided towards up-front fee and consultancy charges, interest during construction period and the expenditure on the proposed IPO for both the units.

Provision for Contingency

A provision for contingency @5% of the entire capital cost excluding pre-operative expenses and margin money for working capital has been made. Since most of the plant & machinery is proposed to be acquired from the group companies and the group companies have successfully implemented sugar mills on turnkey basis, the contingency provision @5% of the capital cost is considered adequate by our Company.

Margin Money for Working Capital

The margin money for the first year of the operations has been estimated to Rs. 790 lacs. The peak level of working capital requirement has been estimated to Rs. 6605 lacs. The average working capital requirement has been assumed @60% of the peak requirement aggregating Rs. 3368 lacs. The average margin money requirement @15% works out taking mean of peak and average margin money requirement. The incremental margin money requirements for the future years would be met out of internal accruals.

Shermau Unit (5000 TCD and 30 MW Co-generation Power Plant) (Unit IV)

Land

We propose to acquire 80-85 acres of land costing Rs. 500 lacs, including the cost for site leveling and development. We have already acquired 50 acres of land and the balance 30-35 acres of land is yet to be acquired. The Govt. of Uttar Pradesh has vide its letter dated September 15, 2004 permitted the industrial use of agricultural land in the said area.

Site Development and Buildings & Civil Works

A sum of Rs. 90 lacs has been provided for main factory roads (Rs. 50 lacs), compound wall etc. (Rs. 40 lacs). Our Company proposes to construct the entire factory and administrative block at the project site. The cost of main factory building (Rs. 710 lacs) shall comprise of mill House, boiler house, evaporation and clarification house, pan house, sugar bagging house, power house, workshop, one sugar godown, guest house, canteen and other miscellaneous civil works. The remaining amount of Building & Civil works are for Sugar Godown (Rs. 480 lacs) and other miscellaneous civil works like technical office & Cane office etc. (Rs. 20 lacs).

UTTAM SUGAR MILLS LIMITED

Plant and Machinery

The total cost of plant & machinery is estimated at Rs. 11601 lacs, details of which are furnished below:

(Rs. in lacs)

| Sr. No | Items | Amount |
|----------|---|----------------|
| A | Cane Weighment | |
| | Load cell based cane weight bridge of 3 No - 40 T and 3 No - 10 T capacity each | 25.50 |
| | Sub total (A) | 25.50 |
| B | Milling Section | |
| | 2 Nos. hydraulic grab type cane unloader & gantry | 88.00 |
| | 1 No. Hydraulic truck unloader | 12.00 |
| | 1 No. Cane carrier, 1 No. rake type cane carrier | 133.05 |
| | 1 No. leveler and 1 No. fibrizer | 64.00 |
| | 2 Nos. AC motors of 1000 kW each for fibrizer | 76.00 |
| | 2 Nos. AC motors of 500 hp each for leveler | 16.00 |
| | 4 Nos. mills of size 1020 x 2040 mm with drive, gearing, hydraulic system, inter carriers, juice pumps & troughs, railings & platform etc. | 1157.85 |
| | 2 Nos. imbibition water pump | 2.00 |
| | 1 No. rotary screen for juice | 11.00 |
| | 1 No. bagasse elevator, 1 No. bagasse belt conveyor, 1 No. bagasse carrier and 1 No. return bagasse carrier including steel & structure for Milling Section | 148.33 |
| | Mill house crane gantry | 77.00 |
| | Sub total (B) | 1785.23 |
| C | PROCESS | |
| | 1 No. mass flow meter, 300 cu m capacity | 18.00 |
| | 2 Nos. VLJH of 260 m ² each and 6 Nos; juice heaters of 280 m ² each for SJH, DJH & CJH | 90.04 |
| | Milk of lime station complete with lime slacker, classifier, vibro screen, storage tanks and MOL pumps etc. | 13.00 |
| | 1 No. Film type Sulphur Furnace & Air compressor | 47.00 |
| | 1 No. Juice Sulphiter | 21.13 |
| | 1 No. DORR / tray less juice clarifier | 49.35 |
| | 1 No. rotary vacuum filters, size 14'x30' with filterate treatment system | 50.00 |
| | 1 No. Semi Kestner, 2000 m ² HSA | 78.07 |
| | 1 No. Robert type vessel, 2400 m ² HSA | 144.76 |
| | 1 No. Robert type vessel, 1100 m ² HSA | 52.04 |
| | 1 No. Robert type vessel, 450 m ² has | 24.88 |
| | 1 No. Flash body – tubeless | 10.00 |
| | Syrup extraction system | 3.06 |
| | Condensate System | 7.00 |
| | 4 Nos. on line molasses conditioners, 10 t capacity each | 8.00 |
| | 4 Nos. batch type vacuum pans, 50 t each for A, B & C graining | 99.59 |
| | 2 Nos. SS batch type vacuum pans, 50 t each for A1 m'cuite | 80.33 |
| | 2 Nos. cont. vacuum pans, 25 t/h for A-boiling | 93.37 |
| | 1 Nos. cont. vacuum pans, 26 t/h for B-boiling | 52.07 |
| | 1 Nos. cont. vacuum pans, 16 t/h for C-boiling | 46.20 |
| | 5 Nos. vacuum & seed crystallisers, 45 T & 40 T respectively each | 39.96 |
| | 13 Nos. single entry condensers for evaporator and pans | 53.00 |

| Sr. No | Items | Amount |
|----------|---|-----------------|
| | 3 Nos. injection water pumps, 2250 m3/hr and header | 26.00 |
| | 1 No. cooling tower consisting of 2 cells of 2250 m3 capacity each and 3 Nos. lifting/spray pumps, 2250 m3/hr capacity each | 49.00 |
| | 7 No. air cooled crystallizer of 55 t capacity each for A-masseccuite | 53.30 |
| | 4 No. water cooled crystallizer of 2X150 & 2X200 t cap. each for B & C-mass. Cooling | 129.00 |
| | 7 No. Masseccuite transfer pumps | 12.42 |
| | 3 Nos. fully automatic, flat bottom c/f, 1250 kg/ch with DC drive | 130.67 |
| | 9 Nos. continuous machines of 1500 mm size | 210.42 |
| | Sub total (C) | 1691.66 |
| D | Melt Clarification Section | |
| | 2 Nos. Sugar melter | 10.80 |
| | Melt Clarification System | 50.00 |
| | Static bed filter and wash system | 20.00 |
| | 1 No. Rotary Sugar drier cum dust collector, 25 t/h | 28.72 |
| | 1 No. Sugar elevator | 5.50 |
| | 1 No. sugar grader, 25 t/h capacity | 15.20 |
| | 4 Nos. sugar bins, 40 t capacity each with SS lining | 48.00 |
| | 3 Nos. automatic sugar weighing cum filler with stitching machines | 48.35 |
| | Sub total (D) | 226.57 |
| E | Steam And Power Generation | |
| | 1 Nos. boilers, 120 t/h each, 67 kg/cm ² g, 505 + 5°C | 1616.00 |
| | 1 No. back pressure turbo alternator sets of 3 MW each, operating at 66 kg/cm ² g, 500°C | 1501.00 |
| | Transformer | 460.00 |
| | Transmission line 8 km. | 120.00 |
| | Sub total (E) | 3697.00 |
| F | Miscellaneous | |
| | Steel Structure for juice heaters, pan, evaporator and other boiling house equipments, service water tank etc. | 210.00 |
| | PRD station 1 No. D. G. Set | 20.00 |
| | 2 Nos. D. G. Set | 65.00 |
| | Electrical cables, panels, switches etc. | 630.00 |
| | Pumps, piping and valves | 475.00 |
| | Insulation, paints etc. | 185.00 |
| | 1 No. Molasses storage tank | 90.00 |
| | Complete plant automation | 100.00 |
| | Laboratory Equipment | 30.00 |
| | Workshop | 20.00 |
| | ETP | 15.00 |
| | Fire fighting equipment | 10.00 |
| | Sub total (F) | 1850.00 |
| | Total (A+B+C+D+E+F) | 9275.96 |
| | Tax and duties @16.32% | 1513.84 |
| | Sales Tax @4% | 431.59 |
| | Freight | 100.00 |
| | Erection and commissioning | 280.00 |
| | Grand Total | 11601.39 |

UTTAM SUGAR MILLS LIMITED

Our Company has placed the orders/quotation received of Rs. 8158.60 lacs, which is about 70% of the total estimated cost of Plant & Machinery.

The cost estimates of plant & machinery are based on the quotations obtained/orders placed by our Company with group companies/other suppliers. Where there are no orders/quotations, the cost has been considered on the basis of estimates provided in STM report.

Miscellaneous Fixed Assets

The miscellaneous fixed assets have been estimated at Rs. 150 lacs, which includes water treatment equipment (Rs. 50 lacs), stores & spares (Rs. 50 lacs), vehicles (Rs. 17.50 lacs) and other miscellaneous equipments (Rs. 32.50 lacs).

Preoperative Expenses

An amount of Rs. 529 lacs has been allocated to this unit out of the total Pre-operative expenses of Rs. 1058 lacs provided towards up-front fee and consultancy charges, interest during construction period and the expenditure on the proposed IPO for both the units.

Provision for Contingency

A provision for contingency @5% of the entire capital cost excluding cost of land (already acquired), pre-operative expenses and margin money for working capital has been made. Since most of the plant & machinery is proposed to be acquired from the group companies and the group companies have successfully implemented sugar mills on turnkey basis, the contingency provision @5% of the capital cost is considered adequate by our Company.

Margin Money for Working Capital

The margin money for the first year of operations has been estimated to Rs. 880 lacs. The peak level of working capital requirement has been estimated to Rs. 7338 lacs. The average working capital requirement has been assumed @60% of the peak requirement aggregating Rs. 4403 lacs. The average margin money requirement @15% works out taking mean of peak and average margin money requirement. The incremental margin money requirements for the future years would be met out of internal accruals.

Means of Finance

The project is proposed to be funded by equity by way of the proposed public issue, term loans from Banks/FIs and internal accruals. The proposed means of the finance for the project will be as under:

(Rs. in lacs)

| Particulars | Amount |
|---|--------------|
| Proceeds from the proposed Public Issue | 13600 |
| Term Loans from Banks/FIs | 12000 |
| Internal Accruals | 3105 |
| Total | 28705 |

The excess proceeds, if any, from the present Issue would go towards reduction in the term loan component of the proposed project and towards financing of working capital requirements of the expanded operations.

The shortfall in funds, if any, shall be met from internal accruals and/or raising the debt funds. We have sufficient internal accruals to meet the shortfall of funds, if any. As on September 30, 2005, we had Rs. 3052.29 lacs in cash and cash equivalents in hand.

Term Loans from Banks/FIs

The total term loan requirement of Rs. 12000 lacs is proposed to be funded by Rupee Term Loan from Banks/FIs. Our Company has received the sanction from Banks/FIs for Rs. 10700 lacs. The details of the same are as under:

IDBI Ltd. has vide its letter dated January 19, 2006 given its sanction for a Rupee Term Loan of Rs. 5000 lacs.

Punjab National Bank has vide its letter dated December 30, 2005 given its sanction for a Rupee Term Loan of Rs. 4000 lacs.



State Bank of India has vide its letter dated February 27, 2006 given its sanction for an additional credit facility for Term Loan of Rs. 1700 lacs and Corporate Loan of Rs. 1700 lacs.

We hereby confirm that excluding the amount to be raised through the proposed public issue, firm arrangements of finance through verifiable means towards 75% of the stated means of finance have been made.

Revision in the project cost

There has been no revision towards the cost of the projects and means of finance after the date of issue of appraisal report.

The weaknesses and threats

The following are the weaknesses and threats as specified under appraisal report of IDBI.

Weaknesses

- Implementation of several projects in quick succession may result in temporary liquidity problems.
- The proposed IPO's success will depend on the market sentiments at that point of time.

Threats

- The industry as a whole is cane price/cane availability sensitive.
- Government regulations and further increase in SMP/SAP for Sugar cane may affect the performance adversely.
- Being agro-based Industry, susceptible to vagaries of monsoons.
- Import of Sugar – lowering of import duty by GOI.
- Lowering of entry barriers (except surrounding of 15 Kms from the mill).

Schedule of Implementation

The implementation schedule for both the units is as under:

| Activity | UNIT III – KHAIKHERI | | UNIT IV - SHERMAU | |
|---|----------------------|-------------|---------------------|-------------|
| | Commencement | Completion | Commencement | Completion |
| Land, Building & Civil Works | | | | |
| Purchase of Land | In progress | | In progress | |
| Site Development | In progress | Feb. 2006 | In progress | Feb. 2006 |
| Factory Buildings | Feb. 2006 | April 2006 | Feb. 2006 | April 2006 |
| Administrative Buildings | April 2006 | August 2006 | April 2006 | August 2006 |
| Plant and Machinery | | | | |
| Order Placement | In progress | Feb. 2006 | In progress | Feb. 2006 |
| Delivery at Site | Feb. 2006 | August 2006 | Feb. 2006 | August 2006 |
| Installation | April 2006 | Sept. 2006 | April 2006 | Sept. 2006 |
| Trial Runs | October 2006 | | October 2006 | |
| Commercial Production | End of October 2006 | | End of October 2006 | |

FUNDS DEPLOYED

We hereby certify to have already deployed funds to the extent of Rs. 657.12 lacs on the project upto January 31, 2006. The same has also been certified to have been incurred out of our internal sources by our auditors M/s. B. K. Kapur & Co., Chartered Accountants vide their certificate dated February 27, 2006. The details of amount spent are as under:

UTTAM SUGAR MILLS LIMITED

(Rs. in lacs)

| Towards | Unit III Khaikheri | Unit IV Shermau | Total |
|-------------------------|-------------------------------|----------------------------|---------------|
| Land & Site Development | 284.25 | 372.87 | 657.12 |
| Total | 284.25 | 372.87 | 657.12 |

DETAILS OF BALANCE FUND DEPLOYMENT

The details of year wise break up of the expenditure proposed to incurred on the said project is as under:

(Rs. in Lacs)

| Particular | 2005-06 | 2006-07 | Amount |
|--|-----------------|----------------|-----------------|
| Setting up of Unit III at village Khaikheri having a capacity of 4500 TCD along with co-generation of power with a capacity of 15 MW | 10061.75 | 2616.00 | 12677.75 |
| Setting up of Unit IV at village Shermau having a capacity of 5000 TCD along with co-generation of power with a capacity of 30 MW | 12170.13 | 3095.00 | 15265.13 |
| Total | 22231.88 | 5711.00 | 27942.88 |

INTERIM USE OF PROCEEDS

The management, in accordance with the policies set up by our Board, will have the flexibility in deploying the proceeds received by us from the Issue. The amount earmarked for meeting the additional working capital requirements may be used to reduce the existing utilization of current working capital facility till actual usage. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality, interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration. Such investments would be in accordance with investment policies approved by our Board from time to time.

MONITORING OF UTILIZATION OF FUNDS

Punjab National Bank has been appointed as monitoring agency to monitor the deployment of the funds.

No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, key managerial personnel or companies promoted by our Promoters except in the course of normal business.

ISSUE STRUCTURE

Public Issue of 40,00,000 Equity Shares of face value Rs. 10/- each at a price of Rs. 340 for cash at a premium of Rs. 330 per Equity Share aggregating Rs. 13600 lacs (hereinafter referred to as the "Issue"). The Issue is being made through the 100% Book Building Process.

If atleast 60% of the Issue cannot be allocated to QIBs, then the entire application money shall be refunded forthwith.

| Particulars | QIBs | Non Institutional Bidders | Retail Individual Bidders |
|--|---|---|---|
| Number of Equity shares (available for allocation)* | At least 24,00,000 Equity Shares | Up to 4,00,000 Equity Shares | Up to 12,00,000 Equity Shares |
| Percentage of Issue available for allocation | At least 60% of the Issue. 5% of the QIB portion shall be available for allocation to Mutual Funds participating in the 5% reservation in the QIB portion and will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. | Up to 10% of the Issue less allocation to QIBs and Retail Individual Bidders * | Up to 30% of the Issue less allocation to QIBs and Non Institutional Bidders * |
| Basis of allocation if respective category is oversubscribed | Proportionate as follows: (a) 1,20,000 Equity Shares constituting 5% of the Qualified Institutional Buyer Portion shall be allocated on a proportionate basis to Mutual Funds (b) 22,80,000 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. | Proportionate | Proportionate |
| Minimum Bid | Such no. of Equity Shares and in multiples of 20 Equity Shares thereafter so that the bid amount exceeds Rs. 1,00,000/- | Such no. of Equity Shares and in multiples of 20 Equity Shares thereafter so that the bid amount exceeds Rs. 1,00,000/- | 20 Equity Shares |
| Maximum Bid | Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits | Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits | Such number of Equity Shares and in multiples of 20 Equity Shares whereby the bid amount does not exceed Rs. 1,00,000/- |
| Mode of allotment | Compulsorily in Dematerialized form | Compulsorily in Dematerialized form | Compulsorily in Dematerialized form |

UTTAM SUGAR MILLS LIMITED

| Particulars | QIBs | Non Institutional Bidders | Retail Individual Bidders |
|------------------------|--|---|--|
| Trading Lot/Market Lot | One Equity Share | One Equity Share | One Equity Share |
| Who can apply** | Public financial institutions, as specified in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI and State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million. | Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, NRIs, societies | Individuals including NRIs and HUFs (in the name of the Karta) applying for such number of Equity Shares such that the bid amount does not exceed Rs. 1,00,000/- |
| Terms of Payment | Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate | Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate | Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the syndicate |
| Margin Money | 10% of the bid amount in respect of bids placed by the QIB bidder | Full bid amount on bidding | Full bid amount on bidding |

* Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail and Non Institutional categories would be allowed to be met with spill over inter-se from any other category, at the sole discretion of our Company in consultation with the BRLMs.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.



Withdrawal of the Issue

Our Company in consultation with the BRLMs reserves the right not to proceed with this Issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

Bid/Issue Programme

| | |
|----------------------------|-----------------------|
| BID/ISSUE OPENED ON | MARCH 16, 2006 |
| BID/ISSUE CLOSED ON | MARCH 21, 2006 |

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded till such time as permitted by NSE and BSE on the Bid/Issue Closing Date.

The Price Band will be decided by our Company in consultation with the BRLMs

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid Opening Date/Issue Opening Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band, subject to the Bidding Period/Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to NSE and BSE by issuing a press release, and also by indicating the change on the web site of our Company and/or the BRLMs and at the terminals of the Syndicate Member.

UTTAM SUGAR MILLS LIMITED

BASIS OF ISSUE PRICE

The Issue Price will be determined by our Company in consultation with BRLMs on the basis of assessment of market demand for the Equity Shares by way of the Book Building process.

Qualitative Factors

Our Promoters have a technical knowledge of the Sugar Industry

Our promoters Mr. Raj Kumar Adlakha, Mr. Ranjan Adlakha, Mr. Rajan Adlakha and Uttam Industrial Engineering Limited (UIEL) have been associated with the Sugar Industry for over 20 years. UIEL has been assisting a number of sugar mills in project implementation and providing technical support since its incorporation.

As on September 30, 2005, our Company does not have any cane dues towards sugarcane arrear to farmers

Our Company does not have any cane dues towards sugarcane arrears to the farmers as on the year ended September 30, 2005. We are paying SAP to the farmers towards the purchase of sugarcane. For the year ended on September 30, 2005, we do not have any outstanding liability of payment for cane price differential. We have paid all the sugarcane dues up to financial year ended September 30, 2005.

We have excellent relationships with sugarcane farmers

We have excellent relationships with sugarcane farmers. We also take full care that payments to sugarcane farmers are made in a timely manner. We believe this relationship is a significant competitive advantage because farmers have no obligation to grow sugarcane and may switch to crops that may be more profitable. However, our track record of paying a high sugarcane price to farmers on a timely basis provides an incentive for farmers to cultivate sugarcane. We also co-ordinate the harvesting and transportation of cane, which saves the farmers effort, time and money. This also enables us to get fresh and mature sugarcane, which increases the yield of sugar.

We are eligible for various incentives under Government Policy

Our Libberheri unit is eligible for Income Tax deduction under section 80-IC and is also eligible for the exemption from excise duty for 10 years commencing from December 2004. This unit is also eligible for Capital subsidy and transport Subsidy under New Industrial Policy 2003 of Uttaranchal Government.

Our other units in Uttar Pradesh are eligible for various incentives under the new Sugar Industry Incentive Policy 2004 issued by the Uttar Pradesh State Government.

Our recovery at Libberheri unit is on the higher end of the average in Uttar Pradesh and Uttaranchal

Our recovery at the Libberheri unit has been on the higher end of average recovery in comparison to the other sugar units in the state of Uttaranchal and Uttar Pradesh.

Our sugar recoveries as compared with the average sugar recoveries in UP and Uttaranchal as per the Sugar Journal "INDIAN SUGAR" June 2005, published by ISMA, are given below:

| Particulars | 2001-02 | 2002-03 | 2003-04 |
|--------------------|---------------|--------------|---------------|
| East UP | 9.36% | 9.53% | 9.93% |
| West UP | 9.88% | 9.79% | 9.95% |
| Central UP | 9.34% | 9.29% | 9.56% |
| Uttaranchal | 9.42% | 9.51% | 9.75% |
| Our Company | 10.10% | 9.80% | 10.50% |

We are among the few players in the country to use Defeco Remelt Phospho floatation (DRP) Process to produce sulphurless sugar

Most of the conventional sugar mills in India adopt Double Sulphitation Process to manufacture Plantation White Sugar. At the Libberheri unit, we have moved away from this conventional method of sugar manufacturing and adopted the Phosphoflotation process of manufacturing EC II grade refined sugar. This sugar meets the European standards of refined sugar (Colour of less than 45 IU). We produce sugar with negligible sulphur content. Refined sugar is preferred by industrial buyers and generally commands a premium over plantation white sugar.



We have sugar refining capacity

Our Libberheri unit is capable to produce sugar not only from sugarcane but also from raw sugar. This unit has a sugar refining capacity of 625 TPD which facilitates refining of raw sugar, thereby enabling us to have an increased utilisation of our refining capacity as compared to majority of other sugar manufacturers.

Quantitative Factors

1. Adjusted Earning per Share (EPS)

| Year ended | EPS (Rs.) | Weight used |
|-------------------------|--------------|-------------|
| September 30, 2003 | 2.95 | 1 |
| September 30, 2004 | 5.98 | 2 |
| September 30, 2005 | 17.19 | 3 |
| Weighted Average | 11.08 | |

Note:

- (i) The Earning per Share has been computed on the basis of the adjusted profits and losses of the respective years.
- (ii) The denominator considered for the purpose of calculating Earnings per Share is the weighted average number of Equity Shares outstanding during the year.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. 340 per share:

- a. Based on year ended September 30, 2005 EPS of Rs. 17.19: 19.78
- b. P/E for Sugar Industry

| | |
|---------|------|
| Highest | 31.7 |
| Average | 14.6 |
| Lowest | 4.4 |

(Source: Capital Market Vol.XX/22, January 02 – January 15, 2006; Segment: Sugar)

3. Weighted Average Return On Net Worth (RONW):

| Year ended | RONW (%) | Weight Used |
|-------------------------|--------------|-------------|
| September 30, 2003 | (12.21) | 1 |
| September 30, 2004 | 31.53 | 2 |
| September 30, 2005 | 44.80 | 3 |
| Weighted Average | 30.88 | |

4. Minimum RONW required on increased Net Worth to maintain pre issue EPS (%): 19.32

5. Net Asset Value (NAV) per Equity share:

| | |
|---|-------|
| Net Asset Value (NAV) per Equity share | Rs. |
| As on September 30, 2005 | 31.69 |
| After the issue based on September 30, 2005 results | 77.64 |

UTTAM SUGAR MILLS LIMITED

6. Comparison with Industry Peer set

| Name of the Company | B.V. (Rs.) | EPS (Rs.) | P/E | RONW% |
|-------------------------------------|------------|-----------|-------|-------|
| Uttam Sugar Mills Ltd. ¹ | 31.69 | 17.19 | 19.78 | 44.80 |
| Peer Group² | | | | |
| Dwarikesh Sugar Ind. Ltd. | 58.6 | 16.4 | 13.1 | 42.0 |
| Oudh Sugar Mills Ltd. | 53.7 | 5.8 | 17.5 | 14.8 |
| Shree Renuka Sugars Ltd. | 69.6 | 17.1 | 27.4 | 86.5 |
| Upper Gang. Sug. Ltd. | 114.6 | 57.9 | 4.4 | 26.9 |

¹ B.V., EPS and RONW for our Company is as per the restated audited statements by M/s. B. K. Kapur & Co., Chartered Accountants. For details, please refer to the section titled 'Financial Statements' on page no. 94 of this Prospectus

²Information for the peer group has been taken from Capital Market Vol.XX/22, January 02 – January 15, 2006; Segment: Sugar

7. The Issue Price is 34 times of the Face Value of Rs. 10/- per Equity Share

The issue price will be determined on the basis of the demand from the investors in accordance with the SEBI Guidelines. The BRLMs believe that the Issue price of Rs. 340 is justified in view of the above qualitative and quantitative parameters. Please refer to the section titled 'Risk Factors' beginning from page no. ix of this Prospectus and the financials of our Company as set out in the section titled 'Financial Statements' on page no. 94 of this Prospectus to have a more informed view.

8. We have made the following issuances of Equity Shares after September 30, 2005. The above ratios have been computed without considering these issuances:

| Date of Issue | Nature of Issue | No. of Equity Shares | Issue Price (Rs.) |
|-------------------|-------------------|----------------------|-------------------|
| October 17, 2005 | Further allotment | 12,82,600 | 15 |
| November 10, 2005 | Further allotment | 74,000 | 15 |
| December 15, 2005 | Further allotment | 13,31,000 | 15 |
| December 23, 2005 | Further allotment | 2,49,500 | 15 |



STATEMENT OF TAX BENEFITS

Our Company's statutory auditors M/s. B. K. Kapur & Co., Chartered Accountants have vide their certificate dated December 06, 2005 certified the tax benefits available to our Company. The contents of this certificate are reproduced below:

We hereby certify that the enclosed Annexure states the possible Tax benefits available to the Uttam Sugar Mills Ltd (the company) and its Shareholders under the current tax laws presently in force in India.

Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfill.

The contents of this Annexure are based on Information, explanation and representation obtained from the Company and on the basis of our understanding of the business activities and operation of the Company.

The benefits discussed in the annexure are not exhaustive. This statement is only intended to provide general information to the investors and hence is neither designed or intended to substitute for professional Tax advice and each investor is advised to consult his/her/its own Tax consultants with respect to the specific tax implications arising out of their participation in the issue.

For **B.K.KAPUR & CO.**
Chartered Accountants

Sd/-

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

Place : NOIDA

Dated : 6th December, 2005

UTTAM SUGAR MILLS LIMITED

ANNEXURE TO THE CERTIFICATE

A. TAX BENEFITS AVAILABLE TO THE COMPANY

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

1. The company is engaged in the manufacture and sale of Sugar since January 2001 at its manufacturing unit (Industrial Undertaking) located in village Libberhedi, Tehsil Roorkee, District Hardwar (Uttaranchal). The company had undertaken substantial expansion in November 2003 and it was completed in November 2004.

On the basis of this substantial expansion of Industrial Undertaking, the company is entitled to get deduction u/s 80-1C of the Income Tax Act, 1961 as specified u/s 80-1C(3)(ii) 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 the 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.
3. Under section 35 of the 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 the Act the company is eligible to claim amortisation of preliminary expenses, subject to limits specified in sub-section (3) of the said section.
5. Under section 10 (34) of the Act, dividend income referred to in section 115-O is exempt from tax in the hands of the company.
6. Under section 10(38) of the 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.
7. Under section 111A of the Act, the short term capital gain on transfer of equity share or units of an equity oriented mutual funds shall be chargeable to tax @ 10% (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 the Act is not available on such income.
8. Under section 112 and other relevant provisions of the 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 the Act. However, in case of listed securities or unit or zero coupon bond, the long term capital gain (not covered under section 10(36) & 10(38) of the Act) can be taxed at 10% (plus applicable surcharge and education cess) without indexation, at the option of shareholder. Deduction under Chapter VI-A of the Act is not available on such income.
9. Under section 115 JAA (IA) of the Income Tax Act, 1961, Tax Credit in respect of tax paid under MAT u/s 115 JB-is available from Assessment year commencing from 1st April, 2006 and subsequent assessment years.

A.2 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.15 Lacs.



A-3 UNDER INDIRECT TAXES:

Central Excise Tariff

The Unit of the company situated at Village Libberhadi, 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.

B. TAX BENEFITS AVAILABLE TO THE MEMBERS

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

TO RESIDENT MEMBERS:

1. Under section 10(34) of the Act, dividend income referred to in section 115-O is exempt from tax in the hands of the shareholders.
2. Under section 10(38) of the Act, income arising from transfer of long-term capital asset, being an equity share 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.
3. Under section 10(23D) of the Act, 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.
4. Under section 111A of the Act, the short term capital gain on transfer of equity shares of a company shall be chargeable to tax @ 10% (plus applicable surcharge and 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 the Act is not available on such income.
5. Under section 112 and other relevant provisions of the 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 the Act. However, in case of listed securities, the long-term capital gain (not covered under section 10(36) & 10(38) of the Act) can be taxed at 10% (plus applicable surcharge and education cess) without indexation, at the option of shareholder. Deduction under Chapter VI-A of the Act is not available on such income.
6. In accordance with section 54EC of the Act and subject to the conditions specified therein, long term capital gains arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of six months after the date of such transfer in specified bonds mentioned under the section. The amount so exempt from tax shall, however, be chargeable to tax subsequently, if the new asset is transferred or converted into money within three years from the date of their acquisition.
7. In accordance with section 54ED of the Act and subject to the conditions specified therein, long term, capital gains arising on transfer of the shares in the company shall be exempt from tax if the capital gains are invested within a period of six months from the date of such transfer, in the acquisition of specified equity shares mentioned under the section. The amount so exempt from tax shall, however, be chargeable to tax subsequently, if the new asset is transferred or converted into money within one year from the date of their acquisition.
8. In accordance with section 54F of the Act and subject to the condition 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 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 residential house within a period of three years from the date of transfer.

UTTAM SUGAR MILLS LIMITED

TO NON-RESIDENT MEMBERS:

1. Under section 10(34) of the Act, dividend income referred to in section 115-O of the Act is exempt from tax in the hands of the shareholders.
2. Under section 10(38) of the Act, income arising from transfer of long-term capital asset, being an equity share 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.
3. Under section 111A of the Act, the short term capital gain on transfer of equity share of a company shall be chargeable to tax @ 10% (plus applicable surcharge and 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 the Act is not available on such income.
4. Under section 112 and other relevant provisions of the 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 the Act. Indexation is not available if investment made in foreign currency as per first proviso to section 48 of the Act. However, in case of listed securities, the long-term capital gain (not covered under section 10(36) & 10(38) of the Act) can be taxed at 10% (plus applicable surcharge and education cess) without indexation, at the option of shareholder. Deduction under Chapter VI-A of the Act is not available on such income.
5. Under the first proviso to section 48 of the 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 the Act as applicable.
6. As per the provisions of section 115A of the 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 the Act shall be 20% (plus applicable surcharge and 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 the Act.
7. In accordance with section 54EC of the Act and subject to the conditions specified therein, long term capital gains arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of six months after the date of such transfer in specified bonds mentioned under the section. The amount so exempt from tax shall, however, be chargeable to tax subsequently, if the new asset is transferred or converted into money within three years from the date of their acquisition.
8. In accordance with section 54ED of the Act and subject to the condition specified therein, long term capital gains arising on transfer of the shares in the company shall be exempt from tax if the capital gains are invested within a period of six months from the date of such transfer, in the acquisition of specified equity shares mentioned under the section. The amount so exempt from tax shall, however, be chargeable to tax subsequently, if the new asset is transferred or converted into money within one year from the date of their acquisition.
9. In accordance with section 54F of the Act and subject to the conditions 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 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 residential house within a period of three years from the date of transfer.

10. SPECIAL PROVISIONS FOR NON-RESIDENT INDIAN MEMBERS:

- 10.1 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 the Act, according to which:

- 10.2 Under section 115E of the Act, where shares in a company are subscribed 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 the Act) on transfer of shares shall be charged to tax @ 10% (plus applicable surcharge and education cess) without indexation as per first proviso to section 48 of the Act.
- 10.3 Under section 115F of the Act, the long term capital gains arising from the transfer of shares of a company, where these were acquired in convertible foreign exchange, shall be exempt from tax provided that the net consideration 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, if the new asset is transferred or converted into money within three years from the date of their acquisition.
- 10.4 Under section 115G of the Act, a non-resident Indian is not required to file a Return of Income under section 139(1) of the Act, if his total income consists only of income from investments 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 XVII B of the Act.
- 10.5 Under section 115I of the 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 the Act declaring therein that the provision of this chapter shall not apply to him for that assessment year.

11. SPECIAL PROVISIONS FOR FOREIGN INSTITUTIONAL INVESTORS:

Under section 115AD of the Act Foreign Institutional Investors (FIIs) will be charged to tax as under: -

- On income (other than income by way of dividend referred to in section 115-O of the Act) from shares in the company shall be taxable @ 20% (plus applicable surcharge and education cess)
- On long term capital gains (not covered under section 10(38) of the Act) arising from transfer of shares in the company shall be taxable @ 10% (plus applicable surcharge and education cess)
- On short term capital gains arising from the transfer of shares in the company shall be taxable @ 30% (plus applicable surcharge and education cess). However, if such transfer is covered by section 111A of the Act, tax shall be payable @ 10% (plus applicable surcharge and education cess).

TO VENTURE CAPITAL COMPANIES/FUNDS:

In terms of section 10(23FB) of the Act, all venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the company.

B.2 UNDER WEALTH TAX ACT, 1957 AND GIFT TAX

1. Shares of the company are not covered under the definition of 'Assets' under section 2(ea) of the Wealth Tax Act, 1957 and accordingly are not liable to wealth tax.
2. Gift tax is not leviable in respect of any gift made on or after first day of October 1998. Therefore, any gift of the shares will not attract gift tax. (Even after insertion of Section 56(2)(v) in Income Act 1961 with effect from 1st of September, 2004 the gift of shares to the close relatives are not taxable in the hands of the donee)

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2005 and will be available only to the sole/first named holder in case the shares are held by joint holders.
2. In respect of non-resident, the tax rate and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreement, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his/her own tax consultant with respect to specific tax implications arising out of their participation in the issue.

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information presented in this section has been extracted from various publicly available documents and sources, including officially prepared materials from the Government and its various ministries and has not been prepared or independently verified by the Issuer or the BRLMs.

INTERNATIONAL SCENARIO

Sugar Scenario

The global sugar consumption for the period between 1984 to 2002 has increased at an average of 1.93%. The sugar consumption, however, widely varies across different regions of the world. The consumption is globally driven by different key drivers like population growth, dietary and cultural habits, supply and availability, income and geographical locations. The seven regions, which can be categorized for sugar market, are:

- EU
- Europe
- Africa
- North and Central America
- South America
- Asia
- Oceania

World Sugar Consumption by Region

(‘000 Tons Raw Value)

| Sugar Season | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| EU | 17,494 | 17,744 | 17,904 | 18,023 | 18,202 |
| Europe | 31,199 | 31,105 | 31,616 | 31,454 | 31,572 |
| Africa | 12,081 | 12,568 | 13,251 | 13,475 | 13,919 |
| North and Central America | 18,237 | 18,260 | 18,487 | 18,773 | 18,952 |
| South America | 15,673 | 15,971 | 16,451 | 17,207 | 17,496 |
| Asia | 53,180 | 56,153 | 58,275 | 60,470 | 61,614 |
| Oceania | 1,315 | 1,404 | 1,462 | 1,547 | 1,535 |
| Total | 131,685 | 135,461 | 139,542 | 142,926 | 145,088 |

Source: F.O Licht

World sugar consumption, which was at 96.6 million tonnes in 1984 rose to 135.5 million tonnes in 2002. In other words, in 18 years there is a nearly 40 million tonnes increase in consumption. Consumption in 2004-05 was 145.1 million tonnes showing, that there is an exceptionally high level of growth during 2002 to 2005, where annual growth surpassed 3.5% on average. India, Brazil, China together account for 45-50% of the world’s total consumption.



The projected per-capita sugar consumption, in Kg., by region for 2006-2007 and 2009-2010 period is as under:

| Region | 2006-2007 | 2009-2010 |
|---------------------|--------------|--------------|
| Africa | 11.02 | 11.59 |
| North America | 31.11 | 31.15 |
| Eastern Europe | 41.18 | 43.66 |
| Middle East | 31.15 | 32.17 |
| Western Europe | 40.28 | 41.42 |
| Indian Subcontinent | 17.35 | 17.71 |
| Latin America | 48.44 | 49.43 |
| Far East | 14.66 | 15.77 |
| World Total | 23.48 | 24.20 |

Source: ISO

Overall world per-capita sugar consumption is expected to grow at an annual rate of 1.1% as against 0.47% historical average. The world sugar consumption in the year 2009-2010 is projected at 160.7 million tonnes. Far East is expected to have the world's fastest consumption growth at 3.23% per annum and Africa will also contribute higher consumption growth of 3.89% over its historical average of 2.9%. In totality, the projected world annual sugar consumption growth is 2.25% as compared to 1.93% during the period 1984-2002. It is expected that Brazil's sugar export may get affected as much of its sugarcane may get diverted to ethanol production to meet domestic demand.

Demand – Supply Scenario

Brazil and India are the largest sugar producing countries in the world followed by China, USA, Thailand, Australia, Mexico, Pakistan, France and Germany. Global sugar production increased from approximately 125.88 MMT in 1995-1996 to 149.6 MMT in 2002-2003 and then declined to 144.3 MMT in 2003-2004. The global sugar production has recovered and stands at 146.4 MMT in 2004-05. On the other hand, consumption has increased steadily from 118.1 MMT in 1995-1996 to 145.1 MMT in 2004-2005.

The world's largest consumers of sugar are India, China, Brazil, USA, Russia, Mexico, Pakistan, Indonesia, Germany and Egypt. According to USDA Foreign Agriculture Service, the consumption of sugar in Asian countries has increased at a faster rate, as a direct result of increasing population, increasing per capita income and increased availability.

World Sugar Production by Region

(‘000 Tons Raw Value)

| Sugar Season | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| EU | 21,420 | 19,134 | 21,834 | 19,793 | 21,497 |
| Europe | 28,308 | 25,450 | 28,558 | 26,550 | 29,208 |
| Africa | 10,024 | 9,516 | 9,930 | 10,015 | 10,299 |
| North and Central America | 21,400 | 20,858 | 19,594 | 21,000 | 19,734 |
| South America | 25,053 | 29,742 | 32,169 | 33,746 | 38,726 |
| Asia | 43,076 | 47,333 | 53,390 | 47,068 | 42,623 |
| Oceania | 4,816 | 5,089 | 5,938 | 6,014 | 5,778 |
| Total | 132,677 | 137,988 | 149,579 | 144,393 | 146,368 |

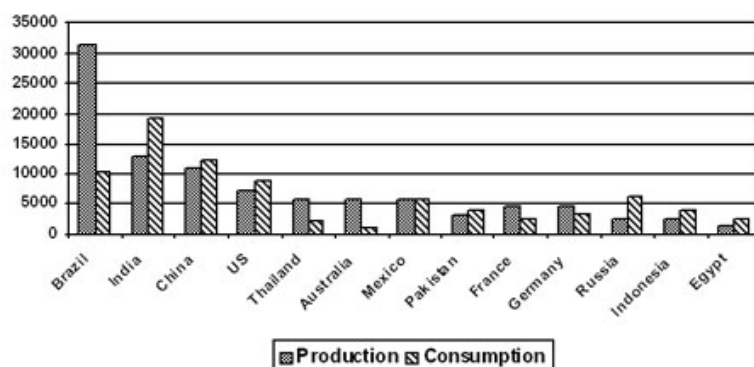
Source: F.O Licht

Due to the lower production levels in India during SS 2003-04 and 2004-05, on account of the weather hit output, there has been a decline in the production of sugar in Asia. The same has resulted in the erosion of the sugar stockpiles.

UTTAM SUGAR MILLS LIMITED

Production and Consumption of Sugar for Major Countries in Year 2004-05

('000 metric tonnes)



Source: F.O Licht

World Sugar Balance

('000 Tons Raw Value)

| Particulars | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|-------------------------|----------|---------|---------|----------|---------|
| Opening Stocks | 61,659 | 61,984 | 61,823 | 69,873 | 67,740 |
| Production | 132,677 | 137,988 | 149,579 | 144,393 | 146,368 |
| Imports | 43,513 | 45,362 | 48,720 | 48,824 | 49,996 |
| Consumption | 131,685 | 135,461 | 139,542 | 142,926 | 145,088 |
| Exports | 44,180 | 48,050 | 50,706 | 52,424 | 53,060 |
| Ending Stocks | 61,984 | 61,823 | 69,873 | 67,740 | 65,957 |
| Change in Production | (2054.0) | 5311.0 | 11509.3 | (5185.4) | 1975.3 |
| % Change in Production | (1.52) | 4.00 | 8.40 | (3.47) | 1.37 |
| Change in Consumption | 2894.6 | 3776.2 | 4080.7 | 3383.9 | 2162.1 |
| % Change in Consumption | 2.25 | 2.87 | 3.01 | 2.43 | 1.51 |
| Stocks in % consumption | 47.07 | 45.64 | 50.07 | 47.40 | 45.46 |

Source: F.O Licht

World Sugar Trade

Structural changes taking place in the top two exporters, Brazil and EU, is altering the global demand supply situation for sugar leading to higher international sugar prices. EU and Brazil together contribute approximately 45% to the total world exports. This is significant given the fact that only 27% of the total world sugar supplies are exported. The top exporting countries of the world are shown in the table below:

Leading World Exporters

(MMT raw value)

| | 2002-03 | 2003-04 | 2004-05 | 2005-06 E |
|--------------|---------|---------|---------|-----------|
| Brazil | 14.0 | 15.2 | 17.8 | 18.8 |
| EU | 5.6 | 4.9 | 5.3 | 5.3 |
| Australia | 4.1 | 4.1 | 4.2 | 4.2 |
| Thailand | 5.3 | 4.9 | 3.9 | 2.9 |
| South Africa | 1.3 | 1.0 | 1.2 | 1.2 |

Source: US FDA

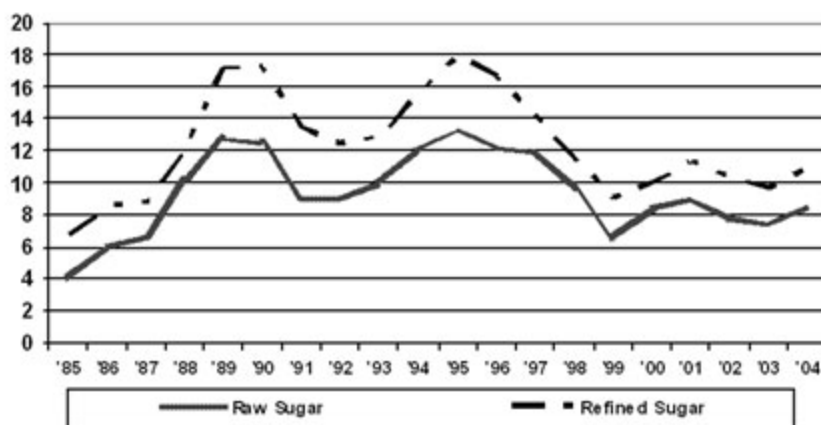


Sugar Prices

Historical Sugar Prices

As shown below, it can be observed that world sugar prices fell steadily from 1994-1995 till 1998-1999 and thereafter have been stable at those levels. This trend seems to have reversed now and refined sugar prices have increased by 30% in the last 5 quarters - from 9.16 cents per pound in January 2004 to 12.02 cents in March 2005.

(Prices in Cents per lb.)

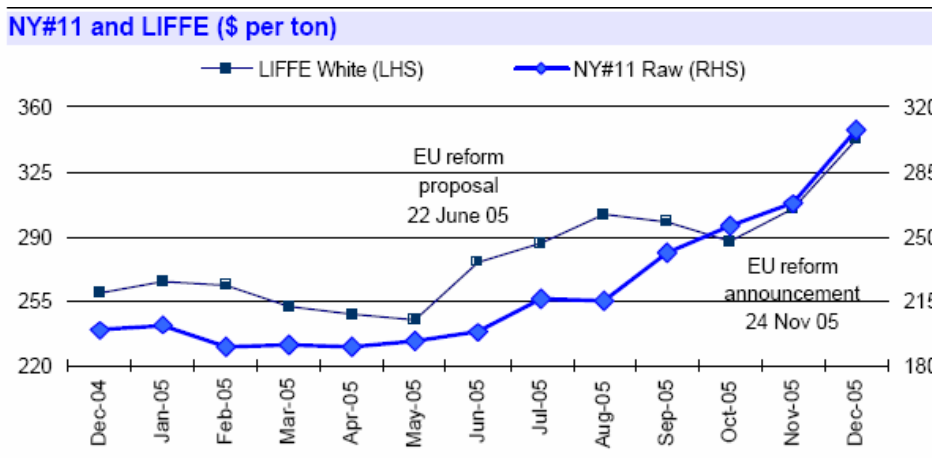


(Source: USDA Foreign Agriculture Service)

Current Sugar Prices

Globally, sugar prices are trading at their all-time high levels. The main global factors that have impacted the industry scenario are: EU subsidy reduction, rising demand in India and China and the rising crude prices. Due to the lower production levels in India during the sugar season (SS) 2003-04 and 2004-05 and lower sugar output in Brazil there has been a decline in inventory levels globally.

Prices of both raw and white sugar have increased by over 20% since the announcement of the EU reforms in June last year. The reduction in sugar stocks is expected to continue as a result of weather-affected crops in Asia, continued increase in demand from India and China, and increased diversion of Brazilian cane to ethanol production at the expense of sugar. As a result of these factors, sugar stockpiles are expected to fall and sugar prices are expected to remain firm.



Source: Bloomberg

UTTAM SUGAR MILLS LIMITED

Current Scenario

Recently the fundamentals have brought considerable volatility in world sugar prices. Spot quotations for raw sugar as well as white sugar values have varied under a similar scenario with even more vigorous volatility in case of white sugar. Brazil's, Thailand's and Australia's currencies have weakened against the US Dollar in the months between April and August, but only the first two countries have seen prices in their national currencies benefit from the 10% world price rise seen since July 2003. Domestic prices in Brazil, China, India and Russia have risen compared to last year but remain little changed from April, although in Brazil the gap between domestic prices and world prices is narrowing.

With the current EU sugar regime due to expire in mid-2006, pressure has been mounting for reform of the EU sugar policy, one of the last remaining unreformed sectors of the EU Common Agricultural Policy. The sugar price in the EU is almost three times that of the world sugar price, and almost one quarter of the EU's annual 21mn tons of production is effectively a subsidized export. A recent ruling by the WTO that EU sugar imports are contravening WTO rules is likely to result in the EU withdrawing its sugar exports. The WTO pronounced its ruling in mid-2005 following a complaint from Brazil, Thailand and Australia, who are also major sugar exporters, but have much lower costs of production than the EU.

In July, to preempt the WTO ruling, the European Commission proposed an overhaul of the EU sugar policy, calling for huge price cuts for a regime barely changed in 35 years. The reform aims to slash internal EU sugar prices by 33%. On the other hand, 10 Central and East European Countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) joined the European Union on 1st May. Seven of the ten new members have mature sugar industries while Poland is the world's 5th largest beet sugar producer.

The overhaul of the EU sugar policy would help India, as India is encircled by sugar deficient countries whose annual import is to the tune of 2-2.5 MMT.

INDIAN SUGAR INDUSTRY

India is the largest consumer of sugar and second largest producer of sugar in the world. The Indian sugar industry is the second largest agro-industry located in India. The Indian sugar industry has a turnover of Rs. 500 billion per annum and it contributes almost Rs. 22.5 billion to the central and state exchequer as tax, cess, and excise duty every year (Source: Ministry of Food, Government of India). There are 566 installed sugar mills in the country with a production capacity of 180 lakh MTs of sugar, of which only 453 are working. These mills are located in 18 states of the country. Around 315 of the total installed mills are in the cooperative sector, 189 in the private sector and 62 in the public sector (Source: Directorate of Sugar)

With 453 operating sugar mills in different parts of the country, Indian sugar industry has been a focal point for socio-economic development in the rural areas. About 50 million sugarcane farmers and a large number of agricultural labourers are involved in sugarcane cultivation and ancillary activities, constituting 7.5% of the rural population. Besides the industry provides employment to about 2 million skilled/semi skilled workers and others mostly from the rural areas. (Source: ISMA Website accessed on January 18, 2006.)

The sugar industry not only generates process steam and power for its own captive requirement but also generates surplus exportable power to be sold to the electricity board/private players, based on one of its by-products - bagasse. The integrated sugar industry also effectively utilizes molasses, another by-product, to produce rectified spirit and extra neutral alcohol, which is used for industrial and potable uses, and also to manufacture ethanol, a renewable fuel for blending with petrol.

SWOT Analysis of Indian Sugar Industry

Strengths:

- India being a tropical country is ideal for growing sugarcane
- India is the second largest sugar producing country

Weaknesses:

- Restriction on Corporates for sugar farming
- Lack of producers control on the quality, quantity and cost of sugarcane procured
- Restriction on setting up of sugar plants in the vicinity of 15kms from the existing units
- State Governments control the allocation of the sugarcane areas for sugar units
- Affected by regulations issued by the Central and State Government relating to sugarcane production and the pricing from time to time
- Sales regulated by release order mechanism

Opportunities:

- Maximisation of sugar recovery
- Greater value addition from the by products
- Replacement of cane variety

Threats:

- Highly fragmented industry
- Highly seasonal leading to unavailability of cane and hence mismatch in demand supply

Growth in Capacity

Indian sugar industry has grown horizontally with a large number of small sized sugar plants being set up throughout the country as opposed to the consolidation of capacity in the rest of the important sugar producing countries, where greater emphasis has been laid on larger capacity of sugar plants. The average cane crushing capacity in India, Brazil and Thailand is given below:

| Country | Avg. Capacity (TCD) |
|----------|---------------------|
| Thailand | 10300 |
| Brazil | 9200 |
| India | 3500 |

Source: ISMA Website accessed on January 18, 2006

The Government of India licensed new units with an initial capacity of 1250 TCD upto 1980s which was subsequently increased to 2500 TCD. Government de-licensed the sugar sector in August 1998, thereby removing the restrictions on expansion of existing capacity as well as on establishment of new units, with the only stipulation that a minimum distance of 15 Kms would continue to be observed between an existing sugar mill and a new mill. The number of sugar mills and the growth in capacity over period 1980-81 to 2000-01 and in the year 2001-02 to 2003-04 is given below:

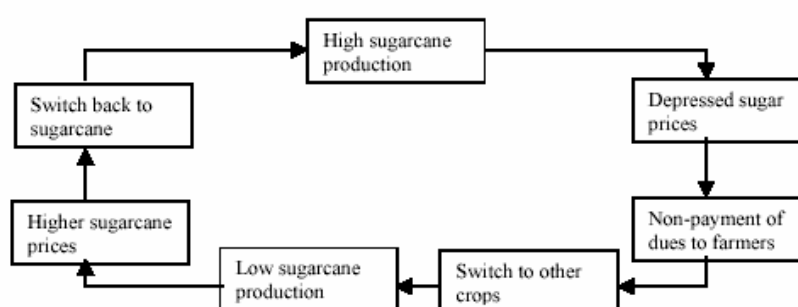
| Period ending | No. of Operating Units | Average Capacity Per Unit (TCD) |
|---------------|------------------------|---------------------------------|
| 1980-81 | 299 | 1650 |
| 1990-91 | 377 | 2030 |
| 2000-01 | 423 | 3000 |
| 2001-02 | 437 | 3200 |
| 2002-03 | 433 | 3350 |
| 2003-04 | 453 | 3500 |

Source: ISMA Website accessed on January 18, 2006

UTTAM SUGAR MILLS LIMITED

Dynamics of Sugar Cycle

The domestic sugar industry typically follows a 5 to 7 year 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 and extraordinary profits. Taking into account the prevalent higher prices for cane, farmers then switch back to sugarcane. For example, the bumper crop in sugar season 1995-96 resulted in higher production, but lower prices for sugar. It also resulted in large cane arrears leading to harsh times for cane growers. Taking into account the bad experience of 1995-96, many farmers shifted to other crops leading to drop in sugarcane and sugar production in the country. The limited availability of sugarcane in 1997-98 season forced the sugar manufacturers to make higher and prompt payment to farmers. Consequently, this resulted in a bumper crop in 1998-99 season. An illustration of the said sugar cycle is given below:



Production and Consumption of Sugar in India (mn tonnes)

| Sugar Year | Production (mn tonnes) | Consumption (mn tonnes) | Consumption of imported sugar | Grand Total* (mn tonnes) | Closing Stock (mn tonnes) |
|------------|------------------------|-------------------------|-------------------------------|--------------------------|---------------------------|
| 1995-96 | 16.5 | 12.9 | 0.2 | 13.1 | 7.9 |
| 1996-97 | 12.9 | 13.9 | - | 13.9 | 6.6 |
| 1997-98 | 12.9 | 14.0 | 1.0 | 15.0 | 5.6 |
| 1998-99 | 15.5 | 14.2 | 0.6 | 14.8 | 6.9 |
| 1999-00 | 18.2 | 15.5 | - | 15.5 | 9.3 |
| 2000-01 | 18.5 | 16.2 | - | 16.2 | 10.4 |
| 2001-02 | 18.5 | 16.6 | - | 16.6 | 11.3 |
| 2002-03 | 20.1 | 18.3 | 0.0 | 18.4 | 11.6 |
| 2003-04 | 14.0 | 17.7 | 0.6 | 18.2 | 8.5 |
| 2004-05P | 12.5 | 18.5 | 2.0 | 20.5 | 4.5 |
| 2005-06E | 17.5 | 19.0 | (1.3) | 17.7 | 1.7 |

Source: ISMA

* Net of export import + consumption

The Indian sugar industry has witnessed a decline in production of sugar during SS 2003-04 and 2004-05, on account of the weather hit output, which has resulted in the erosion of the sugar stockpiles.

As can be seen from the above table, India is expected to remain production deficit for the third consecutive year. While the demand of sugar is growing steadily (4% CAGR over the last five years), domestic sugar production has fallen by 30% in SY 2003-04, and 11% in SY 2004-05. It is estimated that the sugar output would increase in SY 2005-06 by 40%.

Sugar Production by States in India

The sugar industry in the country uses majorly sugarcane as input, and hence sugar companies have been established in large sugarcane growing states like Uttar Pradesh, Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Andhra Pradesh. In the Sugar Year (SY) 2003-04, these six states contribute more than 80% of total sugar production in the country; Uttar



Pradesh, Maharashtra, and Karnataka together contribute more than 60% of total production. The following table shows the state wise sugar production in India for 2002-2003 and 2003-2004.

(in MMT)

| State | 2002-2003 | % of Total | 2003-2004 | % of Total |
|----------------|--------------|----------------|--------------|----------------|
| Uttar Pradesh | 5.65 | 28.06% | 4.55 | 33.60% |
| Maharashtra | 6.22 | 30.86% | 3.18 | 23.44% |
| Karnataka | 1.87 | 9.28% | 1.12 | 8.24% |
| Gujarat | 1.25 | 6.22% | 1.07 | 7.87% |
| Tamil Nadu | 1.64 | 8.16% | 0.92 | 6.80% |
| Andhra Pradesh | 1.21 | 6.01% | 0.89 | 6.54% |
| Haryana | 0.64 | 3.16% | 0.58 | 4.30% |
| Punjab | 0.59 | 2.91% | 0.39 | 2.88% |
| Uttaranchal | 0.50 | 2.47% | 0.39 | 2.86% |
| Bihar | 0.41 | 2.03% | 0.27 | 2.02% |
| Others | 0.17 | 0.85% | 0.20 | 1.46% |
| TOTAL | 20.14 | 100.00% | 13.55 | 100.00% |

(Source: Indian Sugar Magazine December 2004, published by ISMA)

Sugarcane

Sugarcane occupies about 2.7% of the total cultivated area and it is one of the most important cash crops in the country. The area under sugarcane has gradually increased over the years mainly because of much larger diversion of land from other crops to sugarcane by the farmers for economic reasons. The cane area has, however, declined in the year 2003-04 mainly due to drought and pest attacks.

From a level of 154 million tonnes in 1980-81, the cane production increased to 241 million tonnes in 1990-91 and further to 299 million tonnes in 1999-00. Since then it has been hovering around 300 million tonnes until 2001-02. In the season 2003-04, however, sugarcane production declined to 236 million tonnes mainly due to drought.

Growth in Sugarcane Production

| Sugar Year | Area under sugar cane ('000 hectares) | Yield per hectare (tonnes) | Total Sugar cane production (mn tonnes) | Recovery of sugar (%) |
|------------------------------|---------------------------------------|----------------------------|---|-----------------------|
| 1950-51 | 1,707 | 40.5 | 54.8 | 10.0 |
| 1960-61 | 2,456 | 45.0 | 110.0 | 9.7 |
| 1970-71 | 2,615 | 48.3 | 126.4 | 9.8 |
| 1980-81 | 2,667 | 57.8 | 154.2 | 10.0 |
| 1990-91 | 3,686 | 65.4 | 241.0 | 9.8 |
| 1999-00 | 4,220 | 70.9 | 299.3 | 10.2 |
| 2000-01 | 4,316 | 68.6 | 296.0 | 10.5 |
| 2001-02 | 4,412 | 67.4 | 298.4 | 10.3 |
| 2002-03 | 4,608 | 62.9 | 281.6 | 10.4 |
| CAGR from 1950-51 (%) | 1.9 | 1.4 | 3.3 | - |

Source: ISMA

In India, sugarcane is utilised by sugar mills as well as by traditional sweeteners like gur and khandsari producers. However, the diversion of sugarcane to gur and khandsari is lower in states of Maharashtra and Karnataka, as compared to Northern States like UP.

UTTAM SUGAR MILLS LIMITED

Sugarcane Utilization (in %) for different purposes

| Year | White sugar | Gur and khandsari | Seed, feed and chewing |
|-----------|-------------|-------------------|------------------------|
| 1980-1981 | 33.4 | 54.8 | 11.8 |
| 1990-1991 | 50.7 | 37.4 | 11.8 |
| 2000-2001 | 59.7 | 28.8 | 11.5 |
| 2001-2002 | 57.4 | 31.5 | 11.1 |
| 2002-2003 | 68.9 | 20.1 | 11.1 |
| 2003-2004 | 56.1 | 32.5 | 11.4 |

(Source: ISMA)

(Source: Directorate of Sugar – Report of the committee on Revitalization of Sugar Industry)

Cost Dynamics

Sugarcane is the main raw material for sugar industry and accounts for about 60-70% of the 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 before the onset of crushing season declares the Statutory Minimum Price (SMP). For the sugar season 2002-03, 2003-04 and 2004-05, SMP of sugarcane was fixed at Rs. 69.50, Rs. 73.00, Rs. 74.50 per quintal respectively linked to a base recovery rate of 8.5% with a premium for higher recovery. In the state of Uttar Pradesh, the state government fixes the State Advised Price (SAP) of sugarcane, which is at levels higher than the SMP prescribed by the Central Government.

The country has been lacking in its efforts for an effective utilisation of by-products derived in the manufacture of sugar. It extracts only 40% of the alcohol capacity, and the potential for co-generation of power using bagasse is enormous. Likewise, various downstream products from molasses and other by-products have very good potential for value addition, but currently not being produced/under utilised because of the fragmented nature of the industry and the high capital costs involved.

The country uses outdated technology for the production of sugar. Hence, the conversion costs are higher. Utilities like power are controlled by the State/Central Government, affecting the global competitiveness of the industry. Co-generation of power by sugar units using bagasse has been actively encouraged by the government, as it will not only reduce the cost of power, but will also arrest the power deficit faced by the nation.

In a major policy decision, the Commission on Agricultural Costs and Prices (CACP) is in favour of linking the SMP on sugar cane to the average sucrose content and give a premium on varieties with higher sucrose, instead of linking it to the recovery percentage. The industry needs to effectively harness by-products, and the Union Government's decision on blending ethanol with petrol will also help the industry in improving its cost effectiveness.

Consumption trend of sugar, gur and khandsari

The average per capita consumption of sugar is 18 kg/year in the year 2002-03. Almost 35% of the 300 million tonnes of sugarcane produced in India is utilized for the purpose of manufacture of Gur and Khandsari and for chewing purposes. The manufacture of Gur and Khandsari is predominant in Karnataka, Tamil Nadu and Uttar Pradesh but large quantities of Gur and Khandsari are also produced in Andhra Pradesh, Haryana and Punjab.



| Sugar Year | Consumption of Sugar ('000 tonnes) | Gur & Khandsari ('000 tonnes) | Per capita consumption of sugar (Kg) | Per capita consumption of Gur & Khandsari (Kg) |
|------------|------------------------------------|-------------------------------|--------------------------------------|--|
| 1960-61 | 21.1 | 66.9 | 4.8 | 15.2 |
| 1965-66 | 28.1 | 69.1 | 5.7 | 14.1 |
| 1970-71 | 32.6 | 74.4 | 6.1 | 13.9 |
| 1975-76 | 36.9 | 83.7 | 7.1 | 13.7 |
| 1980-81 | 49.8 | 85.2 | 7.3 | 12.5 |
| 1985-86 | 83.5 | 82.5 | 11.1 | 11.0 |
| 1990-91 | 107.2 | 90.7 | 12.1 | 10.7 |
| 1995-96 | 131.3 | 85.0 | 14.0 | 9.1 |
| 1996-97 | 138.7 | 115.0 | 14.6 | 11.0 |
| 1997-98 | 148.4 | 100.0 | 15.3 | 10.3 |
| 1998-99 | 150.4 | 95.0 | 15.3 | 9.7 |
| 1999-00 | 161.0 | 88.9 | 16.5 | 10.0 |
| 2000-01 | 162.1 | 88.6 | 17.5 | 10.0 |
| 2001-02 | 165.0 | 89.0 | 17.5 | 10.0 |
| 2002-03 | 182.0 | 85.5 | 18.0 | 9.8 |

Source: ISMA

Sugar Prices

Following are average sugar prices per quintal for free sale sugar in Delhi market for the year 1998 to 2005:

| Year (Sugar Season) | Average Price (gross) Rs./Quintal |
|---------------------|-----------------------------------|
| 1998-1999 | 1492 |
| 1999-2000 | 1552 |
| 2000-2001 | 1484 |
| 2001-2002 | 1402 |
| 2002-2003 | 1299 |
| 2003-2004 | 1500 |
| 2004-2005 | 1773 |

Source: ISMA

Huge increases in production upto 2002-03 has been followed by low sugar production in 2003-04 and 2004-05, on account of drought and pest infestation in certain major sugar producing States. The adverse climatic conditions in some of the major sugar producing states, particularly Maharashtra, Tamil Nadu and Karnataka, led to a significant reduction in sugarcane output and consequently sugar production in the sugar season 2003-04 has declined substantially to 14.0 mn tonnes. This trend continued for the sugar season 2004-05 where sugar production has further dropped to 12.5 mn tonnes. (Source: ISMA). The shortfall in production and reduction in carry forward stocks has led to firming up of sugar prices.

By-Products – Bagasse and Molasses

Bagasse and molasses are the two most important by-products of the sugar industry. Whereas, bagasse is primarily used to meet the captive requirement of fuel and used for co-generation of power, it can be saved to produce products like paper, particle boards, etc. It is estimated that the sugar industry has a potential to co-generate excess after its captive use, upto 5000 MW of power. Many of sugar units have invested in Co-generation and are able to export surplus power to State Power Corporation. The Co-generation has improved the revenues of the sugar industry.

UTTAM SUGAR MILLS LIMITED

Similarly, molasses, an important by-product of the sugar industry, is used extensively for the manufacture of ethyl alcohol. Ethyl alcohol or Rectified Spirit is used as feedstock for alcohol based down stream chemicals and to manufacture potable alcohol. Dehydrated alcohol (ethanol) is a good oxygenator and when used as a blend with motor spirit, substantially reduce the vehicular emissions and thereby reducing vehicular pollution in large cities. Ethanol has a high anti knock quality and its addition up to 10% raises the octane rating of regular petrol by 3 units and blending up to 25% raises the octane rating by 8 units thus, eliminating the need for using environmentally harmful lead additives for raising the octane number of petrol.

In view of renewable energy source green fuel and also in the large interest of cane farming community and also to curtail vehicular pollution, Government of India launched Ethanol Programme in the year 2002. According to the scheme, it was mandatory for the oil companies to blend 5% of ethanol with petrol. The scheme was launched in 9 states and 4 union territories. Later on the Government of India intends to cover the whole country. It was also planned to increase blend to 10% at a later stage.

The sugarcane and sugar production declined steeply in 2003-04 on account of severe drought in certain parts of the country. Consequently, the production of molasses has also declined leading to increase in molasses prices. Increased molasses prices lead to increased cost of ethanol. This was not acceptable to oil companies this resulted in stalemate in ethanol programme. The oil companies sought to get "optional" choice of blending from mandatory.

Adaptation of Ethanol programme in India will do the great help to Indian Petrol Companies, Sugar Industry and Indian Sugar cane farmers. There will be choice of using sugarcane as energy crop (for ethanol and power) along with as a food crop.

Future Outlook

The sugar production for the season 2005-06 is likely to show a quantum jump to about 17.5 million tonnes. Even so, the country is expected to remain production deficit and will have to import to meet the projected deficit in supply.

India has a great potential to increase sugarcane and sugar production as the sugarcane crop merely occupies about 2.7% of our cultivable area. Larger production and higher sugar exports on a regular basis may provide incidental added value to the sugar sector and enable setting up of large sugar complexes - producing clean energy, i.e., ethanol and power besides sugar, thereby ensuring adequate and timely payment of sugarcane price to the millions of sugarcane farmers.



BUSINESS OVERVIEW

OVERVIEW

Our company is promoted by Adlakha family, having experience in providing turnkey solutions for setting up sugar mills of over 20 years. We started our sugar manufacturing operations in January, 2001 by setting up a 2500 TCD sugar plant in Village Libberheri, Tehsil Roorkee, District Hardwar, Uttaranchal. Within a span of five years, we have expanded our capacity to 6250 TCD. Our sugar mill at Libberheri in Uttaranchal is one of the few in India producing sugar through the Defeco Remelt Phospho Floatation Process (DRP). This process ensures that the sulphur content in the sugar produced is negligible and is in line with the global standards.

We commissioned our Barkatpur facility for 3500 TCD and 10 MW of power as our first phase of expansion in December, 2005. Phase II at the same location consisting of additional sugar cane crushing capacity of 3500 TCD and 10 MW of power is under implementation and proposed to be commissioned shortly. Thus, during part of the current sugar season we will have a total sugarcane crushing capacity of 13250 TCD with 36 MW of power generation capacity. We plan to further increase the capacity of sugar production and co-generation. Given below is a snapshot of our facilities including proposed expansion

| Unit /Location | Cane Crushing capacity (TCD) | Co-generation Capacity (MW) |
|--|------------------------------|-----------------------------|
| Libberheri | 6250 | 16 |
| Barkatpur –I | 3500 | 10 |
| Barkatpur – II (Under implementation) | 3500 | 10 |
| Khaikheri (Proposed) | 4500 | 15 |
| Shermau (Proposed) | 5000 | 30 |
| Total capacity including proposed expansion | 22750 | 81 |

Our sugar production has increased from 6,03,097 qtls in eighteen months period ending September 30, 2002 to 7,68,240 qtls. in twelve months period ending September 30, 2005. Sale of sugar in the same increased from 5,63,805 qtls to 9,89,873 qtls. Our revenue from sale of sugar net of excise has increased from Rs. 7968.91 lacs in eighteen months period ending September 30, 2002 to Rs. 18793.54 lacs in twelve months period ending September 30, 2005. Our profit after tax in the same period grew from Rs. 222.43 lacs to Rs. 2641.33 lacs.

OUR MANUFACTURING FACILITIES

Existing Manufacturing Facility

Unit at Libberheri

Our existing sugar mill is located at Libberheri in Uttaranchal. The sugar mill is built over several plots of land aggregating to a total area of 64.55 acres. Our unit has sugarcane crushing capacity of 6250 TCD and co-generation capacity of 16 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 market being Muzzafarnagar. The region is situated in the Gangetic Plain which has ample water supply due to the high water table.

Incentive available to our Libberheri unit in Uttaranchal

Benefit under Income Tax Act, 1961

On the basis of the substantial expansion of Industrial Undertaking between November 2003 to November 2004, our Company is entitled to get deduction u/s. 80-IC of the Income Tax Act, 1961 as specified u/s. 80-IC(3)(ii) beginning from assessment year 2005-2006 as follows:

UTTAM SUGAR MILLS LIMITED

| 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 |

Benefit under Central Excise

Our Libberheri unit is eligible for exemption in respect of payment of excise duty for sugar and its by-products for a period of 10 years starting from December 2004 in terms of Notification No.49/2003 C.E. dated June 10, 2003 and Notification No 50/2003 CE dated June 10, 2003 subject to fulfilling of the conditions prescribed in the aforesaid notifications.

Benefit under New Industrial Policy 2003

The Uttaranchal Government issued a new Industrial Policy, 2003. Under this Policy, the State Government has decided to grant capital subsidy @ 15% with maximum of Rs. 30 lacs and Central Transport Subsidy till 2007.

Other benefits to Libberheri Unit

Ministry of Consumer Affairs, Fertilizers & Public Distribution has issued letter dated January 22, 2001 under Sugar Promotional Scheme to Libberheri unit for exemption from levy sugar up to 440,000 qtls. of sugar production till 2007-08 sugar year.

Unit at Barkatpur

We are setting up our second sugar unit with a crushing capacity of 7000 TCD in village Barkatpur, Tehsil - Nazibabad, District - Bijnore (Uttar Pradesh) for manufacturing sugar using the conventional Double Sulphitation (DS) process along with co-generation of power with a capacity of 20 MW. The project has been technically analyzed by Sugar Technology Mission (STM), Technology Information, Forecasting and Assessment Council, Dept. of Science & Technology, GOI. Our facility at this location is situated on approximately 121 acres of land.

STM has indicated that the present cane availability in the area is sufficient to run a 7000 TCD mill for a period of 160-170 days during the season with an average recovery of between 10%-10.5%. The project is being implemented in two phases involving a total expenditure of Rs. 11860 lacs. The expansion is being funded through debt Rs. 8000 lacs and promoter contribution/internal accruals Rs. 3860 lacs. Phase I of the expansion has been completed and the unit with a capacity of 3500 TCD and 10 MW power plant has started commercial operation in December 2005. Thus, our capacity stands enhanced to 9750 TCD from the current Sugar Season 2005-06. Phase II of the project involving scaling up of the capacity to 7000 TCD with additional co-generation facility of 10 MW is under implementation and is expected to be completed shortly.

Proposed Manufacturing Facility

The proposed units are being set up in the village of Khaikheri and Shermau in Uttar Pradesh.

Proposed unit at Khaikheri

We propose to acquire 100 acres of land at village Khaikheri, Dist. Muzaffarnagar, Uttar Pradesh, out of which around 85 acres of land is acquired. The District Cane Officer, Muzaffarnagar has issued a certificate assuring about 16,600 hectare cane area to be available to the unit having average yield of 707 qtls. per hectare. Based on the average results of neighbouring modern factories for the past three seasons, the estimated recovery rate is 10.32 %, which is higher than the average recovery rates witnessed in the state of U.P. for the three seasons ending SS 2004 (Source: Project report prepared by Sugar Technology Mission, September, 2005; ISMA).

Proposed Unit at Shermau

This unit is proposed to set up over an area of 85 acres of land. We have already acquired 50 acres of land and negotiations are going on for acquiring the remaining 30-35 acres of land, at village Shermau, Dist. Saharanpur, Uttar Pradesh. The District Cane Officer, Shermau has issued a certificate assuring about 23000 hectare cane area to be available to the unit having average yield of 636 qtls. per hectare. Based on the average results of neighbouring modern factories for three seasons, the estimated recovery rate is 10.32 %, which is higher than the average recovery rates witnessed in the state of U.P. for the three seasons ending SS 2004 (Source: Project report prepared by Sugar Technology Mission, September, 2005; ISMA).



For further details on land, please refer to paragraph on 'Property' on page no. 64 of this Prospectus. For further details on plant and machinery required for the proposed expansion at village Khaikheri unit and village Shermau unit, please refer to the section titled 'Objects of the Issue' on page no. 23 of this Prospectus.

Incentive available to units in Uttar Pradesh

The Uttar Pradesh State Government issued a new Sugar Industry Incentive Policy, 2004. Under this Policy, the State Government has decided to give special incentives in the form of capital subsidy, reimbursement of transportation costs of sugar etc. to private entrepreneurs to set up new sugar mills, or expand existing sugar mills. To avail such incentives, entrepreneurs must make a minimum capital investment of Rs. 35000 lacs during the financial year 2004-2005 to 2006-2007 and the new units must commence commercial production by March 31, 2007. For investment of over Rs. 35000 lacs, the incentive would be available for five years.

MANUFACTURING PROCESS

PRODUCTION PROCESS AND TECHNOLOGY

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 upto 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 is a good manure, which 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 massequite 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 massequite and developing the sugar crystals further.

After cooling of 'A-1' massequite, 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.

UTTAM SUGAR MILLS LIMITED

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 vacuums 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 hrs. 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.

Single Sulphitation and ReMelt Clarification Process

This is the process, our Company plans to adopt for our project at Khaikheri and Shermau unit. Juice received from mill is weighed in load cell based scale, then heated to 70° C in juice heaters 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 vacuums 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 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 in crystallizers.

The factory shall adopt four massecuite boiling system i.e. A, A-1, B & C.

A suitable melt clarification system to handle 100% 'A' sugar for melting shall be provided. The 'A' sugar is purged in 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 process.

The clear melt thus received is 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 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 again 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 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 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.

Utilities

Raw Material

Cane sugar forms the major raw material in the manufacture of sugar. Sugarcane availability and prices are the key determinants of profitability. We have been in operation for last 4 years and have developed good relationship with the cane growers/ Co-operative Societies in the mill area.

We are also involved in Cane Development activities in our area, which include seed treatment, variety replacement, plantation of high yield variety of sugarcane, technical assistance to farmers, development of early maturing variety, soil testing, control of post harvest sugar losses etc.

The new units are being set up in the sugar cane rich belt of Uttar Pradesh and we have received a certificate of adequate availability of cane from the District Cane Officer in respect of both the units. We do not foresee any problems in the availability of sugar cane in our area of operation.

Given below a snapshot of the key parameters for raw material

| Unit | Cane area hectare | Yield per hactre in qtls. |
|------------|-------------------|---------------------------|
| Libberheri | 16,546 | 622 |
| Barkatpur | 29,189 | 642 |
| Khaikheri | 16,600 | 707 |
| Shermau | 23,000 | 636 |

(Source: Certificate of Cane Commissioner)

UTTAM SUGAR MILLS LIMITED

Power

The bagasse generated as a part of the manufacturing process can be optimally utilized for power generation.

The requirement of power during the crushing season is met through captive bagasse based co-generation. Cogeneration using bagasse is environment friendly as against the conventional thermal power plants which contribute to a great extent in emission of green house gases into the atmosphere. The necessity of reduction of emissions of green house gases presents a new market based on Carbon Credit Mechanism that may generate an additional financial inflow in future.

The details of requirement of power for the captive use and total power generation at each of the plants, is given below:

| Unit | Existing/Proposed Installed Capacity (MW) | Power Generation (MW) | Captive Power requirement during the Crushing Season (MW) |
|--------------------------------|---|-----------------------|---|
| Unit I at Libberheri | 16 | 15 | 8 |
| Unit II at Barkatpur | 20 | 19 | 10 |
| Proposed unit III at Khaikheri | 15 | 15 | 6 |
| Proposed Unit IV at Shermau | 30 | 16 | 7 |

For the other part of the year we have DG sets as standby electric power source.

We are in the process of completing arrangements for selling of excess power to the U. P. State Electricity Board.

Water

We have an ample supply of water since all the units, existing as well as the proposed units, are situated in the Gangetic plain, which has a high water table.

Human Resources

Our employees are our biggest assets. We take full care in selecting our human resource. Our success in the business is largely due to our talented and skilled people. Since inception, we have grown along with our people. Our focus has been to employ the human resource with combination of technical expertise and innovative thinking for all areas and services of our organization. We think that our focus on employee training, development and retention should help us in achieving our planned growth.

Since sugar industry is a seasonal industry, our requirement of normal work force varies during the year. During the season time, we employed around 300 persons for our Libberheri unit and around 400 persons for our Barkatpur unit. Whereas, our requirement of manpower remains around 150 for each of our unit during the off-season time. The brief details of our existing permanent employees as on January 18, 2006 are as given below -

| Name of Department | Libberheri Unit | Barkatpur Unit | Registered, Corporate & Other Offices | Total no. of employees |
|-----------------------------|-----------------|----------------|---------------------------------------|------------------------|
| Administration & Commercial | 46 | 29 | 32 | 107 |
| Cane Department | 88 | 190 | - | 278 |
| Engineering & maintenance | 96 | 101 | - | 197 |
| Manufacturing | 77 | 66 | - | 143 |
| Total | 307 | 386 | 32 | 725 |

Further, in addition to the above mentioned 725 employees, there are around 150 persons, which are on contract basis.

ESOP/ESPS

We do not have any Employee Stock Option Plan (ESOP) or Employee Stock Purchase Scheme (ESPS) as on the date of filing this Prospectus with ROC.



Payment or benefit to our employees

Except statutory benefits upon termination of their employment in our Company or superannuation, no employee of our Company is entitled to any benefit upon termination of his employment.

Capacity & Capacity Utilization

| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| Libberheri Unit | | | | | | |
| Capacity in TCD | 5000 | 5000 | 6250 | 6250 | 6250 | 6250 |
| Crushing Duration (in days) | 167 | 152 | 167 | 165 | 165 | 165 |
| Capacity Utilisation (in %) | 84% | 83% | 72% | 82% | 82% | 82% |
| Barkatpur Unit | - | - | - | | | |
| Capacity in TCD | | | | 7000* | 7000 | 7000 |
| Crushing Duration (in days) | | | | 150 | 160 | 160 |
| Capacity Utilisation (in %) | | | | 75% | 75% | 80% |
| Khaikheri Unit | - | - | - | - | | |
| Capacity in TCD | | | | | 4500 | 4500 |
| Crushing Duration (in days) | | | | | 160 | 160 |
| Capacity Utilisation (in %) | | | | | 75% | 80% |
| Shermau Unit | - | - | - | - | | |
| Capacity in TCD | | | | | 5000 | 5000 |
| Crushing Duration (in days) | | | | | 160 | 160 |
| Capacity Utilisation (in %) | | | | | 75% | 80% |

* Unit is presently operating at 3,500 TCD, balance 3,500 TCD capacity will commence production shortly.

Marketing and selling arrangements

Our Company markets its products through two divisions:

Bulk Sales Division

Sugar is sold in 50 Kg and 100 Kg bags through whole selling agents of Roorkee and Muzzafarnagar. We have not entered into agreement with any of the agents for selling our products. The rates are determined by the market demand and supply. Presently, we are supplying sugar in the states of Delhi, U. P. Haryana, Punjab and Uttaranchal. We also supply to large FMCG companies operating in India.

Consumer Pack Division

We market our sugar in 1 Kg., 2 Kg. and 5 Kg. packs. In the first phase, we have launched our products in Delhi and National Capital Region. We have appointed 22 distributors for this purpose.

Competition

We face competition from other sugar mills in private sector, public sector and in co-operative sector located in Uttar Pradesh and Uttaranchal and other sugar mills. Some of the players present in Uttar Pradesh and Uttaranchal are follows:

- Triveni Engineering and Industries Ltd.
- Monnet Sugar Industries Ltd.
- Bajaj Hindustan Ltd.
- Dhampur Sugar Mills Ltd.
- Ganga Kishan Sahakari Chini Mills Ltd.

UTTAM SUGAR MILLS LIMITED

Competition will further be enhanced with entry of new players in the industry and expansion by the existing players.

COMPETITIVE STRENGTHS

We face competition from the established large players in the industry. Some of our strengths are as follows:

- **Our Promoters have a technical knowledge of the Sugar Industry**

Our promoters Mr. Raj Kumar Adlakha, Mr. Ranjan Adlakha, Mr. Rajan Adlakha and Uttam Industrial Engineering Limited (UIEL) have been associated with the Sugar Industry for over 20 years. UIEL has been assisting a number of sugar mills in project implementation and providing technical support since its incorporation.

- **As on September 30, 2005, our Company does not have any cane dues towards sugarcane arrear to farmers**

Our Company does not have any cane dues towards sugarcane arrear to the farmers as on the year ended September 30, 2005. We are paying SAP to the farmers towards the purchase of sugarcane. For the year ended on September 30, 2005, we do not have any outstanding liability of payment for cane price differential. We have paid all the sugarcane dues up to financial year ended September 30, 2005.

- **We have excellent relationships with sugarcane farmers**

We have excellent relationships with sugarcane farmers. We also take full care that payments to sugarcane farmers are made in a timely manner. We believe this relationship is a significant competitive advantage because farmers have no obligation to grow sugarcane and may switch to crops that may be more profitable. However, our track record of paying a high sugarcane price to farmers on a timely basis provides an incentive for farmers to cultivate sugarcane. We also co-ordinate the harvesting and transportation of cane, which saves the farmers effort, time and money. This also enables us to get fresh and mature sugarcane, which increases the yield of sugar.

- **We are eligible for various incentives under Government Policy**

Our Libberheri unit is eligible for Income Tax deduction under section 80-IC and is also eligible for the exemption from excise duty for 10 years commencing from December 2004. This unit is also eligible for Capital subsidy and transport Subsidy under New Industrial Policy 2003 of Uttaranchal Government.

Our other units in Uttar Pradesh are eligible for various incentives under the new Sugar Industry Incentive Policy 2004 issued by the Uttar Pradesh State Government.

- **Our recovery at Libberheri unit is on the higher end of the average in Uttar Pradesh and Uttaranchal.**

Our recovery at the Libberheri unit has been on the higher end of average recovery in comparison to the other sugar units in the state of Uttaranchal and Uttar Pradesh.

Our sugar recoveries as compared with the average sugar recoveries in UP and Uttaranchal as per the Sugar Journal "INDIAN SUGAR" June 2005, published by ISMA, are given below:

| Particulars | 2001-02 | 2002-03 | 2003-04 |
|--------------------|---------------|--------------|---------------|
| East UP | 9.36% | 9.53% | 9.93% |
| West UP | 9.88% | 9.79% | 9.95% |
| Central UP | 9.34% | 9.29% | 9.56% |
| Uttaranchal | 9.42% | 9.51% | 9.75% |
| Our Company | 10.10% | 9.80% | 10.50% |

- **We are among the few players in the country to use Defeco Remelt Phospho floatation (DRP) Process to produce sulphurless sugar**

Most of the conventional sugar mills in India adopt Double Sulphitation Process to manufacture Plantation White Sugar. At the Libberheri unit, we have moved away from this conventional method of sugar manufacturing and adopted the Phosphoflotation process of manufacturing EC II grade refined sugar. This sugar meets the European standards of refined sugar (Colour of less than 45 IU). We produce sugar with negligible sulphur content. Refined sugar is preferred by industrial buyers and generally commands a premium over plantation white sugar.



- **We have sugar refining capacity**

Our Libberheri unit is capable to produce sugar not only from sugarcane but also from raw sugar. This unit has a sugar refining capacity of 625 TPD which facilitates refining of raw sugar, thereby enabling us to have an increased utilisation of our refining capacity as compared to majority of other sugar manufacturers.

BUSINESS STRATEGY

Our business strategy primary based on following:

- **Achieve full integration**

We have received permission from the Excise Commissioner, Government of Uttar Pradesh to produce and sell 22500 kl industrial alcohol at Barkatpur, District Bijnor.

- **Setting up of sugar mill based on cane availability in the surrounding area**

Our decision to set up sugar mill is based on the cane availability in the surrounding area. We plan our capacity based on sugar cane that ensures sufficient supply.

- **Optimum product mix of sugar**

We will be using different technologies to produce quality sugar that meets requirement of different market segment.

- **Retail distribution foray**

We have entered into retail sugar market where we propose to enter into metro market with our semi refined sugar. The semi refined sugar (sulphurless sugar) will be marketed in the Metro and urban markets for better realization.

OTHER BUSINESS

Steel Manufacturing

In order to utilise the excess power generated during the crushing season, our Company set up an induction furnace with a capacity to manufacture 80 TPD of steel ingots from steel scrap & sponge iron at a cost of Rs. 160 lacs. The project was implemented in March 2003 and trial runs were conducted. However, our Company did not undertake full-fledged operations of the unit. We have entered into an agreement with Gayatri Iron Pvt. Ltd. (GIPL) February 07, 2005. As per this agreement, the entire facility comprising of the land admeasuring 11585 Sq. Mtrs together with the related and intalled electric/water connections and Induction Furnace, machinery, equipment and apparatus has been provided to GIPL for a period of three years ending on January 31, 2008. As per the terms of this license agreement, GIPL shall pay amount of Rs. 1.00 lac per day for providing consumables being, electricity (power and light) and existing facilities for supply of water including generation of power necessary to cope with interruption in power supply as provided by our Company. Apart from this, GIPL shall pay an amount of Rs. 3.00 lacs per month for utilizing the manufacturing facilities.

We are proposing to set-up one more induction furnace of 100 TPD to utilize effectively the excess power generated from the process up-gradation project at our Libberheri sugar unit. The cost of induction furnace estimated at Rs. 200 lacs would be entirely funded by internal accruals. Our Company proposes to licence this additional furnace facility also to GIPL on the similar terms. The furnace project is likely to be implemented during the current crushing season.

Distillery

In pursuance of our strategy of setting up of integrated sugar manufacturing facility, we have obtained acknowledgement from the Ministry of Commerce and Industry, Secretariat for Industrial Assistance vide reference no. 755/SIA/IMO/2003 dated March 21, 2003 for setting up of Distillery unit with a capacity of 22500 kl per annum of Industrial Alcohol/Extra Neutral Alcohol/ Ethanol/Absolute Alcohol at our sugar unit at Barkatpur, Tehsil Naziabad, District Bijnor, Uttar Pradesh. Further, the Excise Commissioner, Government of Uttar Pradesh has granted permission to produce and sell 22500 kl industrial alcohol vide its letter dated September 28, 2005 no. 3427/2-PD-76 at Barkatpur, District Bijnor.

Operating Lease

We had applied for operating a sugar factory in Dist. Solapur on operating lease basis, in which we were declared as the highest bidder which was communicated to us vide letter dt. August 18, 2005 no. CS/ADM/Leasing Sangola SSK/2005. However, since the receipt of the above mentioned letter, there is no further progress on this matter. In this light, we may not proceed with the proposal.

UTTAM SUGAR MILLS LIMITED

Property

We have our registered office located at 7C, 1st floor, 'J' Block Shopping Centre, Saket, New Delhi. Besides this, we have a corporate office located at Noida, India.

The following list sets out details relating to our principal offices:

| City | Location | Area | Leave and Licence/ Lease/Freehold | Activities undertaken |
|-------|---|--|---|------------------------------|
| Delhi | 7C, 1 st Floor, 'J' Block Shopping Centre, Saket, New Delhi. | 1000 sq. Ft. | Leased, Terminating on December 31, 2010 | Administration |
| Noida | A-2E, III Floor, C. M. A. Tower, Sector – 24, Noida, Gautam Budh Nagar, U. P. | 5400 Sq. Ft. (Super Area of 7150 Sq. Ft.) | Leased Terminating on June 16, 2007 | Administration/ Marketing |

We have our factories located at the following places

| State | Location | Area (acres) | Leave and Licence/ Lease/Freehold | Capacity of the Sugar Mill |
|---------------|--|--------------|--------------------------------------|----------------------------|
| Uttaranchal | Libberheri Unit Village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttaranchal | 64.55 | Freehold | 6250 TCD |
| Uttar Pradesh | Barkatpur Unit Village: Barkatpur, Tehsil: Nazibabad, Distt.: Bijnore, Uttar Pradesh | 121.40 | Freehold | 3500 TCD* |

*Additional capacity of 3500 TCD and 10 MW of power is being implemented at the same location.

Ware house and Godowns

Besides the above mentioned lands, our Company has warehouses/ godowns at the following locations:

| City | Location | Area | Leave and Licence/ Lease/Freehold | Activities undertaken |
|-------|---|--------------|--|-----------------------|
| Delhi | 266, Functional Industrial Estate, Patparganj, Delhi – 110 092. | 2000 Sq. Ft. | Lease Terminating on April 13, 2008 | Godown |

Property for new units

| | Particulars | Area (Hectare) | Amount (Rs.) |
|----|--|----------------|--------------------|
| A. | Village Khaikheri Unit | | |
| | i. Land in respect of which mutation is complete | 31.8127 | 2,16,76,108 |
| | ii. Land in respect of which mutation is in progress | 2.2506 | 15,33,678 |
| B. | Village Shermau Unit | | |
| | i. Land in respect of which mutation is complete | 6.9630 | 64,36,480 |
| | ii. Land in respect of which mutation is in progress | 8.6945 | 1,13,54,520 |
| | iii. Land in respect of which mutation is incomplete | 4.7820 | 42,36,610 |
| | TOTAL | 54.5028 | 4,52,37,396 |



REGULATIONS AND POLICIES

The sugar industry is one of the industries enumerated in entry 33 of the List in the Seventh Schedule to the Constitution of India and sugarcane is an article relatable to the sugar industry. Accordingly, both the Centre and the State are empowered to legislate on this subject, and such legislations would be applicable to our business.

I. Central Laws relating to the production, sale and purchase of sugar and sugarcane

1. The Essential Commodities Act, 1955

The Essential Commodities Act, 1955 (the "Act") provides for the control of the production, supply, sales, storage, distribution etc. in certain commodities. The terms 'food stuff' and 'food crop' have been identified as essential commodities under the Act. 'Sugarcane' being a 'food crop' and 'sugar' being 'food stuff' are covered under the class of essential commodities under the Act; Section 2 (e) of the Act defines 'sugar' as under:

- a) any form of sugar containing more than ninety per cent of sucrose, including, sugar candy;
- b) khandsari sugar or bura sugar or crushed sugar or any sugar in crystalline or powdered form; or
- c) sugar in process in vacuum-pan sugar factory or raw sugar produced therein;

Section 3 of the Act empowers the Central Government to issue directions to control production, supply, distribution etc. of the 'essential commodity' produced by the manufacturer or stock holders, and also makes specific provision with regard to the amount payable for the levy sugar sold by the producer.

The levy sugar price is to be fixed by the Central Government as per the provisions of Section 3 (3C) of the Act, having regard to:

- a) the minimum price, if any, fixed for sugarcane by the Central Government;
- b) the manufacturing cost of sugar;
- c) the duty or tax payable thereon;
- d) securing a reasonable return of the capital employed in the business of manufacturing sugar.

Further, Section 3 (3-c) of the Act provides for fixing different prices from time to time for different areas or factories or for different kinds of sugar.

The Central Government has also been empowered to direct that no producer, importer or exporter shall sell or otherwise dispose of or deliver any kind of sugar or remove from the bonded godown of the factory in which it is produced, except under and in accordance with the directions issued by the Government. Further, all kinds of sugar including plantation white sugar, raw sugar and refined sugar, whether indigenously produced or imported, fall within the scope of powers of the Central Government for directions in regard to, inter alia, stock, disposal or delivery.

2. The Levy Sugar Supply (Control) Order, 1979

The objective of this law is to empower the Central Government to issue directions to any producer or importer or recognized dealer to supply levy sugar in such quantities and from such place of manufacture or storage to such persons or organizations, in such areas or markets or to the State Government/Union Territory/Administration as specified by the Government.

The term 'Levy Sugar' has been defined to mean the sugar requisitioned by the Central Government under the Essential Commodities Act, 1955.

Further, the Order prescribes that the producer shall supply levy sugar at a price not exceeding the price as determined by Central Government under the Essential Commodities Act, 1955.

3. Sugar (Control) Order, 1966

The Sugar Control Order authorizes the Central Government to regulate sales etc. of sugar produced or imported.

According to Clause 4 of the Sugar Control Order, no producer shall sell or agree to sell or otherwise dispose of or deliver or agree to deliver any kind of sugar or remove any kind of sugar from the bonded godowns of the factory in which it is produced except in accordance with the directions issued in writing by the Central Government.

UTTAM SUGAR MILLS LIMITED

Clause 5 of the Sugar Control Order empowers the Central Government to issue directions to producers or importers or recognized dealers regarding production, maintenance of stocks, storage, sale, grading, packing, marking, weighment, disposal, delivery and distribution of any kind of sugar.

Further, the Sugar Control Order provides for powers for attachment, seizure and sale of attached sugar, regulation of quality of sugar and other administrative powers.

4. Sugar (Packing and Marking) Order, 1970

The objective of this Order is to regulate the packing of sugar manufactured by a producer and marking on bags. The Order prescribes that each producer shall, at the time of such packing, mark the quality of sugar in terms of the Indian Sugar Standards.

5. Sugarcane (Control) Order, 1966

Under the aforesaid Order, the Central Government is empowered to fix the minimum price of sugarcane to be paid by producers of the sugar for sugarcane purchased by them having regard to certain factors as mentioned in Clause 3 of the said Order. Further, a different price may be fixed for different areas or different qualities or varieties of sugarcane.

Further, the Central Government or the State Government with the approval of the Central Government, may, subject to such conditions as specified in the Order, allow a suitable rebate in the price so fixed.

The said Order also contains various provisions for regulating the supply and distribution of sugarcane.

The Central Government is empowered to direct the producers of the sugarcane to pay additional price for sugarcane in addition to the minimum sugar prices fixed in accordance with the provisions of the second schedule to the said Order.

The Central Government is empowered to delegate certain powers conferred upon it by this Order subject to such restrictions, exceptions and conditions, if any, as the Central Government may think fit.

6. Sugar Development Fund Act, 1982 and Rules, 1983

These were enacted by the Central Government to set up a fund for financing the activities and development of the sugar industry. The Central Government provides loans to the sugar industry out of the funds available in the Sugar Development Fund, for the purpose of rehabilitation and modernization of the sugar plant and machinery based on the scheme approved by the financial institutions as also for sugarcane development.

Under Rule 19 of the Sugar Development Fund Rules, 1983 the Central Government has been empowered to decide about the maintenance of Buffer Stock and payment of subsidy thereon. The Central Government under this Act and Rules may also provide financial assistance, as it may consider fit and proper.

7. The Prevention of Food and Adulteration Act and The Packaging Commodities Act are also applicable to us.

II. State Laws applicable in the State of Uttar Pradesh to the sugar industry:

1. The Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953

This Act is applicable to the State of Uttar Pradesh and it seeks to regulate the supply and purchase of sugarcane for use in sugar factories located in the State.

Section 2 of this Act defines the following terms as follows:

- a) 'Cane Commissioner' means the Officer appointed to be Cane Commissioner under section 9 and includes an Additional Cane Commissioner under section 10.
- b) 'Crushing season' means the period beginning on the 1st October in any year and ending on the 15th of July in the next following year.

This Act prescribes that the Cane Commissioner shall, on application by the occupier of the factory, reserve or assign any area for the purposes of supply of sugarcane to the factory in accordance with the provisions of Section 16 of the said Act.



Section 16 of the said Act contains provisions to regulate the purchases and supply of cane in the reserved and assigned areas.

The Hon'ble Supreme Court, vide a land mark judgment passed on May 05, 2004 in its 3:2 bench upheld the rights of Uttar Pradesh State Government to fix the State Advice Price (SAP) of Sugarcane, under Section 16 of the Act at levels higher than Statutory Minimum Price (SMP) prescribed by the Central Government under the Sugarcane (Control) Order 1966.

2. The Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Rules, 1954

These Rules have been framed in exercise of the powers conferred by Section 23 of Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953 which prescribes the rules with particular regard to the reservation and assignment of sugarcane area, payment of the sugarcane price by sugar factory to the cane growers, commission on the purchase of cane payable by the factory to the Cane Growers Co-operative Society and Council to regulate the supply and purchase of sugarcane.

3. The Sugarcane Supply Act and the Sugarcane (Regulation of Supply and Purchase) Rules, 1954

These rules regulate the payment of cane price to suppliers of sugarcane. Further, they also provide for the payment of a cess to the government based on the quantity of sugarcane utilized by a factory.

4. The Uttar Pradesh Sugarcane Supply & Purchase Order, 1954

The Uttar Pradesh Sugarcane Supply and Purchase Order, 1954 has also been issued, which lays down further provisions regarding the estimation of sugarcane supply and assignment of areas to factories for supply of sugarcane. Its main object is regulations of sugarcane supply to factories. Under the provisions of this Order, the Cane Commissioner, on the basis of estimates received from producers, determines the quantity of cane that each factory is entitled to receive. Factories cannot purchase sugarcane in excess of such prescribed quantities.

This Order has been passed in exercise of powers conferred by Section 16 of the Uttar Pradesh Sugarcane (Regulation of Supply & Purchase) Act, 1953. This Order deals with the purchase of sugarcane by sugar factories as per the reservation order issued by the Cane Commissioner. Sugar factories will have to enter into an agreement with the Cane Growers' Co-operative Society in Form 'C' pursuant to which the Co-operative Society agrees to sell the specified quantity of sugarcane to the sugar factory through its members under the reservation order.

5. The Uttar Pradesh Sheera Niyantran Adhiniyam, 1964

This Act was enacted to provide in public interest for the control of storage, gradation and price of molasses produced by Sugar Factories in Uttar Pradesh and the regulation of supply and distribution thereof

The term "molasses" has been defined under Section 2(d) of the Act as under-

"the heavy dark colored viscose liquid produced in the final stage of manufacturing of sugar by vacuum pan from sugarcane or gur, when the liquid as such or in any form or admixture contains sugar".

6. Uttar Pradesh Prevention of Food Adulteration Act, 1976

Under the Uttar Pradesh Prevention of Food Adulteration Act, 1976, a licence is required to be obtained from the Local Health Authority for the production and sale of sugar and molasses.

III. Licensing and De-licensing of Sugar Industries

The Industries (Development and Regulation) Act, 1951 was enacted to provide for the development and regulation of certain industries.

Section 11 of the Industries (Development and Regulation) Act, 1951 (the "IDRA") provides that "(1) No person or authority other than the Central Government, shall, after the commencement of this Act, establish any new industrial undertaking, except under and in accordance with a licence issued in that behalf by the Central Government. Provided that a Government other than the Central Government may, with the previous permission of the Central Government, establish a new industrial undertaking. (2) A licence or permission under sub-section may contain such conditions including, in particular, conditions as to the location of the undertaking and the minimum standards in respect of size to be provided therein as the Central Government may deem fit to impose in accordance with the rules, if any, made under section 30."

UTTAM SUGAR MILLS LIMITED

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP") has, by issue of Press Note Number 12/1998 dated August 31, 1998, delicensed the sugar industry. Sugar industries, therefore, no longer come within the purview of compulsory licensing under the provisions of the IDRA. Entrepreneurs desirous of setting up sugar factories are only required to file an Industrial Entrepreneurs Memorandum ("IEM") in the prescribed form with the Secretariat of Industrial Assistance, Ministry of Commerce and Industry, Government of India ("SIA") as provided in Press Note dated August 2, 1991 issued by the SIA. To avoid unhealthy competition among sugar factories to procure sugarcane, the DIPP has provided that a minimum distance of 15 kilometres must be maintained between an existing sugar mill and a new mill.

Recently, the High Court of Allahabad has passed an order dated August 24, 2005 quashing the Government of India notifications that provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the IDRA for setting up new sugar mills or engaging in the substantial expansion of existing sugar mills. This order of the High Court of Allahabad has been challenged by Bajaj Hindusthan Limited in the Supreme Court. The Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005 till further orders. Upon application by our Company, it has been impleaded as a party to this Special Leave Petition. Union of India and the U. P. Government have also been made parties to this Special Leave Petition.

IV. Labour and Industrial Laws

Sugar factories must obtain a factories licence under the Factories Act, 1948.

Further, a wide variety of labour laws have also to be complied with. Apart from the generally applicable labour laws, including the Industrial Disputes Act, 1947, the Contract Labour (Regulation and Abolition) Act, 1970, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, there are also standing orders specifically applicable to the sugar industry.

These standing orders lay down rules governing terms of employment in sugar factories and provide, inter alia, for:

- (a) Notification of periods and hours of work, including holidays;
- (b) Notices relating to closure and re-opening of a factory or section of a factory;
- (c) Leave conditions and procedure for availing leave;
- (d) Situations where there may be temporary stoppage of work;
- (e) Employment of seasonal workmen;
- (f) Grounds for termination of employment;
- (g) Retirement of workmen;
- (h) Redressal mechanisms in case of grievances and disputes.

V. Land Laws

For setting up a sugar factory, permission for acquisition of land is required from local authorities in light of the provisions of local land ceiling laws. Further, it is necessary to apply for change of land use from agricultural to industrial, in the event the area identified for setting up of the factory is designated as an agricultural area.

VI. Environmental Laws

Prior to setting up a sugar factory, relevant environmental consents must be obtained under the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

VII. Supply and Purchase of Sugarcane

Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953

The Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953 ("Sugarcane Supply Act") regulates the supply and purchase of sugarcane required for use in sugar factories. Under the provisions of this Act, the occupier of a sugar factory must submit to the Cane Commissioner an estimate of the quantity of cane required by the factory. The same is examined by the Cane Commissioner and the estimated quantities published.

The decision of the Cane Commissioner regarding the estimate of the quantities of sugarcane required by the factories and allocation of reserved/assigned areas may be appealed against to the State Government, who may revise the same.



Further, the Cane Commissioner may also cancel any order reserving or assigning an area, or alter the boundaries of the area so reserved or assigned.

The Sugarcane Supply Act also provides that the State Government may provide for the manner in which the cane grown in the reserved or assigned area may be purchased by the factory concerned, and the circumstances in which the sugarcane grown by a cane grower shall not be purchased, except through a cane growers' co-operative society.

VIII. Production and Sale of Sugar

1. Sugar (Regulation of Production) Act, 1961

The Sugar (Regulation of Production) Act, 1961 ("Sugar Act") empowers the Central Government to fix the quantity of sugar, which may be produced, in a factory during any year. The Act was meant to provide for the regulation of production of sugar in the interests of general public and for the levy and collection of a special excise duty on sugar produced by a factory in excess of the quota fixed for the purpose.

2. Levy Sugar Supply (Control) Order, 1979

The Levy Sugar Supply (Control) Order, 1979 ("Levy Sugar Order") empowers the Central Government to issue directions to any producer to supply levy sugar to the government, at a price fixed by the government. Under the Levy Sugar Order, certain specified quantities of sugar, at present being 10% of the total quantity produced, commercially termed as "levy sugar", must be sold as per government directions at government notified prices. The remaining sugar produced, termed as "free sale sugar", may be sold freely in the market by the producer.

IX. Taxes and Levies on Sugarcane and Sugar

1. Uttar Pradesh Sugarcane Cess Act, 1956

The Act was enacted "to amend and consolidate the law relating to imposition of cess on sugarcane intended for use and consumption in or sale to a factory and a Gur, Rab or Khandsari Sugar Manufacturing Unit."

Under the provisions of the Uttar Pradesh Sugarcane Cess Act, 1956 ("Sugarcane Cess Act"), a cess is levied on the use, consumption and sale of sugarcane to a factory.

2. Uttar Pradesh Sugarcane (Purchase Tax) Act, 1961

The Act was enacted to "impose a tax on the purchase of sugarcane by factories and certain Gur, Rab or Khandsari Sugar Manufacturing Units and to regulate the manufacture of Gur or Rab by such Units."

3. Sugar Cess Act, 1982

The Sugar Cess Act, 1982 ("Sugar Cess Act") provides for the imposition of a cess on all sugar produced by any sugar factory in India.

X. Export of Sugar

Sugar Export Promotion Act, 1958

The Sugar Export Promotion Act, 1958 ("Sugar Export Act") provides "for the export of sugar in public interest and for the levy and collection in certain circumstances of an additional duty of excise on sugar produced in India."

XI. Uttar Pradesh Sugar Industry Incentive Policy, 2004

To give an impetus to industrial development and to attract new private investment in the field of sugar industry, the Uttar Pradesh State Government issued a new Sugar Industry Incentive Policy, 2004 on August 24, 2004, which was subsequently amended on December 17, 2004. Under this Policy, the State Government has decided to give special incentives in the form of capital subsidy, reimbursement of transportation costs of sugar etc. to private entrepreneurs to set up new sugar mills, or expand existing sugar mills. To avail of such incentives, entrepreneurs must make a minimum capital investment of Rs. 350 crores during the financial year 2004-2005 to 2006-2007 and the new units must commence commercial production by March 31, 2007. For investment of over Rs. 350 crores, the incentive would be available for five years and for investment over Rs. 500 crores, the incentive would be available for 10 years.

XII. Foreign Investment Regulations

The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 provide that the investment cap for foreign direct investment in the sugar industry is 100%.

UTTAM SUGAR MILLS LIMITED

HISTORY AND CORPORATE STRUCTURE

HISTORY AND MAJOR EVENTS

Our Company belongs to the Uttam Group of Companies promoted by the Adlakha family.

Our Company was incorporated as Associated Sugar Mills Limited on October 04, 1993. 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 18, 1994. The Company also received a license to set up a sugar mill with a capacity of 2500 TCD under the then prevailing licensing system.

In the year 1998, Uttam Group 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.

Our current promoters are Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha, Mr. Ranjan Adlakha, Uttam Industrial Engineering Limited, Lipi Boilers Limited and Uttam Sucrotech Limited.

We set up our first sugar unit at village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttaranchal 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.

Our Company expanded its capacity to 4000 TCD during November 2001 by installing additional cane loaders/unloaders, increasing the length of cane conveyor, adding certain evaporator bodies, centrifugal machines etc. Our Company further expanded its capacity to 5000 TCD along-with additional co-generation facility of 3 MW during November 2002.

Our Company further increased its installed capacity to 6250 TCD and upgraded its production process to the present Defeco Remelt Phospho Floatation process alongwith the expansion of co-generation facility to 16 MW of power in the year 2004.

Major events in the history of our Company since inception

| Year | Key events, milestones and achievements |
|------|--|
| 1993 | Incorporated as Associated Sugar Mills Limited by Mr. M. K. Swarup and family/associates |
| 1994 | Received license to set up sugar mill with a capacity of 2500 TCD |
| 1998 | Acquisition of 100% shareholding in our Company by the Uttam Group, subsequent to which the name of our Company was changed to Uttam Sugar Mills Limited |
| 2001 | Set-up of our first Sugar Mill at Village Libberheri with a capacity of 2500 TCD for manufacture of sugar through the Double Sulphitation Process along-with co-generation facilities of 6 MW of power Capacity enhanced to 4000 TCD in November in the same year |
| 2002 | Capacity further expanded to 5000 TCD along with additional co-generation facility of 3 MW |
| 2004 | Increased our installed capacity to 6250 TCD and upgraded our production process to the present Defeco Remelt Phospho Floatation process alongwith the expansion of co-generation facility to 16 MW of power |
| 2005 | Expanded our capacity by setting up another sugar mill with 3500 TCD and 10 MW cogeneration power plant in village Barkatpur, Tehsil - Nazibabad, District - Bijnore (Uttar Pradesh) |



Changes in Registered Office of our Company

| Date of change | Previous Address | New Address | Reasons for change |
|-------------------|---|---|--------------------------|
| * | 4343/4-C, Ansari Road, Darya Ganj, New Delhi – 110 002. | C-631, New Friends Colony, New Delhi - 110 065. | Moved to a bigger office |
| November 07, 1998 | C-631, New Friends Colony, New Delhi.- 110 065. | 7C, 1 st Floor, J-Block Shopping Centre, Saket, New Delhi - 110 017. | Moved to a bigger office |

* The details of this change in the address of registered office are not available.

The objects clauses of the Memorandum of Association enable our Company to undertake activities for which the funds are being raised in the IPO and also the activities, which our Company has been carrying on till date.

MAIN OBJECTS

The main objects as per the Memorandum of Association of our Company are as follows:

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 Company sought the approval of our shareholders (i) in the Extra-ordinary General Meeting held on January 10, 2003 for carrying on the business of steel furnaces and continuous casting and rolling mill plant for producing steel and alloy steel billets and all kinds and sizes of the re-rolled sections; and (ii) in the Extra-ordinary General Meeting held on March 22, 2003 for carrying on the business of co-generation of electricity from 'Baggase', a by-product of sugar process as a part of its ancillary objects.

Changes in our Memorandum of Association

| Details of amendment in MOA | Date |
|---|------------|
| Increase in Authorized Capital to 1,25,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1250 lacs | 29.08.2000 |
| Increase in Authorized Capital to 1,50,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1500 lacs | 31.12.2001 |
| Increase in Authorized Capital to 1,70,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1700 lacs | 24.04.2004 |
| Split in the Equity Shares from 1,70,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1700 lacs to 3,40,00,000 Equity Shares of Rs. 5/- each aggregating to Rs. 1700 lacs | 19.06.2004 |
| Increase in Authorized Capital to 4,00,00,000 Equity Shares of Rs. 5/- each aggregating to Rs. 2000 lacs | 30.04.2005 |
| Increase in Authorized Capital to 6,00,00,000 Equity Shares of Rs. 5/- each aggregating to Rs. 3000 lacs | 16.08.2005 |
| Consolidation of equity shares from 6,00,00,000 Equity Shares of Rs. 5/- each aggregating to Rs. 3000 lacs to 3,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 3000 lacs | 02.09.2005 |

UTTAM SUGAR MILLS LIMITED

SUBSIDIARY OF THE COMPANY

Our Company does not have any subsidiary as on the date of filing of this Prospectus. Shubham Sugars Limited ceased to be subsidiary of our Company w. e. f. September 15, 2005. For further details, please refer to the section titled 'Group Companies' beginning from page no. 122 of this Prospectus.

OTHER AGREEMENTS

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, our Company has not entered into any other agreement/contract.

STRATEGIC AND FINANCIAL PARTNERS

We do not have any strategic or financial partners

OUR MANAGEMENT

BOARD OF DIRECTORS

Under our Articles of Association, we cannot have less than 3 directors and more than 15 directors. We presently have eight directors on our Board. The day-to-day affairs of our Company are managed by Mr. Raj Kumar Adlakha, Chairman and Managing Director and Mr. U. R. K. Rao, Whole-time Director under the overall control and supervision of our Board of Directors.

The following table sets forth the relevant details of our Board of Directors:

| Name, Age, Father's Name & Address | Designation | Date Of Appointment | Other Directorships held |
|---|------------------------------|--|---|
| Mr. Raj Kumar Adlakha 49 years S/o Sh. Uttam Chand Adlakha <u>Present Address:</u> 32, Western Avenue, Sainik Farms, New Delhi. <u>Permanent Address:</u> KD-51, Kavi Nagar, Ghaziabad. | Chairman & Managing Director | 28.07.1998 Liable to retire by rotation Appointed as Managing Director for a period of 5 years w.e.f. 01.09.2001 | 1) Uttam Industrial Engg. Ltd. 2) Mansingh Groups Hotels & Resorts Ltd. 3) Uttam Tubes Pvt. Ltd. 4) Uttam Car Wash Pvt. Ltd. 5) Uttam Properties Pvt. Ltd. 6) Shri Uttam Colonisers Pvt. Ltd. 7) Lipi Boilers Ltd. 8) Lipi Consultants Pvt. Ltd. 9) Telma Trading Pvt. Ltd. 10) Shubham Sugars Ltd. 11) Uttam Distilleries Ltd. 12) Divine Grace Enterprises Pvt. Ltd. |
| Mr. Rajan Adlakha 45 years S/o Sh. Uttam Chand Adlakha KD-51, Kavi Nagar, Ghaziabad. | Director | 28.07.1998 Liable to retire by rotation | 1) Uttam Industrial Engg. Ltd. 2) Uttam Sucrotech Ltd. 3) Mansingh Groups Hotels & Resorts Ltd 4) The Standard Type Foundry Pvt. Ltd. 5) Uttam Tubes Pvt. Ltd. 6) Uttam Distilleries Ltd. 7) Uttam Sucrotech International Pvt. Ltd. |
| Mr. Ranjan Adlakha 42 years S/o Sh. Uttam Chand Adlakha KD-51, Kavi Nagar, Ghaziabad. | Director | 28.07.1998 Liable to retire by rotation | 1) Uttam Industrial Engg. Ltd. 2) Uttam Sucrotech Ltd. 3) Mansingh Groups Hotels & Resorts Ltd 4) The Standard Type Foundry Pvt. Ltd. 5) Uttam Car Wash Pvt. Ltd. 6) Uttam Properties Pvt. Ltd. 7) Shubham Sugars Ltd. 8) Uttam Distilleries Ltd. 9) Idea Engineering Pvt. Ltd. 10) Uttam Training Centre Pvt. Ltd. |
| Mr. U. R. K. Rao 52 years S/o Sh. Uppala Subba Rao <u>Present Address:</u> A-63, 1 st Floor, Sector – 34, Noida. <u>Permanent Address:</u> 7-14/2-5/1, New Colony, Sri Kakulam, AP - 532 001. | Whole Time Director | 16.01.2003 Liable to retire by rotation Appointed for a period of 5 years w.e.f. 16.01.2003 | Uttam Distilleries Ltd. |

UTTAM SUGAR MILLS LIMITED

| Name, Age, Father's Name & Address | Designation | Date Of Appointment | Other Directorships held |
|---|----------------------|--|---|
| Mr. V. S. Tandon 52 years S/o Late Sh. S.N. Tandon 50-D, D.D.A. Flats, Masjid Moth, New Delhi. | Independent Director | 04.01.2006 Liable to retire by rotation | Mukul Computer Services Pvt. Ltd. |
| Mr. N. K. Sawhney 63 years S/o Late Sh. M.C. Sawhney E-32, Greater Kailash Enclave – I, New Delhi. | Independent Director | 04.01.2006 Liable to retire by rotation | Nil |
| Mr. Jeewan Jyoti Bhagat 58 years S/o Sh. N.D. Bhagat E-2, NDSE – 1, New Delhi. | Independent Director | 04.01.2006 Liable to retire by rotation | 1) Riga Sugar Co. Ltd. 2) Shree Renuka Sugars Ltd. |
| Dr. R. Vasudevan 67 years S/o Sh. Ramasamy C-25, WE-5 th Cross, Thillainagar, Trichy, Tamilnadu. | Independent Director | 04.01.2006 Liable to retire by rotation | Nil |

Brief Profile of our Directors is as under:

Mr. Raj Kumar Adlakha, aged 49 years, who is the Chairman and Managing Director of our Company, is a Mechanical Engineer from Bangalore University. He started his career in 1979 by joining his family business of manufacturing parts for sugar mill 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 first sugar manufacturing unit at Village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttaranchal in 2001. Under his supervision, our Company has recently completed the Phase I of our second sugar unit in Village Barkatpur, Tehsil - Nazibabad, District - Bijnore (Uttar Pradesh) having a capacity of 3500 TCD and 10 MW power plant. He presently looks 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.

Mr. Rajan Adlakha, aged 44 years, is an MBA from Akron University, Ohio, United States of America. He joined the family business in 1986 and has about 18 years of business experience. He is also a director on the board of other group companies.

Mr. Ranjan Adlakha, aged 41 years, joined the family business in 1990 and has an overall experience of about 20 years. Currently, he is Whole-time Director in Uttam Industrial Engineering Ltd. (UIEL). He is also a director on the board of other group companies.

Mr. U. R. K. Rao, aged 52 years, holds a Master of Commerce degree, Post Graduate Diploma in Business Management, Diploma in Industrial Management and Diploma in Financial Management. He has an overall experience of over 25 years. He worked with GMR Group as Whole Time director and Executive director and Thapar Group as General Manger. He has been appointed as Whole-time Director for a period of five years w.e.f. January 16, 2003.

Mr. V. S. Tandon, aged 52 years, is a Qualified Chartered Accountant. He has an overall experience of over 21 years in the field of Finance, Accounts and Taxation. His core strengths are financial analysis and management and statutory and internal audit. He has to his credit several financial feasibility reports for Sugar Development Fund and Sugar Technology Mission. He was a member of Expert Committee constituted by the Govt. of India (GOI) for rehabilitation of sick sugar



units of Bihar State co-operative mills in 1997. He was a member of the Expert Committee constituted by STM for rehabilitation of Khalilabad Sugar Mill in Uttar Pradesh in 2002. He visited Fiji in January 2004 as a member of the expert team sent by GOI for revival of sugar industry in that country.

Mr. N.K. Sawhney aged 63 years, is an Engineer and a Qualified B.Tech (IIT), ANSI (Tech.) and MBA He has an overall experience of over 35 years with various industries in senior positions. Presently, he is serving as Advisor to the IFFCO Foundation, New Delhi. He retired as the Executive Director of National Co-operative Development Corporation (NCDC) after serving for 18 years. He served as a manager in IFCI Limited during 1973-79. He has also worked with companies like Triveni Engg, Daurala Sugars of DCM and Ganga Sugar Corporation Ltd.

Mr. Jeewan Jyoti Bhagat aged 58 years, is a Post Graduate in Sugar Technology. He has an overall experience of over 30 years with sugar industries. He is currently serving as a Mission Director on Sugar Technology Mission. He has in the past served as Chief Adviser with National Federation of Co-operative Sugar Mills and rendered technical advice on process and plant operations and for modernization, capacity optimization etc.

Dr. R. Vasudevan aged 67 Years, is a Doctorate and Qualified Ph.D (Hons). He has an overall experience of over 35 years. He served Bharat Heavy Electricals Ltd. for a total period of 31 years and retired as General Manager (Engg.) He is one of the founder director in the School of Engg. Technology, Bharathidasan University, Tiruchirappalli. He has won various awards in the field on engineering such as Business leadership award in the field of bio-energy for the year 2003 by International Congress on Renewable Energy, World Environmental Congress Award for the manufacture of compost from the municipal waste for the Tiruchirappalli City Corporation etc. He has chaired various committees such as the R&D Committee, Ministry of Non-Conventional Energy Sources, Sugar, Cogeneration Projects and has also being a member of the Energy panel, Tamil Nadu Commission.

Borrowing Powers of the Directors

The shareholders of our Company have passed a resolution at the Extraordinary General Meeting of our Company held on July 08, 2005 authorizing our Board of Directors pursuant to Section 293(1)(d) of the Companies Act, 1956 to borrow total amount not exceeding Rs. 500 crores (Rupees Five Hundred Crores Only).

For details regarding powers of our Board in this regard, please refer to the section titled 'Main Provisions of the Articles of Association of our Company' on page no. 203 of this Prospectus.

Details of all contracts entered with Directors/Managers for Remuneration

1. Mr. Raj Kumar Adlakha, Chairman and Managing Director

In the Annual General Meeting of our Company held on September 29, 2001, our shareholders approved the appointment of Mr. Raj Kumar Adlakha as the Managing Director of our Company. Further, in the Extra-ordinary General Meeting of our Company held on September 02, 2005, our shareholders approved a revision in his remuneration. The current terms and conditions of his appointment are as under:

1. Period :

The appointment is effective from September 01, 2001 for a period of five years i.e. up to August 31, 2006.

2. Overall Remuneration:

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

a. Salary

Rs. 3,00,000 per month w.e.f. October 01, 2004 for the remaining period of the contract. The annual increments, which will be effective April 01 each year, will be decided by the Board and will be merit based and after taking into account the Company's performance.

UTTAM SUGAR MILLS LIMITED

b. Perquisites

- i. 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.
- ii. Valuation of perquisites shall be done as per the Income Tax Rules, wherever applicable. In the absence of any such Rule, the perquisites shall be evaluated at actual cost.
- c. Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of the Income Tax Act.
- d. **Gratuity:** One half months salary for each completed year of service in accordance with the rules of the Company.
- e. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall however be billed by the Company to the Managing Director.
- f. **Commission:** Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The commission payable to the Managing Director will be limited to 4% of the net profits of the Company as calculated in terms of the provisions of Section 349 of the Companies Act, 1956 to be determined at the end of each financial year. The specific amount payable to the Managing Director will be based on performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and passed by the shareholders at the Annual General Meeting of the Company.

3. Minimum Remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Section II of part II of Schedule XIII to the Companies Act, 1956 as may be amended from time to time.

4. Functions

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

5. Sitting Fee

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

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

2. Mr. U. R. K. Rao, Whole Time Director

In the Annual General Meeting of our Company held on December 31, 2003, our shareholders approved the appointment of Mr. U. R. K. Rao as the Whole Time Director of our Company w.e.f. January 16, 2003 for a period of five years. Further, in the Annual General Meeting of our Company held on November 11, 2005, our shareholders approved a revision in his remuneration. The current terms and conditions of his appointment are as under:

-
- a) Salary including dearness allowance Rs. 50,000/- p.m. (Rupees Fifty thousand) and House Rent Allowance Rs. 22,500/- p.m. (Rupees Twenty Two Thousand Five Hundred Only).
 - b) Company's contribution to provident fund, as per Rules of the Company.
 - c) Gratuity as per Rules of the Company.
 - d) Leave with full pay and allowance, as per Rules of the Company.
 - e) Medical benefits for self and family by way of reimbursement of expenses actually incurred subject to the maximum limit of Rs. 15,000/- p.a.
 - f) Leave travel Allowance for travel anywhere in India once in a calender year for self and family by way of reimbursement of expenses actually incurred subject to the maximum limit of Rs. 95,000/- p.a.

g) 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.

h) Sitting Fee

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

Such remuneration by way of ex-gratia payment, in addition to the salary and perquisites, as may be determined by the Board of Directors of our Company at the end of each financial year shall be paid to our Whole Time Director. The Ex-gratia payable to the Whole Time Director will be limited to 20% of the annual basic salary. The specific amount payable to Whole Time Director will be based on the performance criteria to be laid down by the Board.

The shareholders also approved that the above Salary and perquisites will be payable to him as minimum remuneration in case of absence or inadequacy of profits in any financial year as permissible under section II 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.

UTTAM SUGAR MILLS LIMITED

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the Corporate Governance Code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to the listing of our Equity Shares. Our Company has complied with such provisions, including with respect to constitution of the following Board Committees: the Audit Committee, Remuneration Committee and Investor Grievance Committee.

We believe in adopting the best corporate governance practices, based on the following principles in order to maintain transparency, accountability and ethics:

1. Recognition of the respective roles and responsibilities of Board and the management;
2. Independent verification and assured integrity of financial reporting;
3. Protection of shareholder's right and priority for investor relations; and
4. Timely and accurate disclosure on all material matters concerning operations and performance of the company.

At present, the following committees have been formed in compliance with the Corporate Governance norms.

Audit Committee

The Audit Committee was constituted on May 31, 2001. The Committee has been re-constituted on January 04, 2006. The newly constituted Audit Committee consists of the following Directors of the Board:

1. Mr. V. S. Tandon
2. Mr. Ranjan Adlakha
3. Mr. N. K. Sawhney

The terms of the Audit Committee are to comply with the requirements of Section 292 A of the Companies Act, 1956 and Clause 49 of the listing agreement to be entered into with the Stock Exchange (s). The scope of Audit Committee shall include but shall not be restricted to the following:

- a) Oversee our Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Making recommendations to the Board on the appointment of the external auditor, the audit fee and any question of resignation or dismissal.
- c) Review of half-yearly and annual financial statements before submission to the Board.
- d) Discussion with the external auditors about the internal control system, nature and scope of audit, any problems or reservations arising from the audit and any matter which the external auditor wishes to discuss.
- e) Review of external auditor's management letter.
- f) Review of Company's statement on internal control system prior to endorsement by the Board and ensure compliance of internal control system.
- g) Review of any significant findings of internal investigation.
- h) Review of reports of the Internal Auditors.

Remuneration Committee:

The Remuneration Committee has been constituted on January 04, 2006. The Committee consists of the following Directors of the Board:

1. Mr. Jeewan Jyoti Bhagat
2. Dr. R. Vasudevan
3. Mr. N. K. Sawhney



The powers of this Committee are as follows:

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

Investor Grievance Committee:

The Investor Grievance Committee has been constituted on January 04, 2006. The Committee consists of the following Directors:

1. Mr. Ranjan Adlakha
2. Mr. U. R. K. Rao
3. Dr. R. Vasudevan

The Committee is authorized:

- a) To approve and register transfer and/or transmission of all classes of shares.
- b) To sub-divide consolidate and issue share certificates on behalf of the Company.
- c) To affix / to authorize affixation of the common seal of the Company on the share certificates of the Company.
- d) To redress matters relating to share holders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc.
- e) To do all such acts, deeds or things as may be necessary or incidental to the exercise of the above powers.

Shareholding of the Directors in our Company

The following table provides the details of the shareholding of our Directors as on date:

| Name of Shareholder | Number of shares | % Shareholding |
|-----------------------|------------------|----------------|
| Mr. Raj Kumar Adlakha | 16,24,610 | 7.46 |
| Mr. Rajan Adlakha | 3,67,010 | 1.69 |
| Mr. Ranjan Adlakha | 8,58,940 | 3.95 |

Interest of Promoters and/ or Directors

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses, if any, payable to them under our Articles of Association. The Managing Director and the Whole Time Director will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company.

All our Directors may also be deemed to be interested in the Equity Shares in our Company, if any, held by them, their relatives or by the companies and firms in which they are interested as directors / members / partners or that may be subscribed for and allotted to them, out of the present Issue in terms of this Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The registered office of our Company is located in premises owned by Mrs. Amita Adlakha, wife of Mr. Raj Kumar Adlakha who is one of our promoters and is currently our Company's Chairman and Managing Director. In respect of this premises, our Company has entered into a lease deed dated December 29, 2005 for a period of 5 years w.e.f. 01.01.2006. The lease rental payable for occupation of this premises is Rs. 30,000/- per month. Our Chairman and Managing Director will be deemed to be interested to the extent of lease rentals.

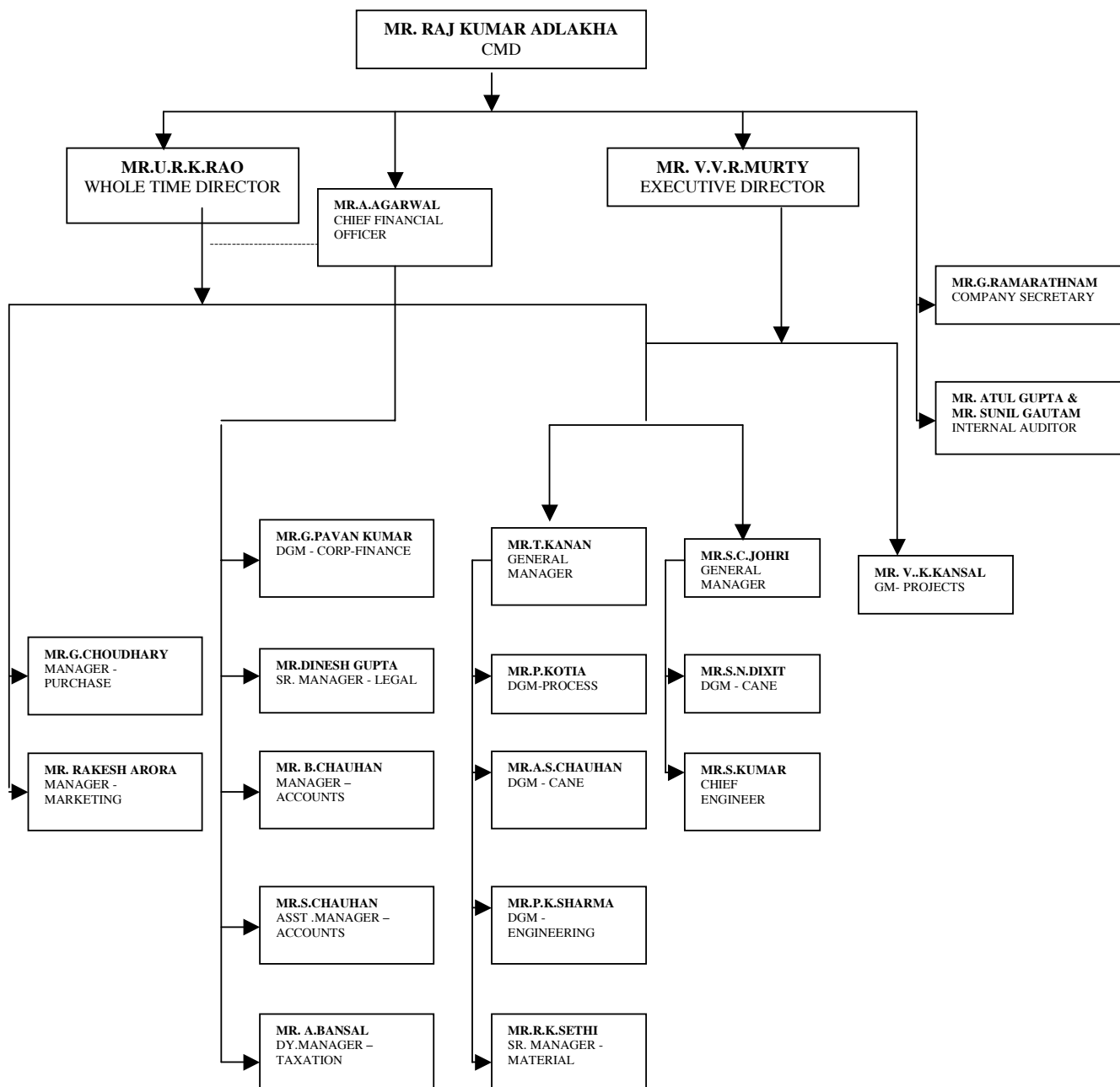
UTTAM SUGAR MILLS LIMITED

Changes in the Board of Directors

The changes in our Board of Directors during the past three years are as given below:

| Name | Date of Appointment | Date of Resignation | Reason |
|-------------------------|----------------------------|----------------------------|----------------------------------|
| Mr. U. R. K. Rao | 16.01.2003 | - | Appointed as Whole Time Director |
| Mr. V. V. R. Murty | 01.07.2005 | - | Appointed as Whole Time Director |
| Mr. J. S. Dhikkar | - | 04.01.2006 | Resigned |
| Mr. V. K. Ghuliani | - | 04.01.2006 | Resigned |
| Mr. V. V. R. Murty | - | 04.01.2006 | Resigned |
| Mr. V. S. Tandon | 04.01.2006 | - | To broad base |
| Mr. N. K. Sawhney | 04.01.2006 | - | To broad base |
| Mr. Jeewan Jyoti Bhagat | 04.01.2006 | - | To broad base |
| Dr. R. Vasudevan | 04.01.2006 | - | To broad base |

ORGANISATION CHART



UTTAM SUGAR MILLS LIMITED

KEY MANAGERIAL PERSONNEL

The details of our Key Managerial Personnel other than directors are as under:

For the details of Directors, please refer to section titled 'Our Management' on page no. 73 of this Prospectus.

Mr. V. V. R. Murthy, Executive Director-Technical, aged 70 years, has an experience of over 46 years in handling various technical related matters. He holds a degree in Bachelor of Science in Mechanical Engineering. He has worked with Agauta Sugar Mills for 14 years and Simbhaoli Sugar Mills Ltd. for 18 years. He joined our organization in June 2005 and is currently designated as Executive Director –Technical in our Company. He is currently looking after all the technical matters of our Company. Currently, he is drawing a remuneration of Rs. 6,00,000/- p.a.

Mr. Ashoak Agarwal, Chief Financial Officer, aged 54 years, has an experience of over 30 years in Accounts and Finance related matters. He is a Qualified Chartered Accountant and is a Fellow Member of The Institute of Chartered Accountants of India. Before joining our company, he served as the Chief Financial Officer in Shamken Spinners Ltd. He joined us in January 2005 and is designated as the Chief Financial Officer and is currently in-charge of Finance and Accounts Department of our company. Currently, he is drawing a remuneration of Rs. 5,46,000/- p.a.

Mr. G. Ramarathnam, Company Secretary, aged 61 years, has an experience of over 32 years in Accounts & Finance, Law and Secretarial related matters. He is a Qualified Company Secretary with the additional qualification of Bachelor of Law, Chartered Accountant, Cost Accountant and Bachelor of Commerce. He is a Fellow Member of The Institute of Chartered Accountants of India and Associate Member of Institute of Cost and Work Accountants of India. Prior to joining us, he was in full time practice as a Chartered Accountant. He joined us as a Company Secretary in May 2002. Since then, he is looking after all legal and secretarial related matters of our Company. Currently, he is drawing a remuneration of Rs. 3,10,800/- p.a.

Mr. T. Kannan, General Manager (Libberheri Unit), aged 41 years, has an experience of over 17 years in sugar industry. He holds a degree of Master of Science and additional qualification of Associate of National Sugar Institute (ANSI) in Sugar Technology. Prior to joining us, he worked with Gomti Sugar (a division of Ghaghara Sugar Ltd.), Ajbapur. He joined our Company in October 2000. Currently, he is working as General Manager of Libberheri Unit and looking after the entire functioning of Libberheri Unit. His current remuneration is Rs. 7,86,240/- p.a.

Mr. S. C. Johri, General Manager (Barkatpur Unit), aged 59 years, has an experience of over 35 years in sugar industry. He holds a degree of Bachelor of Science and an additional qualification of Associate of National Sugar Institute (ANSI) in Sugar Technology and Associate Member of Institute of Engineers (A.M.I.E) in Chemical. Prior to joining us, he worked with the U. P. Co-operative Sugar Factories Federations Ltd. He joined us in March 2005. He is currently working as General Manager of our Barkatpur Unit and is looking after the entire day-to-day functions. His current remuneration is Rs. 6,00,000/- p.a..

Mr. V. K. Kansal, General Manager – Projects, aged 42 years, has an experience of over 20 years in the field of project civil works, costing and implementation. He has a diploma in Civil Engineering and an additional qualification of Associate Member of Institute of Engineering. Prior to joining us, he worked with Supretech Construction Private Limited. He joined our Company in December 2004. He is currently working as General Manger – Projects and looks after the civil construction activity of our projects. His current remuneration is Rs. 2,88,600/- p.a.

Mr. G. Pavan Kumar, Deputy General Manager - Corporate Finance, aged 35 years, has an experience of over 10 years in Project Finance and Corporate Finance. He holds a degree of Masters of Business Administration in Finance. He has also completed the Intermediate of Cost and Work Accountants. Before joining us, he was working as Senior Manager in Welspun India Ltd. He joined us in February 2003. Currently, he is looking after our company's Project Finance and Corporate Finance related matters with Banks and Financial Institutions. Currently, he is drawing a remuneration of Rs. 3,75,000/- p.a.

Mr. S. K. Agarwal, Deputy General Manager – Production (Barkatpur Unit), aged 57 years, has over 33 years of experience in the field of Production & Manufacturing. He has a degree in Bachelor of Science and an additional qualification of Associate of National Sugar Institute (ANSI) in Sugar Technology. He has worked with Dhampur Sugar Mills Ltd. as manufacturing chemist, L. H. Sugar Factory as manufacturing chemist, Simbhoali Sugar Mills Ltd. as manufacturing chemist, U. P. Co-operative Sugar Mills as chief chemist, Agauta Sugar & Chemicals as Head of Production Department. In his previous employment, he headed the production department in Khalilabad Sugar Mills. He joined us as Deputy General Manager of our production department in October 2005. He is currently looking after all our sugar manufacturing related activities. His current remuneration is Rs. 5,88,636/- p.a.



Mr. P. K. Sharma, Deputy General Manager – Engineering (Libberheri Unit), aged 49 years, has an experience of over 27 years in the field of plant operation, plant maintenance and the erection of sugar mills. He holds a Diploma in Mechanical Engineering. Prior to joining us, he worked with M. P. Udyog Sugar Mills at Majhowlia, Riga Sugar Co. at Riga and Simbhaoli Sugar Mills Ltd. at Simbhaoli. In his previous employment with Agauta Sugar & Chemicals at Bulandshahr, he headed the engineering department and positioned as Chief Engineer. He joined our Company in April 2005 as Deputy General Manager (Engg.) and is currently looking after the maintenance and operation of plants related work. His current remuneration is Rs. 5,84,400/- p.a..

Mr. Peeyush Kotia, Deputy General Manager – Production (Libberheri Unit), aged 45 years, has an experience of over 23 years in the field of Production & Manufacturing. He holds a degree in Bachelor of Science (Hons.) and additional qualification of Associate of National Sugar Institute (ANSI) in Sugar Technology. He also holds the Post Graduate Diploma in Business Administration. During in his service career, he has worked with J. K. Sugar, Mawana Sugar, Daurala Sugar. Before joining us, he was working with Shri Narmada Khand Udyog Sahakari Mandli Ltd. at Dharikeda. He joined our Company in October 2001 as a Chief Chemist. Currently, he is working as Deputy General Manager in Production Department and looking after the Operation, Quantity Production and Quality Control activities of our Company. His current remuneration is Rs. 4,65,000/- p.a.

Mr. A. S. Chauhan, Deputy General Manager - Cane (Libberheri Unit), aged 41 years, has over 18 years of experience in cane procurement and development. He holds a degree of Bachelor of Science (Hons.) in Agriculture. He has worked as Cane Development Inspector in Sugar Division of Oswal Agro Mills Ltd. at Phagwara, Cane Development Officer in Oswal Sugars Ltd. at Mukerian, Chief Cane Development in Northland Sugar Complex Ltd. at Dasuya, Cane Manager in sugar division of Triveni Engineering and Industries Ltd. at Khatauli, Senior Manager in SBEC Sugar Ltd. at Malakpur. His previous employment was in Haidergarh Chini Mills (a unit of Balrampur Chini Mills Ltd.) at Haidergarh where he worked as Senior Cane Manager. He joined us in July 2003 as Cane Manager. He is currently working as Deputy General Manager (Cane) and looking after the entire function of cane procurement and cane development. His current remuneration is Rs. 4,78,260/- p.a.

Mr. Sanjay Singh, Additional Chief Engineer, aged 39 years, has an experience of over 17 years in the field of plant operation and maintenance. He holds a Diploma in Mechanical Engineering, Diploma in Industrial Safety, Diploma in Material Management. He worked for 16 years in Daurala Sugar Works at Daurala as Joint Manager Mechanical. He was previously employed as a Technical Supervisor with Jain Tube Co. Ltd. at Ghaziabad. He joined our Company in May 2005 as an Additional Chief Engineer and is currently looking after the Engineering Department of our Company. His current remuneration is Rs. 4,65,636/- p.a..

Mr. S. N. Dixit, Head-Cane (Barkatpur Unit), aged 62 years, has an experience of over 33 years in the field of Cane Procurement and Cane Development. He is a Master of Science in Agriculture. Previously, he has worked as District Cane Officer in Government of U. P. He joined our Company in September 2005 as he Head of the Cane Department. His current remuneration is Rs. 5,40,000/- p.a..

Mr. Dinesh Gupta, Senior Manager -Legal and Corporate Affairs, aged 42 years, has over 16 years of experience in laws, regulations and secretarial related matters. He is a qualified Company Secretary and holds a degree in Master in Commerce. Prior to joining us, he occupied the position of Company Secretary in Shamken Multifab Ltd. He joined us in August 2005 and is currently looking after the legal and Corporate related matters. His current remuneration is Rs. 4,20,000/- p.a..

We further undertake that all the above-mentioned Key Managerial Personnel are in the employment of our Company as permanent employees.

Shareholding of Key Managerial Personnel

As on date of filing this Prospectus, none of the above mentioned Key Managerial Personnel hold any Equity Shares of our Company.

Changes in the Key Managerial Personnel of our Company

The following is the brief detail of changes in our Key Managerial Personnel (other than our Promoters or Directors) during the last three years from the date of filing this Prospectus with ROC.

UTTAM SUGAR MILLS LIMITED

For details of changes in our Directors, please refer to section titled 'Our Management' beginning from page no. 73 of this Prospectus.

| Name of the Key Managerial Personnel | Designation | Date of appointment | Date of Resignation |
|---|--|----------------------------|----------------------------|
| Mr. Mehtab Singh | Cane Manager | 28.05.2001 | 16.06.2003 |
| Mr. B. N. Patil | Chief Engineer | 07.11.2001 | 21.06.2003 |
| Mr. R. C. Singhal | General Manager | 01.09.2002 | 28.08.2003 |
| Mr. D. P. Maheshwari | Chief Financial Officer | 29.08.2003 | 15.11.2003 |
| Mr. Sudhir Kumar | Chief Engineer | 30.09.2003 | 26.04.2005 |
| Mr. S. C. Johri | General Manager (Barkatpur Unit) | 31.03.2005 | - |
| Mr. P. K. Sharma | Deputy General Manager (Engg.) | 25.04.2005 | - |
| Mr. Sanjay Singh | Additional Chief Engineer | 10.05.2005 | - |
| Mr. V. V. R. Murthy | E. D. (Tech) | 01.06.2005 | - |
| Mr. Dinesh Gupta | Senior Manager (Legal and Corporate Affairs) | 29.08.2005 | - |
| Mr. S. N. Dixit | Head-Cane | 01.09.2005 | - |
| Mr. S. K. Agarwal | Deputy General Manager (Production) | 16.11.2005 | - |

Employees Stock Option Scheme

Our Company has not granted any stock options to the employees.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

We do not have any bonus (other than ex-gratia bonus) or profit sharing plan (other than those already mentioned for our Executive Directors) with any of our above mentioned Key Managerial Personnel.

OUR PROMOTERS AND THEIR BACKGROUND

The promoters of our Company are Mr. Raj Kumar Adlakha, Mr. Ranjan Adlakha, Mr. Rajan Adlakha, Uttam Industrial Engineering Limited, Lipi Boilers Limited and Uttam Sucrotech Limited.

PROMOTERS WHO ARE INDIVIDUALS

The details of our promoters are as following:



Mr. Raj Kumar Adlakha

Mr. Raj Kumar Adlakha, aged 49 years, the Chairman and Managing Director of our Company, is a Mechanical Engineer from Bangalore University. He started his career in 1979 by joining his family business of manufacturing parts for sugar mill 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 first sugar manufacturing unit at Village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttaranchal in 2001. Under his supervision, our Company has recently completed the Phase I of our second sugar unit in Village Barkatpur, Tehsil - Nazibabad, District - Bijnore (Uttar Pradesh) having a capacity of 3500 TCD and 10 MW power plant. He presently looks 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.

| | |
|---------------------|--|
| PAN | AJZPK7896C |
| Voter I. D. No. | — |
| Driving License No. | R-12699/NT/GZB/2000 |
| Bank Account No. | S.B. 1150010781 (State Bank of India, Branch Navyug Market, Ghaziabad) |
| Passport No. | Z045162 |



Mr. Rajan Adlakha

Mr. Rajan Adlakha, aged 44 years, is an MBA from Akron University, Ohio, United States of America. He joined the family business in 1986 and has about 18 years of business experience. He is also a director on the board of other group companies.

| | |
|---------------------|---|
| PAN | ADEPA1936C |
| Voter I. D. No. | — |
| Driving License No. | — |
| Bank Account No. | S.B. 01150011043 (State Bank of India, Branch Navyug Market, Ghaziabad) |
| Passport No. | F2187330 |



Mr. Ranjan Adlakha

Mr. Ranjan Adlakha, aged 41 years, joined the family business in 1990 and has an overall experience of about 20 years. Currently, he is Whole-time Director in Uttam Industrial Engineering Ltd. (UIEL). He is also director on the board of other group companies.

| | |
|---------------------|---|
| PAN | AAEPA8800E |
| Voter I. D. No. | UP/79/388/0948159 |
| Driving License No. | NT-1415/DC/GZB -9/9/97 |
| Bank Account No. | S.B. 01150011015 (State Bank of India, Branch Navyug Market, Ghaziabad) |
| Passport No. | Z1398314 |

We confirm that the Permanent Account Number, Bank account Number and Passport Number of all the above Promoters have been submitted to BSE and NSE where the Equity Shares are proposed to be listed, at the time of filing the Red Herring Prospectus with them.

UTTAM SUGAR MILLS LIMITED

PROMOTERS WHO ARE COMPANIES

Uttam Industrial Engineering Limited (UIEL)

UIEL was incorporated in the year 1983. It was promoted by Mr. Uttam Chand Adlakha (Father of Mr. Raj Kumar Adlakha) for undertaking manufacturing & repair of sugar mill machinery - parts. UIEL's plant at Meerut Road Industrial Area, Ghaziabad presently has facilities for manufacturing, designing, fabrication and machining of complete range of sugar plant machinery viz. cane handling and preparatory equipment, milling tandem, boiling house equipment etc.

UIEL undertakes contracts on a turnkey basis for both green field sugar projects as well as expansion of existing projects. UIEL has executed several sugar projects and major grass root sugar projects since inception. It has executed 2500 TCD cane Sugar Plant on turnkey basis for Naraingarh Sugar Mills Ltd., 2500 TCD Sugar Plant on turnkey basis for Varalakshmi Sugars Ltd., supplied plant & machinery for 2500 TCD Sugar Plant on turnkey basis for NCS Gayatri Sugars Ltd., assisted in the expansion of sugar mills from 1500 TCD to 5000 TCD for Harinagar Sugar Mills and supplied entire plant & machinery for co-generation sugar plant of 2500 TCD on turnkey basis for The Naranja Sahakari Sakkare Karkhane Ltd.

Apart from execution of such turnkey projects, UIEL also undertakes supply and installation of different equipments used in sugar mill viz. milling tandem, boiling house equipment and boilers, etc.

| | |
|--------------------------|--|
| Date of Incorporation | May 28, 1983 |
| Registered Office | B-231/D, 2 nd Floor, Greater Kailash – I, New Delhi |
| Permanent Account Number | AAACU1074B |
| Bank Account Number | C.C A/c No. 01600044417 |
| | State Bank of India, SIB, Navyug Market, Ghaziabad |
| Registration Number | 55-15815 |
| Registrar of Company | Registrar of Companies, Delhi & Haryana |
| | CGO Complex, Paryawaran Bhawan, |
| | New Delhi. |

Board of Directors as on December 31, 2005:

| | |
|---------------------|---------------------|
| Raj Kumar Adlakha | Director |
| Sohan Lal Arora | Whole Time Director |
| Uttam Chand Adlakha | Whole Time Director |
| Ranjan Adlakha | Whole Time Director |
| Rajan Adlakha | Director |
| Mrs. Shomna Adlakha | Whole Time Director |

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of shares held | % of Shareholding |
|----------------------------------|--------------------|-------------------|
| Raj Kumar Adlakha | 10,600 | 5.47 |
| Ranjan Adlakha | 1,57,330 | 81.14 |
| Uttam Chand Adlakha | 6,750 | 3.48 |
| Sohan Lal Arora | 18,200 | 9.39 |
| Kumari Shanta | 500 | 0.26 |
| Shomna Adlakha | 500 | 0.26 |
| Shree Uttam Colonisers Pvt. Ltd. | 20 | 0.01 |
| Total | 1,93,900 | 100.00 |



The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|--|---------|---------|---------|
| Equity Capital | 38.78 | 38.78 | 38.78 |
| Reserves & Surplus | 762.54 | 809.96 | 904.17 |
| Sales and Other Income | 4699.42 | 2627.18 | 6197.90 |
| Profit/(Loss) after Tax (PAT) | 50.76 | 48.05 | 116.41 |
| Book value per Share (Face Value Rs.100/-) | 2066.32 | 2188.60 | 2431.54 |
| Earning per Share (Rs.) | 130.89 | 123.90 | 300.18 |

The equity shares of the Company are not listed on any stock exchange. There have been no amalgamations/takeovers during the past three years.

There has been an increase in the paid up capital of the company on May 04, 2005 by way of issue of bonus shares in the ratio 4:1 (i.e. 4 shares for every 1 shares held). The company's current paid up share capital is Rs. 193.90 lacs.

The company is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

For details on litigations and disputes pending against UIEL and defaults made by UIEL, please refer to the section titled 'Outstanding Litigations' beginning from page no. 151 of this Prospectus.

Lipi Boilers Limited (LBL)

LBL was incorporated in the year 1974. It is engaged in the manufacture of boilers of capacities ranging from 2.5 tph to 100 tph with an installed capacity to manufacture 20 boilers p.a. at its plant located at Aurangabad, Maharashtra. It manufactures various types of boilers including pulsating grade boilers, CAD spreader stoker boilers and cellulosic fuel fired boilers. LBL was taken over by the Uttam Group in 1992, when LBL's accumulated losses were over Rs. 300 lacs. However, by the year 1997, LBL wiped off its entire accumulated losses.

| | |
|--------------------------|--|
| Date of Incorporation | September 11, 1974 |
| Registered Office | Mahendra Chambers, May Fair 'A', 4, Dhole Patil Road, Pune, Maharashtra |
| Permanent Account Number | AAACA1650L |
| Bank Account Number | Current A/c No. 1214 Indian Overseas Bank, Pune Cantonment Branch, Plot No. 7, Wonderland, M.G. Road, Pune – 411001 |
| Registration Number | 11 – 17766 |
| Registrar of Company | Registrar of Companies, Pune PMT Commercial Building 3 rd Floor, Deccan Gymkhana, Pune – 411 004. |

Board of Directors as on December 31, 2005:

| | |
|----------------------|----------|
| Raj Kumar Adlakha | Director |
| Vijay Kumar Ghuliani | Director |
| Mrs. Amita Adlakha | Director |

UTTAM SUGAR MILLS LIMITED

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of shares held | % of Shareholding |
|--------------------------------------|--------------------|-------------------|
| Vijay Kumar Goel | 3,125 | 0.07 |
| Lipi Consultants Pvt. Ltd. | 1,04,164 | 2.39 |
| Raj Kumar Adlakha | 19,65,625 | 45.19 |
| Rajan Adlakha | 3,334 | 0.08 |
| Amita Adlakha | 2,084 | 0.05 |
| Ranjan Adlakha | 2,084 | 0.05 |
| Sonia Adlakha | 2,084 | 0.05 |
| Uttam Chand Adlakha | 1,250 | 0.03 |
| Kim Adlakha | 1,250 | 0.03 |
| Pariksha Fin-Invest-Lease Ltd. | 15,70,000 | 36.09 |
| New Castel Finance & Lease Pvt. Ltd. | 6,00,000 | 13.79 |
| Adharshila Capital Services Ltd. | 95,000 | 2.18 |
| Total | 43,50,000 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|---------|--------|--------|
| Equity Capital | 435.00 | 435.00 | 435.00 |
| Share Application Money | 6.50 | 6.50 | 6.50 |
| Reserves & Surplus less of Revaluation Reserves | 228.33 | 228.53 | 218.46 |
| Sales and Other Income | 1025.28 | 283.40 | 441.16 |
| Profit/(Loss) after Tax (PAT) | (1.73) | 1.22 | 4.98 |
| Book value per Share (Face Value Rs. 10/-) | 15.24 | 15.25 | 15.02 |
| Earning per Share (Rs.) | (0.04) | 0.03 | 0.11 |

The equity shares of the company are not listed on any stock exchange. There have been no changes in the capital structure of the company and there have been no amalgamations/takeovers during the past three years.

The company is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

For details on litigations and disputes pending against LBL and defaults made by LBL, please refer to the section titled 'Outstanding Litigations' beginning from page no. 151 of this Prospectus.

Uttam Sucrotech Ltd. (USL)

USL was incorporated in 1981 as Uttam Sucrotech Pvt. Limited. The name of the Company was changed to Uttam Maxitherm Boilers Limited on July 31, 1992 and further changed to Uttam Sucrotech Limited on May 29, 1995. USL, an existing profit earning company is engaged in the manufacture of energy saving devices, pressure vessels etc. used in sugar mills with know-how developed in-house. USL is also manufacturing boiling house structures and equipment, overhead cranes, clarifiers, filters etc for sugar and other industries. Besides, the company is also engaged in designing, manufacturing and supplying equipment for iron making, steel making, continuous casting, hot/ cold rolling mills and processing line plants, and equipment for the non-ferrous industry. The company has its facilities at Ghaziabad, U.P.



| | |
|--------------------------|---|
| Date of Incorporation | December 01, 1981 |
| Registered Office | C-42, Meerut Road, Industrial Area, Ghaziabad |
| Permanent Account Number | AAACU4042K |
| Bank Account Number | C.C A/c No. 508044000449 |
| | ING Vysya Bank Ltd., Navyug Market, Ghaziabad |
| Registration Number | 20-5493 |
| Registrar of Company | Registrar of Companies, Uttar Pradesh, Westcott Building, The Mall, Kanpur – 208 001. (U.P.) |

Board of Directors as on December 31, 2005:

| | |
|--------------------|----------|
| Rajan Adlakha | Director |
| Ranjan Adlakha | Director |
| Mrs. Sonia Adlakha | Director |

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of shares held | % of Shareholding |
|-----------------------|--------------------|-------------------|
| Rajan Adlakha | 4,00,500 | 61.79 |
| Uttam Chand Adlakha | 5,250 | 0.81 |
| Sohan Lal Arora | 4,400 | 0.68 |
| Raj Kumar Adlakha | 4,900 | 0.76 |
| Sanjay Kr. Arora | 2,600 | 0.40 |
| Ajay Kumar Arora | 2,000 | 0.31 |
| Raj Rani | 3,000 | 0.46 |
| U.C. Adlakha & Sons | 10,000 | 1.54 |
| Sudesh Kumari | 2,000 | 0.31 |
| Shanta Kumari Adlakha | 2,000 | 0.31 |
| R.K. Sons (HUF) | 53,000 | 8.18 |
| Amita Adlakha | 53,000 | 8.18 |
| Kim Adlakha | 49,500 | 7.64 |
| Ranjan Adlakha | 56,000 | 8.64 |
| Total | 6,48,150 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|--------|--------|---------|
| Equity Capital | 64.82 | 64.82 | 64.82 |
| Reserves & Surplus | 207.43 | 206.89 | 232.49 |
| Sales and Other Income | 579.01 | 799.54 | 1415.40 |
| Profit/(Loss) after Tax (PAT) | 6.70 | 8.58 | 26.35 |
| Book value per Share (Face Value Rs.10/-) | 42.00 | 41.92 | 45.87 |
| Earning per Share (Rs.) | 1.03 | 1.32 | 4.07 |

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

UTTAM SUGAR MILLS LIMITED

The company is not sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

For details on litigations and disputes pending against USL and defaults made by USL, please refer to the section titled 'Outstanding Litigations' beginning from page no. 151 of this Prospectus.

We undertake and confirm that the details of Permanent Account Number, Bank Account Number, the Company Registration Number and the addresses of the Registrar of Companies of all our above Promoters Companies, have been submitted to BSE and NSE where the Equity Shares are proposed to be listed, at the time of filing the Red Herring Prospectus with them.

Common Pursuits

Our Promoters do not have interest in any venture that is involved in any activities similar to those conducted by our Company or any other Group Companies.

Interest of the Promoters

Please refer to the section titled 'Our Management' on page no. 73 of this Prospectus.



RELATED PARTY TRANSACTIONS

For the detail of such transaction, please refer to the section titled 'Financial Statements' beginning from page no. 94 of this Prospectus.

UTTAM SUGAR MILLS LIMITED

CURRENCY OF PRESENTATION

Our currency of presentation in this Prospectus is Indian Rupee (Rs.) only else otherwise mentioned.



DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders. However, the declaration of dividend may require prior approval of some of our lenders as per the terms of the loan agreements executed with them. Declaration of dividend will also depend on a number of factors, including but not limited to our Company's earnings, capital requirements and overall financial condition. Our Company has no stated dividend policy. In order to conserve funds, we have neither declared nor paid any equity dividend since our inception.

SECTION V - FINANCIAL STATEMENTS

AUDITORS' REPORT

Auditors' Report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors
Uttam Sugar Mills Limited
7C, 1st Floor, J-Block
Shopping Centre, Saket
New Delhi

Subject: Your Proposed Public Issue

Dear Sirs,

We have examined the financial information of the Uttam Sugar Mills Limited annexed to this report which have been prepared in accordance with the requirements of:

- i) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 (the Act),
- ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (the Guidelines) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
- iii) The instruction received from the company requesting to examine the financial information referred to above and proposed to be included in the letter of Offer of the company in connection with its proposed Initial Public Offer (IPO).

Financial Information of the Company

1. We have examined the attached statement of restated Assets & Liabilities of the company as at 31st March 2001, 30th Sept. 2002 (18 months), 30th Sept.2003, 30th Sept.2004 and 30th Sept.2005 (Annexure - I) and accompanying statement of restated Profit & Loss of the company for the financial year(s) ended 31st March 2001, 30th Sept. 2002 (18 months), 30th Sept.2003, 30th Sept. 2004 and 30th Sept. 2005 (Annexure – II) as prepared by the company and approved by the Board of Directors. These statements reflects the assets and liabilities and Profit and Losses for each of the relevant years as extracted from the balance sheet and profit and loss account for those years audited by us. These statements have been made after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure III to this report.
2. Based on our examination of these summary statements we confirm that:
 - The impact arising on account of changes in accounting policies adopted by the company has been adjusted with the retrospective effect in the attached summary statements.
 - The previous year adjustments have been made in the summary statements in the years to which they relate.
 - The impact of qualifications in auditors report wherever applicable has been adjusted in the attached summary statements.
 - The impact of extra-ordinary items have been separately disclosed in the attached summary statement.
3. The Company has not declared/paid any dividend in respect of the accounting years ended on 31st March 2001, 30th Sept.2002 (18 months), 30th Sept.2003, 30th Sept.2004 and 30th Sept.2005 as mentioned in Annexure V to this report.



4. We have examined the following financial information relating to the company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer document:
- i. Accounting Ratios as appearing in Annexure VI to this report.
 - ii. Capitalisation Statement as appearing in Annexure VII to this report.
 - iii. Statement of Tax Shelters as appearing in Annexure VIII to this report.
 - iv. Details of Secured Loans as appearing in Annexure IX to this report.
 - v. Details of Unsecured Loans as appearing in Annexure X to this report.
 - vi. Details of Investments as appearing in Annexure XI to this report.
 - vii. Details of Debtors as appearing in Annexure XII to this report.
 - viii. Details of Loans & Advances as appearing in Annexure XIII to this report.
 - ix. Details of Capital advances due from Promoter Group companies as appearing in Annexure XIV to this report.
 - x. Details of Contingent Liabilities as appearing in Annexure XV to this report.
 - xi. Details of Capital Commitments as appearing in Annexure XVI to this report.
 - xii. Details of Related Party, Relationship & Transactions and Significant Transaction with related parties as appearing in Annexure XVII, XVII (a) and XVII (b) respectively to this report.
 - xiii. The Principle terms of Secured Loans and assets charged as securities and principle terms of Unsecured loans as appearing in Annexure XVIII to this report.
 - xiv. Cash Flow Statement as restated as appearing in Annexure XIX to this report.

In our opinion the above financial information of the company read with Significant Accounting Policies and notes on accounts attached in Annexure IV to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI Guidelines.

This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred therein.

This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of Equity shares of the Company and is not be used, referred to or distributed for any other purpose without our written consent.

Thanking you,

B. K. KAPUR & CO.
Chartered Accountants

Sd/-
M.S. KAPUR (FCA)
Partner
Membership No.74615

Place : NOIDA

Date : 6 Dec. 2005

UTTAM SUGAR MILLS LIMITED

Annexure - I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| A. Fixed Assets: | | | | | |
| Gross Block | 12,029.43 | 6,729.82 | 5,752.35 | 5,354.40 | 4,285.22 |
| Less: Depreciation | 1,540.28 | 1,009.79 | 697.60 | 420.78 | 56.12 |
| Net Block | 10,489.15 | 5,720.03 | 5,054.75 | 4,933.62 | 4,229.10 |
| Capital Work-in-progress | 8,043.41 | 2,917.12 | 950.57 | 370.48 | 515.38 |
| Total | 18,532.56 | 8,637.15 | 6,005.32 | 5,304.10 | 4,744.48 |
| B. Investments | 2.00 | 39.23 | - | - | - |
| C. Current Assets, Loans and Advances | | | | | |
| Inventories | 678.64 | 3,113.71 | 2,989.47 | 2,662.58 | 2,140.19 |
| Sundry Debtors | 342.99 | 122.04 | 466.69 | 310.26 | 4.04 |
| Cash and Bank balances | 3,052.29 | 667.74 | 108.76 | 93.11 | 64.04 |
| Loans and Advances | 1,098.22 | 593.12 | 268.49 | 232.05 | 453.37 |
| Total | 5,172.14 | 4,496.61 | 3,833.41 | 3,298.00 | 2,661.64 |
| D. Liabilities and Provisions: | | | | | |
| Secured Loans | 13,801.35 | 7,263.08 | 5,593.82 | 5,776.94 | 4,193.31 |
| Unsecured Loans | 907.00 | 250.00 | 200.00 | 200.00 | 200.00 |
| Current liabilities and Provisions | 1,848.43 | 2,180.14 | 2,181.33 | 733.42 | 1,122.42 |
| Total | 16,556.78 | 9,693.22 | 7,975.15 | 6,710.36 | 5,515.73 |
| E. Deferred Tax Liability/(Asset) (net) | 1,045.01 | 342.07 | 8.23 | 31.17 | (45.07) |
| F. Networth (A+B+C-D-E) | 6,104.91 | 3,137.70 | 1,855.35 | 1,860.57 | 1,935.46 |
| Net worth Represented by | | | | | |
| G. Share Capital | 1,883.19 | 1,497.00 | 1,367.70 | 1,367.69 | 937.01 |
| H. Share Application Money | 138.24 | 425.00 | 194.00 | 2.00 | 654.94 |
| I. Reserves & Surplus | 4,086.35 | 1,219.94 | 300.11 | 503.00 | 362.61 |
| J. Miscellaneous Expenditure not yet written off | 2.87 | 4.24 | 6.46 | 12.12 | 19.10 |
| K. Networth (G+H+I-J) | 6,104.91 | 3,137.70 | 1,855.35 | 1,860.57 | 1,935.46 |

Note: The above statement should be read with the Notes on adjustments and significant accounting policies & notes to the accounts for restated financial statements as appearing in Annexure III and IV to the report.

Annexure -II
SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs. In lacs)

| Financial Year ended Period | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) | 30.09.2003 (12 Months) | 30.09.2002 (18 Months) | 31.03.2001 (08.01.01 to 31.03.01) |
|---|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------------------|
| Income | | | | | |
| Sales: | | | | | |
| Of Products manufactured by the Company | 19,056.15 | 10,550.51 | 9,030.32 | 8,622.29 | 90.05 |
| Less: Excise Duty | 262.61 | 766.28 | 731.04 | 653.38 | 24.49 |
| Net Sales | 18,793.54 | 9,784.23 | 8,299.28 | 7,968.91 | 65.56 |
| Other Income | 3.36 | 2.53 | 1.01 | 1.07 | 0.49 |
| Increase/(Decrease) in inventories | (2,249.29) | 74.85 | 66.71 | 722.14 | 1,947.23 |
| Total Income (A) | 16,547.61 | 9,861.61 | 8,367.00 | 8,692.12 | 2,013.28 |
| Expenditure | | | | | |
| Raw material consumed | 9,664.07 | 6,499.11 | 6,205.03 | 5,992.83 | 1,788.60 |
| Other Manufacturing Expenses | 632.71 | 464.89 | 384.15 | 453.01 | 125.02 |
| Salaries, Wages and Benefits | 525.11 | 318.67 | 245.48 | 229.29 | 38.68 |
| Administration and other Expenses | 371.47 | 221.04 | 193.44 | 187.07 | 26.30 |
| Depreciation | 532.91 | 315.51 | 277.90 | 364.66 | 51.96 |
| Interest & Financial Charges | 1,196.37 | 790.69 | 845.67 | 1,228.73 | 106.74 |
| Total Expenditure (B) | 12,922.64 | 8,609.91 | 8,151.67 | 8,455.59 | 2,137.30 |
| Net Profit /(Loss) before Tax and Extraordinary Items (A-B) | 3,624.97 | 1,251.70 | 215.33 | 236.53 | (124.02) |
| Taxation | | | | | |
| Current Tax | 245.50 | 97.50 | 16.00 | 14.10 | - |
| Deferred Tax | 702.93 | 333.85 | (22.94) | - | - |
| Fringe Benefit Tax | 5.45 | - | - | - | - |
| Net Profit /(Loss) before Extraordinary Items | 2,671.09 | 820.35 | 222.27 | 222.43 | (124.02) |
| Extraordinary Items (net of tax) | - | 606.20 | - | - | - |
| Net Profit after Extraordinary Items | 2,671.09 | 214.15 | 222.27 | 222.43 | (124.02) |
| Income Tax for Earlier Years | 29.76 | - | - | - | - |
| Net Profit /(Loss) before adjustments | 2,641.33 | 214.15 | 222.27 | 222.43 | (124.02) |

UTTAM SUGAR MILLS LIMITED

ADJUSTED PROFIT AND LOSS ACCOUNT (As per SEBI Guidelines)

(Rs. in lacs)

| Financial Year ended Period | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) | 30.09.2003 (12 Months) | 30.09.2002 (18 Months) | 31.03.2001 (08.01.01 to 31.03.01) |
|---|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------------------|
| Net Profit /(Loss) before adjustments (As per audited accounts as above) | 2,641.33 | 214.15 | 222.27 | 222.43 | (124.02) |
| Adjustment for: | | | | | |
| a) Impact of Auditors' Qualification | | | | | |
| Inventory valuation | | 61.56 | 156.56 | (185.91) | (32.21) |
| b) Prior Period Items | 2.43 | 7.88 | (10.17) | (2.92) | 2.78 |
| c) Impact of changes in Accounting Policies | | | | | |
| Inventory valuation | | | 50.64 | (50.64) | |
| d) Extraordinary Items (net of tax) | | 606.20 | (606.20) | | |
| e) Impact of Deferred Tax credit (Charge) | | | | (76.24) | 45.07 |
| f) Income tax for earlier years | 29.76 | (29.27) | (0.49) | | |
| Total Impact of Adjustments | 32.19 | 646.37 | (409.66) | (315.70) | 15.64 |
| Current Tax Impact of Adjustments on (a), (b) & (c) above | 0.19 | 5.34 | 15.52 | (18.32) | (2.49) |
| Total of Adjustments after Tax Impact | 32.00 | 641.03 | (425.17) | (297.39) | 18.13 |
| Adjusted Net Profit/(Loss) after extraordinary items | 2,673.33 | 855.18 | (202.90) | (74.96) | (105.89) |
| Profit & Loss Account at the beginning of the year | 471.43 | (383.75) | (180.85) | (105.89) | - |
| Balance available for appropriation | 3,144.76 | 471.43 | (383.75) | (180.85) | (105.89) |

Note: The above statement should be read with the Notes on adjustments and significant accounting policies & notes to the accounts for restated financial statements as appearing in Annexure III and IV to the report.

Annexure III

NOTES TO ADJUSTMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS

1. Restated financial statements have been prepared in respect of five years commencing from the financial years ended 31.03.2001 to 30.09.2005. As a result of restatement of income and expenses amounts, the necessary adjustments have been made against the reserves and corresponding effect have been given to the respective heads in related year balance sheet.
2. Following adjustments have been given effect in restated financial statements:
 - a) Upto the financial year ended 30.09.2002, the company included the interest paid on cash credit limit availed from the bank as part of conversion cost of finished goods as per the practice followed by other sugar mills, which was not in accordance with Accounting Standard (AS) – 2 on 'Valuation of Inventories' issued by the Institute of Chartered Accountants of India(ICAI) and the same was also subject matter of Auditor's qualification. In order to comply with aforesaid AS-2, the company had changed its method of valuation of finished goods by excluding the interest on cash credit availed from bank as part of conversion cost from the financial year ended 30.09.2003. Accordingly, the impact of Auditor's qualification on audited financial statements has been adjusted in the restated summary statement of Profit & Loss account for the year ended 31.03.2001, 30.09.2002, 30.09.2003 and restated summary statement of Assets & Liabilities as at 31.03.2001, 30.09.2002 & 03.09.2003.
 - b) For the financial years ended 31.03.2001 and 30.09.2002 the company had valued stock of finished goods by adopting First in First Out (FIFO) method as permissible under AS – 2. However, from 1.10.2002 the company changed method valuation of finished goods from FIFO to Weighted Average method. Accordingly, valuation of closing stock of finished goods has been recomputed for the year ended 30.09.2002. The restated summary statement of Profit & Loss account for the year ended 30.09.2002, 30.09.2003 and restated summary statement of Assets & Liabilities as on 30.09.2002 & 30.09.2003 has been adjusted and disclosed accordingly. Further no adjustment for such change in method is required to be made in the year ended 31.03.2001 as there was no opening stock, being the first year of production.
 - c) As stated in para 2(a) above in order to comply with AS-2 the company has changed its method of valuation of finished goods by ignoring interest on cash credit availed from bank. However, the interest portion that was included in opening stock of finished goods was not excluded while valuing the closing stock of finished goods under weighted average method for the year ended 30.09.2003. The same was subject matter of Auditor's qualification. The impact of such Auditor's qualifications on restated summary statement of Profit & Loss account for the year ended 30.09.03, 30.09.04 and restated summary statement of Assets and Liabilities as on 30.09.2003 & 30.09.2004 has been adjusted and disclosed accordingly.
 - d) Previous year adjustments have been adjusted in the year to which it pertains.
 - e) Extra ordinary items – Differential Cane Price payable for earlier year as held by the Hon'ble Supreme Court, being the difference between the State Advisory Price (SAP) as fixed by the State Government and Statutory Minimum Price (SMP) has been adjusted in the restated summary statement of Profit & Loss account and restated summary statement of Assets and Liabilities.
 - f) The company adopted Accounting Standard (AS) – 22 on 'Accounting for Taxes on Income' issued by the ICAI for the first time in preparing financial statements for the year ended 30th September 2003. For the purpose of this statement AS-22 has been applied for the years ended 30th September 2002 and 31st March 2001 as if it was applicable since then. However, impact of deferred tax asset/liability on account of adjustments has been ignored in the respective years of origination as in the opinion of the company, the overall cumulative effect of such adjustments is immaterial.

3. Current Tax impact of adjustments

Current tax impact of adjustments relates to tax effect on adjustments made for restatement of the financial statements. The company has filed income tax returns, wherein the tax liability was computed as per the provisions of Minimum Alternate Tax ('MAT'). Hence, the tax effects have been recomputed, at the MAT rate applicable to these respective years for adjustments, which have altered the book profits for those years.

UTTAM SUGAR MILLS LIMITED

4. Material Regroupings

Following regroupings has been made to keep in line previous year's figures with latest audited financial statements:

- a) Upto financial year ended 30.09.2004, the company was showing gross turnover (inclusive of excise duty) only in the profit and loss account. In financial year ended 30.09.2005 the company changed its presentation as per the requirements of ASI-14 on 'Disclosure of revenue from sales transaction' issued by ICAI and accordingly has shown both gross turnover and net turnover for meaningful understanding of financial statements. The summary statement of Profit & Loss account as restated for the financial year ended 31.03.2001, 30.09.2002, 30.09.2003 & 30.09.2004 has been regrouped and disclosed accordingly.
- b) Upto financial year ended 30.09.2004 prior period item (net) and Miscellaneous Expenses written off were disclosed as a separate line item in Profit and Loss account. However, during the year ended 30.09.2005 the company has changed its classification and accordingly prior period items (net) and Miscellaneous expenses written off have now been shown under the head 'Administration & Other expenses'. The the summary statement of Profit & Loss account as restated for the financial year ended 31.03.2001, 30.09.2002, 30.09.2003 & 30.09.2004 has been regrouped and disclosed accordingly.
- c) During the financial year ended 31.03.2001, Interest and financial charges were shown under the head 'Administration, finance & others'. However, from financial year ended 30.09.2002 the company has changed its classification and has shown it as separate line item in the Profit and Loss account. The summary statement of Profit & Loss account as restated for the financial year ended 31.03.2001 has been regrouped and disclosed accordingly.
- d) Upto financial year ended 30.09.2004 dues from employees were shown as a separate line item under the head 'Loans & advances'. During the year ended 30.09.2005, the company has changed its classification and accordingly dues from employees has now been included in 'Advances recoverable in cash or in kind' under the head 'Loans & advances' Details of Loans & Advances for the financial year ended 31.03.2001, 30.09.2002, 30.09.2003 & 30.09.2004 has been regrouped and disclosed accordingly.
- e) Upto the year ended 30.09.2003, the capital advances were grouped under 'Advances recoverable in cash or in kind' under the head 'Loans & advances'. From the financial year ended 30.09.2004 these has been regrouped under 'Capital work in progress'. The classification in the summary statement of Assets and Liabilities as restated for the financial year ended 31.03.2001, 30.09.2002; 30.09.2003 has been regrouped and disclosed accordingly.
- f) Upto the financial year ended 30.09.2004 'Vehicle Loan' was classified under 'Current Liabilities & Provisions'. During the year ended 30.09.2005 the same has been reclassified under the head 'Secured Loans'. The classification in restated summary statement of assets and liabilities for the financial year ended 31.03.2001, 30.09.2002, 30.09.2003; 30.09.2004 has been regrouped and disclosed accordingly.

Annexure - IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 2005

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 and accepted accounting principles.

ii. **Fixed Assets and Depreciation:**

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

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

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

iii. **Lease:**

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

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

iv. **Investments:**

Long Term Investments are valued at cost. Where applicable, provision is made if there is a permanent diminution in value.

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 basis. Cost of finished goods has been worked out on absorption cost basis.

By products and residuals are valued at net realizable value.

vi. **Taxes on Income:**

- a) Current tax is determined on the amount of tax payable in respect of taxable income for the year.
- b) Deferred tax assets/liabilities is provided on significant timing differences arising from the different treatments in accounting and taxation of relevant item. 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.

vii **Sales:**

Sales includes Excise Duty, Administrative Charges and entry Tax.

UTTAM SUGAR MILLS LIMITED

viii **Borrowing Costs:**

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. A Qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost 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 are recognized as income or expense in the year in which they arise except exchange differences on liabilities 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 **Treatment of Expenditure During Construction Period:**

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

xii **Provisions, Contingent Liabilities and Contingent Assets:**

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in notes. Contingent assets are neither recognized nor disclosed in the financial statements.

xiii **Retirement Benefits:**

Contribution to the Employees' Provident Fund is made under the relevant statutes/rules and is charged to the Profit & Loss Account on accrual basis. Liability towards Encashable Leave have been provided on the date of Balance Sheet.

B. NOTES ON ACCOUNTS:

1. Freehold land includes land aggregating to Rs. 92.24 lacs (Previous Year Rs. 55.20 lacs) which is yet to be registered in the name of the Company. Further, cars having gross book value of Rs.24.70 lacs purchased on Hire Purchase basis.
2. Amount of borrowing cost capitalized to fixed assets during the period is Rs. 25.45 lacs (Previous Year Rs. 50.25 lacs).
3. The amount of exchange rate difference in respect of forward exchange contract recognized in the Profit and Loss Account for the year Rs. 52.75 lacs (Previous Year Rs. 14.89 lacs) and to be recognized as expenses for subsequent accounting year is Rs. 9.77 lacs (Previous Year Rs. 8.20 lacs).
4. All the Current Assets, Loans and Advances, in the opinion of the Board, have a value on realization which in the ordinary course of business shall at least be equal to the amount, at which it is stated in the Balance Sheet.
5. Advances recoverable in cash or in kind as appearing in schedule no. 11 include Rs.68.80 lacs paid as share application money and Rs.10.89 lacs as other advances and capital advances as appearing in schedule no. 6 of Balance Sheet include a sum of Rs.778.83 lacs given against purchase of capital goods in ordinary course of business to companies in which some directors of the company are interested as its directors/shareholders.
6. Balances of certain Sundry Debtors, Creditors and Advances are subject to confirmation.



7. Since no employee has completed the stipulated period of Service the provisions of Payment of Gratuity Act, 1972 are not applicable to the Company for the time being.
8. Sundry Creditors include Rs. 7.77 lacs (Previous Year Rs.26.71 lacs) due to Small Scale Industrial undertakings (SSIs). The name of Small Scale undertakings to whom an amount was outstanding for more than 30 days, to the extent such parties have been identified from the available information, are as follows:
- Pradeep Engineers Corporation, Automation Services Pvt. Ltd., Gita Flowpumps India Pvt. Ltd., Material Conveying Engineers, Superior Engineering & Manufacturing Co., National Engineering Works, Jagat Machinery & Manufacturers Pvt. Ltd., Accord Communication Limited, Sweta Supplier & Engineering Works, Niles Engineering Works Pvt. Limited, Quest Computers, Arya Machine Tools, The Devite Company and Vikas Pump and Projects.
9. The business activity of the Company falls within a single primary business segment viz. Sugar and basically sale of the product is within the country.
10. During the year, company has commenced the process of setting up a sugar mill unit at Barkatpur, Distt. Bijnore. All expenses incurred up to 30.09.2005 pertaining this unit has been separately debited to Pre-Operative expenses pending capitalization, detail of which are given under:-

| Particulars | Amount (Rs. in lacs) |
|-----------------------------------|----------------------|
| Advertisement Expense | 0.50 |
| Auditor's Remuneration | 0.27 |
| Cane Development Expenses | 10.47 |
| Legal & Professional Expenses | 9.55 |
| Salary | 94.12 |
| Bank & Finance Charges | 77.55 |
| Interest on Term Loan | 77.06 |
| Interest Others | 1.36 |
| Printing & Stationery | 1.16 |
| Staff Welfare & Function Expenses | 15.46 |
| Telephone Expenses | 3.45 |
| Traveling Expenses | 21.50 |
| Miscellaneous Expenses | 10.35 |
| Office Rent | 5.40 |
| Office Maintenance Charges | 6.48 |
| Total (a) | 334.68 |
| Less:-Interest Earned | 2.92 |
| Miscellaneous Income | 2.98 |
| Total (b) | 5.90 |
| Grand Total (a + b) | 328.78 |

11. **Disclosure in respect of:**

(a) Finance Lease

- i) The Company has entered into finance lease arrangement for vehicles. Some of the significant terms and conditions of such lease leasing arrangements are as under:
- Assets to be purchased by the company at the amount including the Security deposit and add-on at the end of lease term.

UTTAM SUGAR MILLS LIMITED

- ii) Reconciliation between the total of minimum lease payments at the balance sheet date and their present value :

(Rs. in lacs)

| | Total | Not later than one year | Later than one year but not later than five years |
|---|------------------|-------------------------|---|
| Total of minimum lease payments at the balance sheet date | 54.13 (75.18) | 23.61 (43.46) | 30.52 (31.72) |
| Less: Future finance charges | 1.31 (2.31) | 1.10 (1.61) | 0.21 (0.70) |
| Present value of Minimum lease | 52.82 | 22.51 | 30.31 |
| Payment at the balance sheet date | (72.88) | (41.86) | (31.02) |

(b) Operating Lease:

- i) The company has entered into Operating Lease for premises. These leasing agreement are non-cancelable up to 36 months generally and are usually renewable by mutual consent on mutually agreeable terms. The lease rental of Rs.0.60 lacs has been charged as rent under schedule"17" and Rs.5.40 lacs debited to Pre-Operative Expenses pending capitalization relating to Unit Barkatpur.
- ii) Future obligations by way of lease rentals in respect of these lease arrangements amount to:-

(Rs. in lacs)

| | |
|---|------|
| (a) Not later than one Year | 6.00 |
| (b) Later than one year & not later than Five Years | 4.00 |
| (c) Later than Five years | NIL |

12. Auditor's Remuneration:

(Rs. in lacs)

| | Current Year | Previous Year |
|---------------------------|--------------|---------------|
| (a) As Statutory Auditors | 1.77 | 0.65 |
| (b) For Tax Audit | 0.17 | 0.16 |
| (c) For Taxation Matters | 0.15 | 0.15 |
| (c) For other Matters | 0.51 | 0.18 |
| Total | 2.60 | 1.14 |

13. Remuneration to Directors:

a) Managerial Remuneration:

(Rs. in lacs)

| | Managing Director | | Directors | |
|------------------|-------------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| (a) Remuneration | 36 | 16.80 | 11.72 | 10.29 |
| (b) Perquisites | 1.17 | 2.38 | 0.86 | - |
| (c) Commission | 150 | 6 | | |
| Total Rs. | 187.17 | 25.18 | 12.58 | 10.29 |

(Rs. in lacs)

| | | |
|---|--------|---------|
| Profit before Taxation | | 3624.97 |
| Add: Remuneration to Managing Directors: | | |
| Remuneration | 36.00 | |
| Perquisites | 1.17 | |
| Commission | 150.00 | 187.17 |
| Remuneration to Whole Time Directors: | | |
| Remuneration | 11.72 | |
| Perquisites | 0.86 | 12.58 |
| Loss on sale/damage of fixed assets (net) | | 24.16 |
| Profit under section 349 | | 3848.88 |
| Commission to Managing Director | | 153.96 |
| Restricted to | | 150.00 |

14. Earning per share (EPS)

| | Year ended 30.09.2005 | Year ended 30.09.2004 |
|--|--------------------------|--------------------------|
| a) Profit attributable to the Equity Shareholders (Rs. in lacs) | 2671.09 | 214.16 |
| b) Weighted average number of equity shares outstanding | | |
| i) Basic: | | |
| Weighted average number of equity shares at the end | 15552064 | 14296916 |
| ii) Diluted | | |
| Weighted average number of shares as in b (i) | 15552064 | 14296916 |
| Add: Share application money (Weighted Average) | 3787 | 195891 |
| Total | 15555852 | 14492807 |
| c) Paid up value of share | Rs. 10/- | Rs. 5/- |
| d) Basic Earning per share (a/bi) | 17.18 | 0.75 |
| e) Diluted Earning per share (a/bii) | 17.17 | 0.74 |

15. The previous year's figures have been re-arranged, regrouped, reclassified, wherever necessary to make them comparable.

UTTAM SUGAR MILLS LIMITED

Annexure V

RATES OF DIVIDEND PAID

The Company has not paid any dividend during the 5 years ended 31st March 2001, 30th September 2002, 30th September 2003, 30th September 2004 & 30th September 2005.

Annexure -VI

Accounting Ratios (on restated numbers)

(Rs. in lacs)

| Financial year ended | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|--|------------|------------|------------|------------|------------|
| Earning per share (EPS) (Rs.) | | | | | |
| Before Extra-ordinary Items | 17.19 | 5.98 | 2.95 | (0.67) | (1.13) |
| After Extra-ordinary items | 17.19 | 5.98 | (1.48) | (0.67) | (1.13) |
| Net Asset Value (NAV) per Equity Share | 31.69 | 9.06 | 12.15 | 13.59 | 13.67 |
| Return on Net Worth (%) | 44.80 | 31.53 | (12.21) | (4.03) | (8.27) |
| No. of equity shares (Weighted) | 15552064 | 14296916 | 13676970 | 11,144,291 | 9,370,070 |
| No. of equity shares (Year end) | 18831900 | 29940000 | 13676970 | 13,676,970 | 9,370,070 |

- EPS = Adjusted Net Profit for the year/Weighted Average No. of equity shares (As per AS-20)
- Net Asset Value per equity share (Rs.) = Net worth/No. of equity shares outstanding at year end
- Return on Net worth (%) = Adjusted Profit after tax/Net worth
- Net worth for this purpose means equity share capital + Reserves & Surplus – Miscellaneous Expenditure not written off.

UTTAM SUGAR MILLS LIMITED

Annexure – VII

Capitalization Statement

(Rs. in lacs)

| | Pre Issue As at 30.09.2005 | Post Issue |
|---|---|-------------------|
| Debt | | |
| Short Term (A) | 3,267.35 | 3,267.35 |
| Long Term (B) | 11,441.00 | 11,441.00 |
| Total Debt (C = A + B) | 14,708.35 | 14,708.35 |
| Shareholders Fund | | |
| Share Capital | 1,883.19 | 2,576.90 |
| Share Application Money | 138.24 | - |
| Reserves as restated | 4,086.35 | 17,433.21 |
| Total | 6,107.78 | 20,010.11 |
| Less: Miscellaneous Expenditure not yet written off | 2.87 | 2.87 |
| Total Shareholders Fund (D) | 6,104.91 | 20,007.24 |
| Long Term Debt / Total Shareholders Fund (B/D) | 1.87 | 0.57 |
| Total Debt / Total Shareholders Fund (C/D) | 2.41 | 0.74 |

Notes:

1. Short Term Debt represents debts, which are due within 12 months from 30.09.2005 and include current portion of vehicle loan and current position of long term debt-secured
2. Long term debt represent other than short-term debts as defined above
3. Except the post issue shareholder's funds figures disclosed above are based on the restated financial statements of the Company as at 30.09.2005

Annexure - VIII
Statement of Tax Shelters

(Rs. in lacs)

| Year ended | 31.03.2005 | 31.03.2004 | 31.03.2003 | 31.03.2002 | 31.03.2001 |
|---|------------|------------|------------|------------|------------|
| Net Profit/(Loss) before Tax as per books (A) | 647.24 | 1,067.33 | 21.30 | 201.48 | (123.39) |
| Tax Rate | 0.365925 | 0.35875 | 0.3675 | 0.3570 | 0.3955 |
| Tax on Actual Profit | 236.84 | 382.90 | 7.83 | 71.93 | - |
| Adjustments | | | | | |
| Permanent Differences | | | | | |
| Charity & Donation | 2.00 | 1.73 | 0.71 | 2.68 | 0.82 |
| Prior Period adjustments | 2.43 | 3.10 | 0.13 | 1.35 | |
| Payment to club | 0.25 | 0.12 | 0.50 | | |
| Lease payments | (29.44) | (9.04) | (1.29) | | |
| Other Adjustments | 24.13 | 1.93 | 1.33 | 5.51 | 0.25 |
| Total Permanent Differences (B) | (0.63) | (2.16) | 1.38 | 9.54 | 1.07 |
| Timing Differences | | | | | |
| Difference between tax depreciation & book depreciation | (1,148.72) | (464.34) | (591.47) | (723.31) | (422.37) |
| Expenditure Allowable under section 43B of Income Tax Act | (205.41) | 197.30 | (49.78) | 67.02 | 2.97 |
| Disallowance u/s 40(a)(i) | (14.14) | 124.63 | | | |
| Total Timing Differences (C) | (1,368.27) | (142.41) | (641.25) | (656.29) | (419.40) |
| Net Adjustments (B+C) | (1,368.90) | (144.57) | (639.87) | (646.75) | (418.33) |
| Tax Saving thereon | (500.91) | (51.86) | (235.15) | (230.89) | (165.45) |
| Tax liability after considering the effect of adjustments | (264.07) | 331.04 | (227.32) | (158.96) | (165.45) |
| Tax impact of setting off Brought forward losses | | (331.04) | | | |
| Tax liability after set off of brought forward loss | (264.07) | - | (227.32) | (158.96) | (165.45) |
| Tax saving on Extraordinary items | | 50.48 | | | |
| Tax liability before Extraordinary items | (264.07) | 50.48 | (227.32) | (158.96) | (165.45) |
| Tax liability under MAT on book profits | 23.33 | 82.05 | 1.82 | 11.46 | Nil |
| Interest liability on above | 2.78 | 9.93 | 0.27 | 0.39 | Nil |
| Total tax paid under MAT | 26.11 | 91.98 | 2.09 | 11.85 | Nil |

Notes to the tax shelter statement

- 1 The above statement of tax shelters has been prepared as per the audited accounts of the Company and not on the basis of restated profits.
- 2 The permanent / timing differences have been computed considering the acknowledged copies of the income tax returns filed by the company each of the respective years stated above.

UTTAM SUGAR MILLS LIMITED

Annexure - IX

Details of Secured Loans

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|--|------------------|-----------------|-----------------|-----------------|-----------------|
| A) Term Loans | | | | | |
| Industrial Development Bank Of India (IDBI) | 2,354.30 | 427.64 | 561.36 | 724.53 | 700.00 |
| Indian Overseas Bank | 1,615.42 | 857.69 | 1,130.78 | 1,151.02 | 1,000.00 |
| Punjab National Bank | 2,370.00 | 720.00 | 982.50 | 825.00 | 594.92 |
| State Bank of India | 3,970.00 | 1,490.00 | | | |
| Govt. of India, Sugar Development Fund (SDF) | 1,664.56 | 832.28 | | | |
| Interest Accrued and Due on above | 8.60 | 17.35 | 11.28 | 56.50 | 76.11 |
| Total A | 11,982.88 | 4,344.96 | 2,685.92 | 2,757.05 | 2,371.03 |
| Vehicle loans | | | | | |
| ICICI Bank Ltd. | 16.56 | | 11.76 | 25.44 | 10.67 |
| Kotak Mahindra Premius Ltd. | 0.87 | 1.55 | | | |
| Total B | 17.43 | 1.55 | 11.76 | 25.44 | 10.67 |
| B) Working Capital Facilities: | | | | | |
| Punjab National Bank | 844.51 | 1,928.67 | 1,400.86 | 1,569.99 | 1,266.01 |
| Indian Overseas Bank | 701.68 | 498.45 | 894.83 | 901.95 | 545.60 |
| State Bank of India | 254.85 | 489.45 | 600.45 | 522.51 | |
| Total C | 1,801.04 | 2,916.57 | 2,896.14 | 2,994.45 | 1,811.61 |
| Total A + B+C | 13,801.35 | 7,263.08 | 5,593.82 | 5,776.94 | 4,193.31 |

Annexure - X

Details of Unsecured Loans

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|--|---------------|---------------|---------------|---------------|---------------|
| From Body Corporate (a promoter group company) | 250.00 | 250.00 | 200.00 | 200.00 | 200.00 |
| Soft Loan from Uttaranchal State Government | 657.00 | | | | |
| Total | 907.00 | 250.00 | 200.00 | 200.00 | 200.00 |



Annexure - XI

Details of Investments

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Other than trade-Unquoted (At Cost) | | | | | |
| 20000 Equity Shares of Rs.10/- each in Uttam Distilleries Ltd.(Associate) - fully paid up | 2.00 | 2.00 | | | |
| Equity Shares of Shubham Sugar Ltd. a wholly owned subsidiary company - (upto 15.09.2005) fully paid up | - | 37.23 | | | |
| Total | 2.00 | 39.23 | - | - | - |

Annexure - XII

Details of Debtors

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| (Unsecured considered good) | | | | | |
| Debts over six months | 5.30 | 5.82 | 2.54 | | |
| Others | 337.69 | 116.22 | 464.15 | 310.26 | 4.04 |
| Total | 342.99 | 122.04 | 466.69 | 310.26 | 4.04 |

UTTAM SUGAR MILLS LIMITED

Annexure - XIII

Details of Loans and Advances

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|--|-----------------|---------------|---------------|---------------|---------------|
| Advance Recoverable in cash or in kind or for value to be received | 318.31 | 441.56 | 186.63 | 67.08 | 54.81 |
| Share Application Money | 68.80 | | | | |
| Balance with Excise Department | 332.33 | 26.15 | 26.22 | 106.51 | 189.70 |
| Cenvat Receivable | 294.46 | 45.50 | 6.31 | 7.84 | 188.74 |
| Security Deposits | 60.02 | 65.16 | 25.72 | 2.02 | 1.74 |
| Interest Accrued thereon | 2.63 | 1.26 | 0.23 | 0.15 | 0.06 |
| Prepaid Expenses | 21.67 | 13.49 | 23.38 | 26.41 | 13.97 |
| Advance Tax (Net of Provision) | | | | 22.04 | 4.35 |
| Total | 1,098.22 | 593.12 | 268.49 | 232.05 | 453.37 |

Annexure - XIV

Details of Capital Advances due from promoter Group Companies included under Capital work in progress

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|------------------|---------------|---------------|--------------|--------------|---------------|
| Capital advances | 725.92 | 315.79 | 75.69 | 77.05 | 181.15 |
| Total | 725.92 | 315.79 | 75.69 | 77.05 | 181.15 |

Annexure - XV

Details of Contingent Liabilities

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|--|---------------|-------------|-------------|-------------|------------|
| Bank guarantee | 5.98 | 9.84 | 2.84 | 0.50 | - |
| Excise Duty and Sales Tax demands and Show cause notices | 144.36 | | | | |
| Total | 150.34 | 9.84 | 2.84 | 0.50 | - |

Annexure - XVI

Details of Capital Commitments

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 2,224.65 | 1,801.00 | 316.75 | 57.35 | 200.00 |
| Total | 2,224.65 | 1,801.00 | 316.75 | 57.35 | 200.00 |

UTTAM SUGAR MILLS LIMITED

Annexure - XVII

Details of the List of Related Parties and Nature of Relationships

| Particulars | Financial Year ended | | | |
|---|--|--|---|--|
| | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 |
| Nature of Relationship | Name of the party | Name of the party | Name of the party | Name of the party |
| Subsidiaries Company | Shubham Sugars Ltd. (Upto 15.09.2005) | Shubham Sugars Ltd. | | |
| Associates | Uttam Distilleris Ltd. | Uttam Distilleris Ltd. | | |
| Key Management Personnel (KMP) | Shri Raj Kumar Adlakha Shri. U.R.K.Rao Shri V.V.R.Murty | Shri Raj Kumar Adlakha Shri. U.R.K.Rao | Shri Raj Kumar Adlakha Shri. U.R.K.Rao | Shri Raj Kumar Adlakha |
| Relative of Key Management Personnel (RKMP) | Smt. Sunna Adlakha Shr Ranjan Adlakha Smt. U.Subba Lakshmi | Smt. Sunna Adlakha Shr Ranjan Adlakha Smt. U.Subba Lakshmi Shri Uttam Chand Adlakha Smt. Amita Adlakha Shri Rajan Adlakha Smt. Sonia Adlakha Smt. Shomna Adlakha Master Balram Adlakha | Smt. Sunna Adlakha Shr Ranjan Adlakha Smt. U.Subba Lakshmi Shri Uttam Chand Adlakha Smt. Amita Adlakha Shri Rajan Adlakha Smt. Sonia Adlakha Adlakha Smt. Shomna Adlakha Master Balram Adlakha | Smt. Sunna Adlakha Shr Ranjan Adlakha Shri Uttam Chand Adlakha Smt. Amita Adlakha Shri Rajan Adlakha Smt. Sonia Adlakha Smt. Shomna Adlakha Master Balram Adlakha |
| Enterprises significantly influenced by KMP or RKMP (With whom transaction taken place) | Uttam Industrial Engg. Ltd. Lipi Boilers Ltd. The Standard Type Foundry (P) Ltd. Uttam Sucrotech Ltd. Subham Sugars Ltd.(w.e.f. 16.09.2005) New Castle Finance & Leasing (P) Ltd. G.M.Colonisers Pvt. Ltd. | Uttam Industrial Engg. Ltd Lipi Boilers Ltd. The Standard Type Foundry (P) Ltd. Uttam Sucrotech Ltd. Subham Sugars Ltd. Uttam Distilleries Ltd. | Uttam Industrial Engg. Ltd. Lipi Boilers Ltd. The Standard Type Foundry (P) Ltd. Uttam Sucrotech Ltd. | Uttam Industrial Engg. Ltd. Lipi Boilers Ltd. The Standard Type Foundry (P) Ltd. Uttam Sucrotech Ltd. R.K.& Sons (HUF) |
| Others | | Mansingh Group Hotels & Resorts Ltd. | Mansingh Group Hotels & Resorts Ltd. | Mansingh Group Hotels & Resorts Ltd. Uttam Heavy Engineering (P) Ltd. New Perfect Machinery (P) Ltd. |

Annexure – XVII (a)
Details of Transactions with Related Parties and Details of Outstanding Balances

(Rs. In lacs)

| Particulars | Nature of Relationship | Financial year ended | | | |
|---|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) | 30.09.2003 (12 Months) | 30.09.2002 (18 Months) |
| Purchases of Goods | | | | | |
| Purchases of Fixed assets | Enterprises significantly influenced by KMP or RKMP | 3415.34 | 1092.46 | 305.52 | 289.76 |
| Repair & Maintenance (Machinery & vehicles) | Enterprises significantly influenced by KMP or RKMP | 12.25 | 29.1 | | |
| Receiving of Services | Enterprises significantly influenced by KMP or RKMP | | | 14.51 | 21.89 |
| Sale of Goods | Enterprises significantly influenced by KMP or RKMP | 0.33 | 0.06 | 0.09 | 0.4 |
| Finance | | | | | |
| Equity contribution recd. | Enterprises significantly influenced by KMP or RKMP | 533.05 | | | 340.25 |
| | KMP & Relatives | 24.75 | 188.96 | | 96.38 |
| Equity contribution made | Subsidiary | | 37.23 | | |
| | Associate | | 2 | | |
| Guarantee Recd. | Enterprises significantly influenced by KMP or RKMP | 10870 | 2475 | 450 | |
| Guarantees & Collaterals issued | Enterprises significantly influenced by KMP or RKMP | | | | 9825 |
| Share Application money Recd. | Enterprises significantly influenced by KMP or RKMP | 533.04 | 400 | | |
| | KMP & Relatives | 109.88 | 25 | 189 | |
| Share Application Money Refund | Enterprises significantly influenced by KMP or RKMP | 400.01 | | | |
| Security Deposits Given / (Refund) | Enterprises significantly influenced by KMP or RKMP | (13.79) | 18.03 | 20.57 | |
| Advance Given | Associate | 20.2 | 48.6 | | |
| | Enterprises significantly influenced by KMP or RKMP | 779.16 | | | |
| Investment | | | | | |
| Sale of investment | KMP | 37.22 | | | |

UTTAM SUGAR MILLS LIMITED

| Particulars | Nature of Relationship | Financial year ended | | | |
|---|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) | 30.09.2003 (12 Months) | 30.09.2002 (18 Months) |
| Expenses | | | | | |
| Lease Rent of vehicles | Enterprises significantly influenced by KMP or RKMP | 35.58 | 17.6 | 5.25 | |
| Office Rent | Enterprises significantly influenced by KMP or RKMP | | | 4.2 | |
| Interest | Enterprises significantly influenced by KMP or RKMP | 33.16 | 24 | 24 | 18 |
| Guarantee Commission | Enterprises significantly influenced by KMP or RKMP | | | 19.5 | |
| Remuneration & Perquisites | KMP & Relatives | 201.14 | 37.57 | 29.09 | 16.9 |
| Outstanding Balances | | | | | |
| Share Application Money (Pending Allotment) | KMP & Relatives | 109.88 | 25 | 189 | |
| | Enterprises significantly influenced by KMP or RKMP | | 400 | | |
| Receivables | Associate | 68.8 | 48.6 | | |
| | Enterprises significantly influenced by KMP or RKMP | 779.16 | 315.71 | 75.69 | 58.36 |
| Payables | Enterprises significantly influenced by KMP or RKMP | 336.46 | 18.28 | 407.37 | 234.81 |
| | KMP & Relatives | | 1.01 | 22.84 | 11.83 |
| Guarantee Received | Enterprises significantly influenced by KMP or RKMP | 21995 | 11125 | 8600 | |
| Security Deposits | Enterprises significantly influenced by KMP or RKMP | 19.81 | 33.6 | 20.57 | |

Annexure - XVII(b)
Details of significant Transactions with Related Parties and Details of Outstanding Balances

(Rs. In Lacs)

| Particulars | Nature of Relationship | Financial year ended | | |
|--|---|---------------------------------------|---------------------------|---------------------------|
| | | Name of the party | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) |
| Purchases of Goods | | | | |
| Purchases of Fixed assets | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 1797.87 | 498.09051 |
| | Enterprises significantly influenced by KMP or RKMP | Lipi Boilers Ltd. | 718.98 | 361.09371 |
| | Enterprises significantly influenced by KMP or RKMP | Uttam Sucrotech Ltd. | 730.01 | 182.74138 |
| Repair & Maintenance (Machinery & vehicles) | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 2.59 | 19.33 |
| | Enterprises significantly influenced by KMP or RKMP | The Standard Type Foundry (P) Ltd. | 9.46 | 8.55 |
| Sale of Goods | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 0.33 | 0.06 |
| Finance | | | | |
| Equity contribution recd. | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 105 | |
| | Enterprises significantly influenced by KMP or RKMP | Lipi Boilers Ltd. | 150.05 | |
| | Enterprises significantly influenced by KMP or RKMP | New Castle Finance & Leasing (P) Ltd. | 238 | |
| | KMP | Shri Raj Kumar Adlakha | 24.75 | |
| | KMP & Relatives | Smt. Sunna Adlakha | | 36.99 |
| | KMP & Relatives | Shr Ranjan Adlakha | | 73.97 |
| | KMP & Relatives | Shri Uttam Chand Adlakha | | 75.00 |
| Equity contribution made | Subsidiary | Shubham Sugars Ltd. | | 37.23 |
| | Associate | Uttam Distilleris Ltd. | | 2.00 |
| Guarantee Recd. | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 10870 | 2475.00 |
| Share Application money Recd. | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 105 | 400.00 |
| | Enterprises significantly influenced by KMP or RKMP | Lipi Boilers Ltd. | 150.05 | |
| | Enterprises significantly influenced by KMP or RKMP | New Castle Finance & Leasing (P) Ltd. | 238 | |
| | KMP | Shri Raj Kumar Adlakha | 79.95 | 25.00 |
| | KMP & Relatives | Smt. Sunna Adlakha | 29.93 | |
| Share Application Money Refund | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 400 | |
| Security Deposits Given / (Refund) | Enterprises significantly influenced by KMP or RKMP | The Standard Type Foundry (P) Ltd. | (13.79) | 18.03 |

UTTAM SUGAR MILLS LIMITED

| Particulars | Nature of Relationship | Name of the party | Financial year ended | |
|---|---|------------------------------------|---------------------------|---------------------------|
| | | | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) |
| Advance Given | Associate | Uttam Distilleris Ltd. | 20.2 | 48.60 |
| | Enterprises significantly influenced by KMP or RKMP | Uttam Sucrotech Ltd. | 80.37 | |
| | Enterprises significantly influenced by KMP or RKMP | Lipi Boilers Ltd. | 645.55 | |
| Investment | | | | |
| Sale of investment | KMP | Shri Raj Kumar Adlakha | 18.62 | |
| | KMP | Shr Ranjan Adlakha | 18.6 | |
| Expenses | | | | |
| Lease Rent of vehicles | Enterprises significantly influenced by KMP or RKMP | The Standard Type Foundry (P) Ltd. | 35.58 | 17.60 |
| Interest | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 30 | 24.00 |
| Remuneration & Perquisites | KMP | Shri Raj Kumar Adlakha | 187.17 | 25.18 |
| | KMP | Shri. U.R.K.Rao | 9.72 | 10.29 |
| Outstanding Balances | | | | |
| Share Application Money (Pending Allotment) | KMP & Relatives | Shri Raj Kumar Adlakha | 79.95 | 25.00 |
| | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | | 400.00 |
| | KMP & Relatives | Smt. Sunna Adlakha | 29.93 | |
| Receivables | Associate | Uttam Distilleris Ltd. | 68.8 | 48.60 |
| | Enterprises significantly influenced by KMP or RKMP | Uttam Sucrotech Ltd. | 80.37 | 95.34 |
| | Enterprises significantly influenced by KMP or RKMP | Lipi Boilers Ltd. | 645.55 | 155.34 |
| | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | | 65.11 |
| Payables | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 281.39 | |
| | Enterprises significantly influenced by KMP or RKMP | The Standard Type Foundry (P) Ltd. | 41.94 | 3.93 |
| | KMP | Shri. U.R.K.Rao | | 0.76 |
| Guarantee Received | Enterprises significantly influenced by KMP or RKMP | Uttam Industrial Engg. Ltd. | 21995 | 11125.00 |
| Security Deposits | Enterprises significantly influenced by KMP or RKMP | The Standard Type Foundry (P) Ltd. | 19.81 | 33.60 |

Note:

The above disclosures are required to be made as per the Accounting Standard Interpretation (ASI) - 13 issued by the ICAI. Since ASI -13 was not effective upto the year ended 30.09.03, the audited financial statements do not contain these disclosures. Accordingly, the disclosure as prescribed by ASI - 13 have been made prospectively from the year ended 30.09.04.

Annexure - XVIII
Principal terms of secured loans and assets charged as securities as at 30.09.05.

| Secured Loans | Nature of loan | Loan outstanding as on 30.09.05 (Rs. in lacs) | Loan availed/ Sanctioned (Rs. in lacs) | Rate Of Interest (%) | Repayment Schedule | | |
|--|----------------|---|--|------------------------------|--------------------------------------|--|------------------------|
| | | | | | No. of Instal. | Commencing from | Security Offered |
| A) Term Loans | | | | | | | |
| Industrial Development Bank Of India (IDBI) | Term Loan | 2354.3 | 794.3 860 2400 | 10.25 9.5 10 | 24 EQI 20QI 24 EQI | 01.03.02 01.10.05 01.01.07 | (Refer Note (1) below) |
| | | 2354.30 | 4054.3 | | | | |
| Indian Overseas Bank | Term Loan | 1615.42 | 1000 300 150 1000 | 10.75 10.75 10.75 9 | 24 EQI 20 EQI 24 EQI 24 EQI | 01.04.02 01.09.02 01.09.03 01.01.07 | (Refer Note (1) below) |
| | | 1615.42 | 2450 | | | | |
| Punjab National Bank | Term Loan | 2370.00 | 600 300 300 1800 | 11.25 11.25 11.25 9 | 24 EQI 24 EQI 24 EQI 24 EQI | 01.03.02 Sept.02 Sept.03 01.01.07 | (Refer Note (1) below) |
| | | 2370.00 | 3000 | | | | |
| State Bank of India | Term Loan | 3970.00 | 890 600 1000 1600 | 10.75 10.75 9.5 9 | 20 EQI 20 EQI 14 QI 24 EQI | 30.10.05 24.09.04 19.09.04 01.01.07 | (Refer Note (1) below) |
| | | 3970.00 | 4090 | | | | |
| Govt. of India, Sugar Development Fund (SDF) | Term Loan | 1664.56 | 1664.56 | 4 | 5 Annual instalments | 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 (3) below) |
| Interest Accrued and Due on above | | 8.60 | | | | | |
| Total A | | 11982.88 | | | | | |

UTTAM SUGAR MILLS LIMITED

| Secured Loans | Nature of loan | Loan outstanding as on 30.09.05 (Rs. in lacs) | Loan availed/ Sanctioned (Rs. in lacs) | Rate Of Interest (%) | Repayment Schedule | | |
|---------------------------------------|----------------|---|--|----------------------|--|-----------------|------------------------|
| | | | | | No. of Instal. | Commencing from | Security Offered |
| Vehicle loans | | | | | | | |
| ICICI Bank Ltd. | Car laon | 16.56 | | | Repayable within one year Rs.5.81 lacs. | | (Refer Note (4) below) |
| Kotak Mahindra Premius Ltd. | Car laon | 0.87 | | | Year Rs.5.81 lacs. | | (4) below) |
| Total B | | 17.43 | | | | | |
| B) Working Capital Facilities: | | | | | | | (Refer Note (2) below) |
| Punjab National Bank | Working Cap. | 844.51 | 3570 | 10.75 | | | |
| Indian Overseas Bank | Working Cap. | 701.68 | 1860 | 10.25 | | | |
| State Bank of India | Working Cap. | 254.85 | 1000 | 10.25 | | | |
| Total C | | 1801.04 | | | | | |
| Total A + B+C | | 13801.35 | | | | | |

Security Offered

- (1) Term Loans from Financial Institution and Banks are secured/to be secured on first pari passu charge by way of joint equitable mortgage on Company's immovable properties and third charge by way of hypothecation of movable properties on pari passu basis and subject to prior charge created/to be created on the current assets in favour of Banks to secure the working capital requirements.
- (2) Cash Credit (including Foreign currency loan) from Banks are secured by first pari passu charge by hypothecation/pledge of stocks of raw materials, sugar, molasses, chemicals, stores, spares and other movable assets and third pari passu charge on immovable assets of the Company's unit situated at Libberheri, Tehsil Roorkee, Dist . Hardwar,Uttranchal both present and future.
- (3) Term Loan from Govt. of India,Sugar Development Fund through Industrial Finance Corporation of India Ltd. is secured by an exclusive second charge on movable assets (except book debts) and second charge on the company's immovable properties situated at village Libberheri, Tehsil Roorkee, Dist.Hardwar,Uttranchal.
- (4) Car loans from banks and other are secured by way of hypothecation of cars.

Principal terms of Unsecured loans

| Unsecured Loans | Nature of loan | Loan outstanding as on 30.09.05 (Rs. in lacs) | Rate of Interest | Repayment Schedule | |
|--|----------------|---|------------------|--------------------|---|
| | | | | No. of Instal. | Commencing from |
| From Body Corporate (a promoter group company) | ICD | 250.00 | 12.00% | | After repayment of Term Loans of FI's/Banks |
| Soft Loan from Uttaranchal State Government | Soft Loan | 657.00 | 4.00% | 12 EQI | 3 years after 3.1.05 |
| Total | | 907.00 | | | |

Annexure - XIX
CASH FLOW STATEMENT AS RESTATED

(Rs. In lacs)

| | Year ended 30.09.2005 | Year ended 30.09.2004 | Year ended 30.09.2003 | Year ended 30.09.2002 | Year ended 31.03.2001 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| A. Cash flow from Operating Activities | | | | | |
| Net Profit before Tax and Extra Ordinary items | 3,627.40 | 1,321.15 | 412.36 | (2.92) | (153.45) |
| Adjustments for: | | | | | |
| Depreciation | 532.91 | 315.51 | 277.90 | 364.66 | 51.96 |
| Interest and financial charges | 1,196.37 | 790.69 | 845.67 | 609.55 | 106.74 |
| Loss on sale/damage of assets (net) | 24.16 | 2.01 | 0.49 | | |
| Miscellaneous Expenditure written off | 1.37 | 3.52 | 5.66 | 8.24 | 0.60 |
| Interest earned | (2.25) | - | - | (0.72) | (0.06) |
| Operating Profit before Working Capital changes | 5,379.96 | 2,432.88 | 1,542.08 | 978.81 | 5.79 |
| Adjustments for: | | | | | |
| Trade & Other Receivables | (724.67) | 101.73 | (219.58) | 36.98 | (128.84) |
| Inventories | 2,435.07 | (124.24) | (326.88) | (522.40) | (2,140.19) |
| Trade Payables | (610.50) | (144.53) | 1,428.75 | (375.43) | 862.45 |
| Cash generated from operations | 6,479.86 | 2,265.84 | 2,424.37 | 117.96 | (1,400.79) |
| Direct taxes (paid)/refund | (94.09) | (2.66) | 2.18 | (13.47) | (0.17) |
| Cane Price Difference for Season 2002-03 | - | 0.00 | (606.20) | - | - |
| Misc. Expenses | - | (1.30) | - | (1.26) | (18.92) |
| Net Cash flow from Operating Activities | 6,385.77 | 2,261.88 | 1,820.35 | 103.23 | (1,419.88) |
| B. Cash Flow Investing Activities | | | | | |
| Purchase of Fixed Assets | (10,477.20) | (3,037.78) | (985.47) | (1,028.38) | (4,074.08) |
| Sale of Fixed Assets | 24.72 | 12.75 | 4.50 | - | - |
| Investments sold | 37.23 | (39.23) | - | - | - |
| Interest Received | 0.87 | - | - | 0.62 | 8.90 |
| Net Cash used in Investing Activities | (10,414.38) | (3,064.26) | (980.97) | (1,027.76) | (4,065.18) |
| C. Cash Flow Financing Activities | | | | | |
| Proceeds from issue of Shares | 386.19 | 129.30 | - | 430.69 | 937.00 |
| Share Premium realised | 193.10 | 64.65 | - | 215.35 | 468.50 |
| Share Application money | (286.76) | 231.00 | 192.00 | (652.95) | (303.05) |
| Interest paid | (1,083.40) | (780.95) | (897.54) | (627.97) | (17.22) |
| Proceeds from Borrowings | 8,967.34 | 2,380.60 | 420.00 | 1,881.74 | 4,306.53 |
| Repayments of Borrowings | (1,763.31) | (657.21) | (544.21) | (293.27) | - |
| Net Cash flow from Financing Activities | 6,413.16 | 1,367.39 | (829.75) | 953.59 | 5,391.76 |
| Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C) | 2,384.55 | 565.01 | 9.63 | 29.06 | (93.30) |
| Cash and Cash Equivalents at beginning of the year | 667.74 | 102.73 | 93.10 | 64.04 | 157.34 |
| Cash and Cash Equivalents at the end of the year | 3,052.29 | 667.74 | 102.73 | 93.10 | 64.04 |

Notes:

1. Cash and Cash Equivalents represent Cash and Bank Balances.
2. Previous year figures have been regrouped / rearranged wherever consider necessary.

UTTAM SUGAR MILLS LIMITED

GROUP COMPANIES

The following are the brief details of our group companies:

1. The Standard Type Foundry Pvt. Ltd.

Date of Incorporation: March 18, 1957

Registered Office: 25, Strand Road, 7th Floor, Room No. 758, Marshall House, Kolkata

Principle Activity: Manufacturing of machinery and machinery parts through foundries and Dealership of Toyota Vehicles

Board of Directors: Mr. Rajan Adlakha, Mr. Ranjan Adlakha, Ms. Amita Adlakha, Mr. Ajay Kr. Arora

Shareholding pattern of the company

i) Shareholding of Equity Shares as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|----------------------------------|-----------------|-------------------|
| Adharshila Capital Services Ltd. | 53,000 | 42.40 |
| Rajan Adlakha | 43,333 | 34.67 |
| Ranjan Adlakha | 27,827 | 22.26 |
| Raj Kumar Adlakha | 840 | 0.67 |
| Total | 1,25,000 | 100 |

ii) Shareholding of Preference Shares as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|-------------------------------------|---------------|-------------------|
| Mr. Ranjan Adlakha | 15,000 | 65.22 |
| M/s. Sindwave Finance Services Ltd. | 4,000 | 17.39 |
| Navyug Fin-Sec Pvt. Ltd. | 4,000 | 17.39 |
| Total | 23,000 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|---------|---------|----------|
| Equity Capital | 72.00 | 125.00 | 125.00 |
| Preference Share Capital | — | 23.00 | 23.00 |
| Reserves & Surplus | (0.10) | 15.40 | 7.69 |
| Sales and Other Income | 5191.02 | 9366.13 | 12082.27 |
| Profit/(Loss) after Tax (PAT) | (9.41) | 17.80 | 7.17 |
| Book value per Share (Face Value Rs. 100/-) | 99.86 | 112.32 | 106.15 |
| Earning per Share (Rs.) | (13.07) | 14.24 | 5.73 |

The Equity Shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

2. Uttam Distilleries Ltd.

Date of Incorporation: August 16, 2004

Registered Office: 7 C, 1st Floor, 'J' block Shopping Center, Saket, New Delhi

Principle Activity: Distillery, brewery, Manufacture of wines, alcohols, sprits and allied products

Board of Directors: Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha, Ranjan Adlakha and Mr. U. R. K Rao



Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|-----------------------------|----------------------|--------------------------|
| Uttam Sugar Mills Ltd. | 20,000 | 40.00 |
| Raj Kumar Adlakha | 5,000 | 10.00 |
| Ranjan Adlakha | 5,000 | 10.00 |
| Uttam Industrial Engg. Ltd. | 5,000 | 10.00 |
| Uttam Sucrotech Ltd. | 5,000 | 10.00 |
| Shomna Adlakha | 5,000 | 10.00 |
| Rajan Adlakha | 5,000 | 10.00 |
| Total | 50,000 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2005 |
|---|-------------|
| Equity Capital | 5.00 |
| Reserves & Surplus | — |
| Sales and Other Income | — |
| Profit/(Loss) after Tax (PAT) | — |
| Book value per Share (Face Value Rs.10/-) | — |
| Earning per Share (Rs.) | — |

Note:

As on date of filing this Prospectus, the company is still under the process of implementing its project and has not carried any business activity during the financial year 2005.

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

3. Lipi Consultants Pvt. Ltd.

Date of Incorporation: August 07, 1981

Registered Office: Mahindra Chambers, May Fair "A", 4, Dhole Patil Road, Pune

Principle Activity: Industrial Consultancy & Erection Contracts

Board of Directors: Mr. Raj Kumar Adlakha, Mrs. Amita Adlakha

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|----------------------------|----------------------|--------------------------|
| Raj Kumar Adlakha | 800 | 80.00 |
| Amita Adlakha | 200 | 20.00 |
| Total | 1,000 | 100.00 |

UTTAM SUGAR MILLS LIMITED

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|--|---------|---------|---------|
| Equity Capital | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus | 21.15 | 20.78 | 22.60 |
| Sales and Other Income | 21.93 | 19.00 | 63.18 |
| Profit/(Loss) after Tax (PAT) | 2.12 | (0.34) | 1.93 |
| Book value per Share (Face Value Rs.100/-) | 2215.00 | 2178.00 | 2360.00 |
| Earning per Share (Rs.) | 212.00 | (34.00) | 193.00 |

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

4. Uttam Car Wash Pvt. Ltd.

Date of Incorporation: September 08, 1988

Registered Office: 7-C, First Floor, J – Block Shopping Centre, Saket, New Delhi

Principle Activity: Automatic Car Washing Services

Board of Directors: Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha and Mrs. Shomna Adlakha

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|---------------------|---------------|-------------------|
| Ranjan Adlakha | 25,250 | 96.01 |
| Raj Kumar Adlakha | 1,050 | 3.99 |
| Total | 26,300 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in Lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|--|---------|--------|--------|
| Equity Capital | 1.30 | 1.30 | 26.30 |
| Reserves & Surplus | 13.86 | 9.11 | 9.29 |
| Sales and Other Income | 8.37 | 9.19 | 6.81 |
| Profit/(Loss) after Tax (PAT) | 0.86 | 0.29 | 0.07 |
| Book value per Share (Face Value Rs.100/-) | 1166.23 | 800.77 | 135.32 |
| Earning per Share (Rs.) | 65.99 | 21.93 | 0.26 |

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

5. Uttam Tubes Pvt. Ltd.

Date of Incorporation: March 11, 1988

Registered Office: 7-C, 1st Floor, J Block Shopping Centre, Saket, New Delhi

Principle Activity: Manufacturing of metallic pipes, strips and tubes

Board of Directors: Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha and Mr. R. K. Khanna



Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|---------------------|---------------|-------------------|
| Raj Kumar Adlakha | 1,790 | 69.79 |
| Ranjan Adlakha | 490 | 19.10 |
| Rajan Adlakha | 150 | 5.85 |
| U. C. & Sons | 135 | 5.26 |
| Total | 2,565 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|--|--------|--------|--------|
| Equity Capital | 2.57 | 2.57 | 2.57 |
| Reserves & Surplus | 17.64 | 16.74 | 16.67 |
| Sales and Other Income | — | — | — |
| Profit / (Loss) after Tax (PAT) | (0.25) | (0.12) | (0.08) |
| Book Value per share (Face Value Rs.100/-) | 787.56 | 752.81 | 749.67 |
| Earning per Share (Rs.) | (9.73) | (4.71) | (3.14) |

Note:

For the financial year 2003-04, 2004-05, the company has not carried any manufacturing, trading or other business activities.

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

6. Uttam Properties Pvt. Ltd.

The company was originally incorporated as 'Uttam Properties Ltd.' on November 6, 1985. Subsequently, the name was changed to 'Uttam Properties Pvt. Ltd.' on June 05, 1992.

Registered Office: B-231/D, 2nd Floor, Greater Kailash-I, New Delhi

Principle Activity: Construction related and Real Estate Development

Board of Directors: Mr. Raj Kumar Adlakha, Mr. Ranjan Adlakha

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|-----------------------------|-----------------|-------------------|
| Uttam Industrial Engg. Ltd. | 2,50,000 | 52.88 |
| G. M. Colonisers Pvt. Ltd. | 1,75,000 | 37.02 |
| Raj Kumar Adlakha | 16,710 | 3.53 |
| Smt. Amita Adlakha | 10,010 | 2.12 |
| Kumari Shanta | 7,000 | 1.48 |
| Smt. Raj Rani | 6,000 | 1.27 |
| Dr. E. Partha Sarthi | 6,000 | 1.27 |
| Ranjan Adlakha | 2,020 | 0.43 |
| Smt. Ranjana Chopra | 10 | 0.00 |
| Sohan Lal Arora | 10 | 0.00 |
| Uttam Chand Adlakha | 10 | 0.00 |
| Total | 4,72,770 | 100.00 |

UTTAM SUGAR MILLS LIMITED

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|---------|--------|--------|
| Equity Capital | 22.28 | 47.28 | 47.28 |
| Reserves & Surplus | (10.15) | (9.80) | (9.58) |
| Sales and Other Income | 2.43 | 2.60 | 2.28 |
| Profit/(Loss) after Tax (PAT) | 0.05 | 0.35 | 0.21 |
| Book value per Share (Face Value Rs.10/-) | 5.44 | 7.93 | 7.97 |
| Earning per Share (Rs.) | 0.02 | 0.07 | 0.05 |

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

7. Shree Uttam Colonisers Pvt. Ltd.

The company was originally incorporated as 'Shri Uttam Investments Pvt. Ltd.' on November 29, 1985. Subsequently, the name was changed to 'Shree Uttam Colonisers Pvt. Ltd.' on October 06, 2005.

Registered Office: 7-C, 1st Floor, J-Block Shopping Centre, Saket, New Delhi

Principle Activity: Real Estates (Previously in Financial Services)

Board of Directors: Mr. Raj Kumar Adlakha and Mr. R. K. Khanna

Shareholding pattern of the company as on December 31, 2005

| Name Of Shareholder | No. Of Shares | % of Shareholding |
|---------------------|---------------|-------------------|
| Raj Kumar Adlakha | 3,050 | 80.26 |
| Amita Adlakha | 690 | 18.16 |
| Uttam Chand Adlakha | 50 | 1.32 |
| R. K. & Sons (HUF) | 10 | 0.26 |
| Total | 3,800 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|--|----------|----------|----------|
| Equity Capital | 3.80 | 3.80 | 3.80 |
| Reserves & Surplus | (9.81) | (9.73) | (9.80) |
| Sales and Other Income | 0.02 | 0.14 | — |
| Profit/(Loss) after Tax (PAT) | (0.07) | 0.08 | (0.08) |
| Book value per Share (Face Value Rs.100/-) | (158.09) | (155.97) | (157.96) |
| Earning per Share (Rs.) | (1.75) | (2.12) | (1.99) |

Note:

- The company was incorporated with the object to carry investment business in the field of shares, debentures, and bonds, etc. but the company could not commence the same. Now it decided to change its business line to Real Estate Developers, Agents, Sale and Purchase of properties etc.
- Consequent to the change in the Object Clause of the company, an application has been made to RoC for change of name of the company from Shri Uttam Investment Pvt. Ltd. to Shree Uttam Colonisers Pvt. Ltd. The approval of shareholders of the company has already been obtained in the Extra Ordinary General Meeting held on August 22, 2005.



3. During the Financial Year 2003-04 and 2004-05, the company has not carried on any business activities.

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

8. Uttam Sucrotech International Pvt. Ltd.

Date of Incorporation: April 21, 2005

Registered Office: B – 231 – D, 2nd Floor, Greater Kailash – I, New Delhi – 110 048

Principle Activity: Import, Export and dealing in all kind of Plant, Machinery and Equipments

Board of Directors: Mr. Rajan Adlakha and Mrs. Sonia Adlakha

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|---------------------|---------------|-------------------|
| Mr. Rajan Adlakha | 5,000 | 50.00 |
| Mrs. Sonia Adlakha | 5,000 | 50.00 |
| Total | 10,000 | 100.00 |

Note:

As the company was incorporated on April 21, 2005, no financial data is available.

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

9. Shubham Sugars Ltd.

Date of Incorporation: July 20, 1994

Registered Office: A-11, Meerut Industrial Area, Ghaziabad - 201 003

Principle Activity: Deal in Sugar and related by-products

Board of Directors: Mr. Raj Kumar Adlakha, Mr. Ranjan Adlakha and Mrs. Shomna Adlakha

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|---------------------|-----------------|-------------------|
| Raj Kumar Adlakha | 1,86,210 | 50.02 |
| Ranjan Adlakha | 1,86,010 | 49.96 |
| Shomna Adlakha | 40 | 0.01 |
| G. Ramarathnam | 10 | 0.00 |
| H.N. Tyagi | 10 | 0.00 |
| Rajesh Garg | 10 | 0.00 |
| Abhishek Anand | 10 | 0.00 |
| Total | 3,72,300 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|-------|--------|--------|
| Equity Capital | 37.23 | 37.23 | 37.23 |
| Reserves & Surplus | 39.68 | 36.54 | 35.43 |
| Sales and Other Income | 4.54 | 1.20 | — |
| Profit/(Loss) after Tax (PAT) | 3.63 | (3.19) | (1.16) |
| Book value per Share (Face Value Rs.10/-) | 20.66 | 19.82 | 19.52 |
| Earning per Share (Rs.) | 0.98 | (0.86) | (0.31) |

Note: Shubham Sugars Ltd. was a subsidiary of of our Company. However, w.e.f. September 15, 2005, Shubham Sugars Limited has ceased to be a subsidiary of our Company. The promoters are in the process of finalizing the business plans for the company.

UTTAM SUGAR MILLS LIMITED

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

10. Telma Trading Pvt. Ltd.

Date of Incorporation: March 24, 2000

Registered Office: Mahindra Chambers May Fair 'A', 4, Dhole Patil Road, Pune

Principle Activity: Traders, distributors, hire purchaser dealer, stockist of the Goods

Board of Directors: Mr. Raj Kumar Adlakha, Mrs. Amita Adlakha

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|----------------------------------|------------------|-------------------|
| Lipi Boilers Ltd. | 24,99,800 | 83.61 |
| G.M. Colonisers Pvt. Ltd. | 1,80,000 | 6.02 |
| Navyug Finsec Pvt. Ltd. | 90,000 | 3.01 |
| Adharshila Capital Services Ltd. | 80,000 | 2.68 |
| Adonis Stocks & Shares Pvt. Ltd. | 70,000 | 2.34 |
| D.B. India Securities Ltd. | 70,000 | 2.34 |
| Raj Kumar Adlakha | 100 | 0.00 |
| Amita Adlakha | 100 | 0.00 |
| Total | 29,90,000 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|--------|--------|--------|
| Equity Capital | 1.00 | 1.00 | 299.00 |
| Reserves & Surplus | (0.74) | (0.88) | (4.15) |
| Sales and Other Income | 0.00 | 0.00 | 0.00 |
| Profit/(Loss) after Tax (PAT) | (0.42) | (0.15) | (0.78) |
| Book value per Share (Face Value Rs.10/-) | 2.58 | 1.12 | 9.86 |
| Earning per Share (Rs.) | (4.23) | (1.48) | (0.03) |

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

11. Mansingh Group Hotels & Resorts Ltd.

Date of Incorporation: January 19, 1990

Registered Office: 8C, Pocket-B, J-Block Shopping Centre, Saket, New Delhi.

Principle Activity: Hotel & Resorts Services

Board of Directors: Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha and Mr. Ranjan Adlakha



Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of Shares | % of Shareholding |
|----------------------------|----------------------|--------------------------|
| Raj Kumar Adlakha | 4,67,540 | 77.28 |
| R.K. & Sons (HUF) | 45,500 | 7.52 |
| Lipi Consultants Pvt. Ltd. | 45,000 | 7.44 |
| Kim Adlakha | 28,900 | 4.78 |
| Amita Adlakha | 18,000 | 2.98 |
| Ranjan Adlakha | 10 | 0.00 |
| Rajan Adlakha | 10 | 0.00 |
| Sonia Adlakha | 10 | 0.00 |
| Total | 6,04,970 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|-------------|-------------|-------------|
| Equity Capital | 60.50 | 60.50 | 60.50 |
| Reserves & Surplus | (0.86) | (0.86) | (0.86) |
| Sales and Other Income | — | — | — |
| Profit/(Loss) after Tax (PAT) | — | — | — |
| Book value per Share (Face Value Rs.10/-) | 9.86 | 9.86 | 9.86 |
| Earning per Share (Rs.) | — | — | — |

Note: The Company is still in the process of implementing its projects.

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

12. Adharshila Capital Services Ltd.

The company was originally incorporated as 'Adharshila Capital Services Pvt. Ltd.' on December 08, 1993. Subsequently, the name was changed to 'Adharshila Capital Services Ltd.' on February 13, 1995.

The company is a NBFC company registered with the Reserve Bank of India vide Registration No. 14.00391 dated July 31, 2000, to carry on the business of non-banking financial institution without accepting public deposits.

Registered Office: E-24, 3rd Floor, Jawahar Park, Laxmi Nagar, Delhi-100 092.

Principle Activity: Financial Services, Investment, Leasing and Financing.

Board of Directors: Mr. R. K. Khanna, Mr. Joginder Singh, Mr. Rajendar Kumar, Mr. Harmand Tyagi.

UTTAM SUGAR MILLS LIMITED

Shareholding pattern of the company as on December 31, 2005

| Category | No. of Shares | % of shareholding |
|--|------------------|-------------------|
| A. Promoters' Holding | | |
| • Mr. Raj Kumar Adlakha | 6,60,000 | 12.00 |
| • Mrs. Amita Adlakha | 50,000 | 0.91 |
| • Mr. R. K. Adlakha (HUF) | 50,000 | 0.91 |
| • Mrs. Shomna Adlakha | 1,00,000 | 1.82 |
| • Mr. Ranjan Adlakha | 8,20,000 | 14.91 |
| • New Castle Finance & Leasing Pvt. Ltd. | 1,40,000 | 2.55 |
| • Uttam Industrial Engineering Ltd. | 50,000 | 0.91 |
| • Uttam Sucrotech Ltd. | 1,50,000 | 2.73 |
| Sub Total (A) | 20,20,000 | 36.73 |
| B. Non-Promoters' Holding | | |
| - Private Corporate Bodies | 20,35,500 | 37.01 |
| - Indian Public | 14,44,500 | 26.26 |
| Sub Total (B) | 34,80,000 | 63.27 |
| Grand Total (A+B) | 55,00,000 | 100.00 |

The equity shares of the company are listed on the Delhi Stock Exchange Association Limited and the same are in the compulsory list of trading in dematerialization w.e.f. January 02, 2002. As on date of filing of this Prospectus, there was no transaction of equity shares of the company on Delhi Stock Exchange for the last three years.

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in Lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|---------|---------|---------|
| Equity Capital | 550 | 550 | 550 |
| Reserves & Surplus | (22.67) | (21.29) | (20.17) |
| Sales and Other Income | 2.57 | 4.55 | 5.00 |
| Profit/(Loss) after Tax (PAT) | 0.24 | 0.24 | (0.02) |
| Book value per Share (Face Value Rs.10/-) | 9.59 | 9.61 | 9.63 |
| Earning per Share (Rs.) | 0.00 | 0.00 | 0.00 |

There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

13. Pariksha Fin-Invest-Lease Ltd.

The company was originally incorporated as 'Pariksha Fin-Invest-Lease Pvt. Ltd.' on February 11, 1994. Subsequently, the name was changed to 'Pariksha Fin-Invest-Lease Ltd.' on March 02, 1995.

The company is a NBFC company registered with the Reserve Bank of India vide Registration No. 14.00596 dated March 30, 2000, to carry on the business of non-banking financial institution.

Registered Office: E-24, 3rd Floor, Jawahar Park, Laxmi Nagar, Delhi – 110 092

Principle Activity: Investment, Leasing and Financing

Board of Directors: Mr. G. Ramarathnam, Mr. Anil Datta, Mr. V. K. Ghuliani, Mr. Vikas Kansal



Shareholding pattern of the company as on December 31, 2005

| Category | No. of Shares | % of shareholding |
|--|------------------|-------------------|
| A. Promoters' Holding | | |
| • Mr. Raj Kumar Adlakha | 5,55,000 | 14.80 |
| • Mrs. Amita Adlakha | 1,50,000 | 4.00 |
| • Mr. K. K. Kolhi | 13,000 | 0.35 |
| • Mr. Ranjan Adlakha | 7,20,000 | 19.20 |
| • New Castle Finance & Leasing Pvt. Ltd. | 4,60,000 | 12.27 |
| Sub Total A | 18,98,000 | 50.61 |
| B. Non-Promoters' Holding | | |
| - Private Corporate Bodies | 6,42,000 | 17.12 |
| - Indian Public | 12,10,500 | 32.28 |
| Sub Total B | 18,52,500 | 49.39 |
| Grand Total (A+B) | 37,50,500 | 100.00 |

The equity shares of the company are listed on the Delhi Stock Exchange Association Limited and the same are in the compulsory list of trading in dematerialization w.e.f. January 02, 2002. As on date of filing of this Prospectus, there was no transaction of equity shares of the company on Delhi Stock Exchange for the last three years.

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|--------|--------|--------|
| Equity Capital | 375.05 | 375.05 | 375.05 |
| Reserves & Surplus | 7.96 | 9.74 | 10.81 |
| Sales and Other Income | 3.05 | 3.58 | 3.06 |
| Profit/(Loss) after Tax (PAT) | 0.17 | 0.84 | 0.22 |
| Book value per Share (Face Value Rs.10/-) | 10.21 | 10.26 | 10.29 |
| Earning per Share (Rs.) | 0.01 | 0.02 | 0.01 |

There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

14. New Castle Finance & Leasing Pvt. Ltd.

The company is a NBFC company registered with the Reserve Bank of India vide Registration No. B-14.01784 dated September 29, 2000, to carry on the business of non-banking financial institution without accepting public deposits.

Date of Incorporation: July 16, 1990

Registered Office: E-24, 3rd Floor, Jawahar Park, Laxmi Nagar, Delhi-110 092.

Principle Activity: Investment, Financing and Leasing

Board of Directors: Mr. Sunil Kumar Jain and Mr. Ashish Bansal

UTTAM SUGAR MILLS LIMITED

Shareholding pattern of the company as on December 31, 2005

| Name Of Shareholder | No. of shares | % of Shareholding |
|--|------------------|-------------------|
| Raj Kumar Adlakha | 11,42,300 | 24.74 |
| Adharshila Capital Services Ltd. | 4,05,000 | 8.77 |
| Amita Adlakha | 1,35,000 | 2.92 |
| Pariksha Fin-Invest-Lease Ltd. | 1,00,000 | 2.17 |
| Uttam Industrial Engg. Ltd. | 4,55,750 | 9.87 |
| Polo Leasing & Finance Pvt. Ltd. | 1,30,000 | 2.82 |
| Vishrut Marketing Pvt. Ltd. | 1,00,000 | 2.17 |
| Vasudeva Farms Pvt. Ltd. | 3,50,000 | 7.58 |
| I.D.S. Investment Pvt. Ltd. | 1,50,000 | 3.25 |
| Bhutani Builders Pvt. Ltd. | 1,50,000 | 3.25 |
| Beriwal Investment & Chit Fund P. Ltd | 2,50,000 | 5.41 |
| Giriasho Company Pvt. Ltd. | 1,00,000 | 2.17 |
| Bhutani Leasing & Finance Pvt. Ltd. | 1,50,000 | 3.25 |
| Viagra Trading Co. Pvt. Ltd. | 1,00,000 | 2.17 |
| Omni Farms Pvt. Ltd. | 1,00,000 | 2.17 |
| Central Gum & Chemicals Ltd. | 1,00,000 | 2.17 |
| Advantage Software Pvt. Ltd. | 1,00,000 | 2.17 |
| New Star Information System (India) Ltd. | 2,00,000 | 4.33 |
| Namrata Marketing Pvt. Ltd. | 50,000 | 1.08 |
| RSD Insurance Brokers Pvt. Ltd. | 2,00,000 | 4.33 |
| Auto Fuels Conversions India Ltd. | 1,50,000 | 3.25 |
| Total | 46,18,050 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. In lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|--------|--------|--------|
| Equity Capital | 223.80 | 223.80 | 223.80 |
| Reserves & Surplus | 4.90 | 5.17 | 5.38 |
| Sales and Other Income | 0.64 | 0.76 | 0.91 |
| Profit/(Loss) after Tax (PAT) | 0.12 | 0.19 | 0.16 |
| Book value per Share (Face Value Rs.10/-) | 10.22 | 10.23 | 10.24 |
| Earning per Share (Rs.) | 0.01 | 0.01 | 0.01 |

There has been an increase in the paid up equity share capital after March 31, 2005. The company has allotted 23,80,000 equity shares of Rs. 10/- each for total amount aggregating to Rs. 238.00 lacs on August 20, 2005. The existing total equity capital of the company is Rs. 416.805 lacs.

The equity shares of the Company are not listed on any stock exchange. There have been no amalgamations/takeovers during the past three years.



15. G. M. Colonisers Pvt. Ltd.

The company is a NBFC company registered with the Reserve Bank of India vide Registration No. B-14.01864 dated September 23, 2000 to carry on the business of non-banking financial institution without accepting public deposits.

Date of Incorporation: March 12, 1993

Registered Office: E-24, 3rd Floor, Jawahar Park, Laxmi Nagar, Delhi – 110 092

Principle Activity: Real Estate Development, Investment & Finance Company

Board of Directors: Mr. S. K. Jain and Mr. G. Ramarathnam

Shareholding pattern of the company as on December 31, 2005

| Name Of Shareholder | No. of Shares | % of Shareholding |
|--|------------------|-------------------|
| Raj Kumar Adlakha | 4,73,000 | 21.40 |
| R. K. & Sons (HUF) | 2,87,000 | 12.99 |
| Adharshila Capital Services Ltd. | 1,80,000 | 8.14 |
| New Castle Finance & Leasing Pvt. Ltd. | 1,50,000 | 6.79 |
| Pariksha Fin-Invest-Lease Ltd. | 1,00,000 | 4.52 |
| Access Lease-Fin (P) Ltd. | 3,30,000 | 14.93 |
| Omni Farms Pvt. Ltd. | 1,50,000 | 6.79 |
| Viagra Trading Co. Pvt. Ltd. | 1,00,000 | 4.52 |
| Vishrut Marketing Pvt. Ltd. | 1,50,000 | 6.79 |
| Central Gum & Chemicals Ltd. | 2,00,000 | 9.05 |
| Shardha Constructions Pvt. Ltd. | 50,000 | 2.26 |
| Rajesh Kumar Aggarwal (HUF) | 20,000 | 0.90 |
| Suman Lata Goyal | 20,000 | 0.90 |
| Total | 22,10,000 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|---|--------|--------|--------|
| Equity Capital | 100.00 | 119.00 | 119.00 |
| Reserves & Surplus | (0.74) | (0.55) | (0.39) |
| Sales and Other Income | 0.25 | 0.90 | 0.63 |
| Profit/(Loss) after Tax (PAT) | 0.07 | 0.17 | 0.15 |
| Book value per Share (Face Value Rs.10/-) | 9.93 | 9.95 | 9.97 |
| Earning per Share (Rs.) | 0.01 | 0.01 | 0.01 |

There has been an increase in the paid up equity share capital after March 31, 2005. The company has allotted 10,20,000 equity shares of Rs. 10/- each for total amount aggregating to Rs. 102.00 lacs on August 24, 2005. The existing total equity capital of the company is Rs. 221.00 lacs.

The equity shares of the Company are not listed on any stock exchange. There have been no amalgamations/takeovers during the past three years.

16. Divine Grace Enterprises Pvt. Ltd.

Date of Incorporation: September 14, 2004

Registered Office: 32, Western Avenue, Sainik Farms, New Delhi

Principle Activity: Merchandiser Trader

Board of Directors: Mr. Raj Kumar Adlakha and Mrs. Amita Adlakha

UTTAM SUGAR MILLS LIMITED

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of shares | % of shareholding |
|-----------------------|---------------|-------------------|
| Mr. Raj Kumar Adlakha | 5,000 | 50.00 |
| Mrs. Amita Adlakha | 5,000 | 50.00 |
| Total | 10,000 | 100.00 |

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. In lacs)

| Particulars as on March 31 | 2005 |
|---|------|
| Equity Capital | 1.00 |
| Reserves & Surplus | — |
| Sales and Other Income | — |
| Profit/(Loss) after Tax (PAT) | — |
| Book value per Share (Face Value Rs.10/-) | — |
| Earning per Share (Rs.) | — |

Note: The promoters are in the process of finalizing the business plans for the Company.

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

17. Idea Engineering Pvt. Ltd.

Date of Incorporation: June 09, 2005

Registered Office: 95, FIE, Patpargang Industrial Area, Delhi – 110 092

Principle Activity: Manufacture and Repairs of Sugar Machinery and parts

Board of Directors: Mr. Ranjan Adlakha and Mr. G. Ramarathnam

Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of shares | % of shareholding |
|---------------------|---------------|-------------------|
| Mr. Ranjan Adlakha | 9,000 | 90.00 |
| Mr. G. Ramarathnam | 1,000 | 10.00 |
| Total | 10,000 | 100.00 |

Note: Since the Company was incorporated on June 09, 2005, no financial data is available. The promoters of this Company are in the process of firming up the business plans.

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

18. Uttam Training Centre Pvt. Ltd.

Date of Incorporation: June 09, 2005

Registered Office: 95, FIE, Patpargang Industrial Area, Delhi – 110 092

Principle Activity: Training the Human Resources

Board of Directors: Mr. Ranjan Adlakha and Mr. G. Ramarathnam



Shareholding pattern of the company as on December 31, 2005

| Name of Shareholder | No. of shares | % of shareholding |
|---------------------|---------------|-------------------|
| Mr. Ranjan Adlakha | 9,000 | 90.00 |
| Mr. G. Ramarathnam | 1,000 | 10.00 |
| Total | 10,000 | 100.00 |

Note: Since the Company was incorporated on June 09, 2005, no financial data is available. The promoters of this Company are in the process of firming up the business plans.

The equity shares of the Company are not listed on any stock exchange. There have been no changes in the capital structure of the Company and there have been no amalgamations/takeovers during the past three years.

19. Uttam Corporation

Date of Formation: July 08, 1982

Registered Office: KD-36, Kavi Nagar, Ghaziabad

Principle Activity: Contract work of industrial machineries

Name of Partners: Mr. Rajan Adlakha, Mr. Ranjan Adlakha, Mrs. Raj Rani.

Shareholding pattern of the firm as on December 31, 2005

| Name of Shareholder | Sharing of Partnership |
|---------------------|------------------------|
| Mr. Rajan Adlakha | 40% |
| Mr. Ranjan Adlakha | 40% |
| Mrs. Raj Rani | 20% |

The brief audited financials of the firm for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|-------------------------------|-------|-------|-------|
| Partners' Capital | 10.46 | 10.44 | 10.49 |
| Reserves & Surplus | — | — | — |
| Sales and Other Income | 2.38 | 0.32 | 0.26 |
| Profit/(Loss) after Tax (PAT) | 1.56 | 0.13 | 0.12 |

20. Uttam Sucrotech International (HUF)

Date of Formation: October 15, 2002

Registered Office: B – 231 –D, 2nd Floor, Greater Kailash – I, New Delhi

Principle Activity: Exports of Sugar Machineries & Allied Products

Name of Karta: Mr. Rajan Adlakha (Karta)

The brief audited financials of the firm for the past three Financial Years are as follows:

(Rs. in lacs)

| Particulars as on March 31 | 2003 | 2004 | 2005 |
|-------------------------------|------|--------|--------|
| Capital | — | 55.59 | 60.70 |
| Sales and Other Income | — | 696.40 | 312.32 |
| Profit/(Loss) after Tax (PAT) | — | 74.33 | 0.70 |

None of our group companies have been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995.

For details on litigations and disputes pending against our group companies and defaults made, please refer to the section titled 'Outstanding Litigations' beginning from page no. 151 of this Prospectus.

UTTAM SUGAR MILLS LIMITED

DISSOCIATION

Our promoters have disassociated themselves from the following Companies:

New Perfect Machinery Pvt. Ltd.

New Perfect Machinery Pvt. Ltd. was incorporated on December 13, 1999 vide certificate of incorporation No. 55 – 102798 with the main object to manufacture, buy, sell, import, export and to deal in all kinds of machinery, spares, components relating to sugar mill machines, centrifugal machines and cement mill machines. The Company was promoted by Mr. Raj Kumar Adlakha, Mr. Ranjan Adlakha and Mr. Rajan Adlakha. The promoters have sold their shareholding in the Company as on December 16, 2002 in order to concentrate on the core business of sugar/sugar plant manufacturing.

Sekhri Finance & Investments Pvt. Ltd.

Sekhri Finance & Investments Pvt. Ltd. was originally incorporated as Isha Leasing & Investments Ltd. on May 27, 1986 vide Certificate of Incorporation No. 11-39918. Subsequently the name of the Company was changed to Sekhri Finance & Investments Ltd. on February 27, 1995. The Company also changed its name from 'Sekhri Finance & Investments Ltd.' to 'Sekhri Finance & Investments Pvt. Ltd.' on October 12, 1998. The Company was incorporated with the main object of leasing, finance, hire purchase, investment etc. The Company was acquired by Mr. Ranjan Adlakha by acquiring 4,21,810 Eq. Shares (58.36%) on March 15, 2005. Mr. Ranjan Adlakha and Mrs. Shomna Adlakha also acquired balance shares i.e. 3,01,000 Eq. Shares (41.64%) in the Company on December 30, 2005.

Mr. Ranjan Adlakha & Mrs. Shomna Adlakha have dissociated from Sekhri Finance & Investments Pvt. Ltd. on January 05, 2006 by way of gift of their shareholding of 712810 Equity Shares of Rs. 10/- each to Mrs. Ranjana Chopra, B-231-D, Greater Kailash - I, New Delhi, to concentrate on the core business of sugar/ sugar plant manufacturing.

Uttam Computer Controls Pvt. Ltd.

Uttam Computer Controls Pvt. Ltd. was incorporated under the Companies Act, 1956 with the main objects of carrying on business to manufacture, assemble, design, develop, buy, sell etc. of all kinds of control systems for automation of various industries such as micro computer based control, control panels etc. However, the company was defunct since several years. The company applied for striking off its name with the Registrar of Companies, Delhi & Haryana u/s. 560 of the Companies Act, 1956. Registrar of Companies, Delhi & Haryana has issued an order for striking off the name of the company vide its notification NO. 560/55-38205/OG2/445/9159 dated March 12, 2003.

Uttam Heavy Engineering Ltd.

Uttam Heavy Engineering Ltd. was incorporated under the Companies Act, 1956 with the main object to invent, develop, design, manufacture, fabricate, repair, buy, sell etc. plant and machinery, equipments, appliances, tools, and other accessories of all types. However, the company was defunct since several years. The company applied for striking off its name with the Registrar of Companies, U. P. & Uttaranchal u/s. 560 of the Companies Act, 1956. Registrar of Companies, U.P. & Uttaranchal has issued an order for striking off the name of the company vide its notification NO. 560(3)/LC/5715/336 dated January 23, 2003.

CONFLICT OF INTEREST

Our corporate promoters and companies promoted by our promoters cater to a diverse range of industries. However, none of them are in the same line of business as ours and hence there is no conflict of interest between us and these companies. Several of the companies belonging to the group (Lipi Boilers Limited, Uttam Industrial Engineering Limited, Uttam Sucrotech Limited and others) cater to the needs of sugar mills and thus they compliment our operations by providing the necessary plant and machinery or technical inputs.

Changes in Accounting Policies in the last three years of the Company

For the details of changes in the accounting policies in the last three years, please refer to the section titled 'Auditors' Report' beginning from page no. 94 of this Prospectus.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated financial statements for each of the fiscal years ended September 30, 2003, 2004 and 2005 including the notes thereto and the reports thereon in the section titled 'Financial Statements' beginning from page no. 94 of this Prospectus. The financial information for fiscal 2001, 2002, 2003, 2004, 2005 have been audited by our Statutory Auditors. These financial statements have been prepared in accordance with Indian GAAP, SEBI Guidelines and the Companies Act. From 2001-02 onwards our fiscal year ends on September 30 of each year, so all references to a particular fiscal year are to the twelve-month period ended September 30 of that year except the year 2001-02 which was for 18 months. Financial year 2000-01 was from January 8, 2001 to March 31, 2001. The term "revenues" or "turnover" or "sales" as used in this discussion refers to the item titled "Net Sales (net of excise duty)" in our financial statements. The data for the sugar industry is generally available for a Sugar Year, which commences on October 1 and ends on September 30 of the succeeding year, so all references to a particular Sugar Year are to the twelve-month period ended September 30 of that year. Sugar is a seasonal industry. The period in which, sugarcane is processed to produce sugar is termed the "crushing season". In North India, the crushing season typically starts in the months of October/November and extends up to April/May of the succeeding year. Therefore, references to a particular crushing season are to the period between October/November of one calendar year to the April/May of the following calendar year. The intervening period between two crushing seasons is termed "off-season".

OVERVIEW

Our company is promoted by Adlakha family, having experience in providing turnkey solutions for setting up sugar mills of over 20 years. We started our sugar manufacturing operations in January 2001 by setting up a 2500 TCD sugar plant in Village Libberheri, Tehsil Roorkee, District Haridwar, Uttaranchal. Within a span of five years, we have expanded our capacity to 6250 TCD. Our sugar mill at Libberheri in Uttaranchal is one of the few units in India producing sugar through the Defeco Remelt Phospho Floatation Process (DRP). This process ensures that the sulphur content in the sugar produced is negligible and is in line with the global standards.

We commissioned our Barkatpur facility for 3500 TCD and 10 MW of power as our first phase of expansion in December 2005. Phase II at the same location consisting of additional sugar cane crushing capacity of 3500 TCD and 10 MW of power is under implementation and proposed to be commissioned shortly. Thus, during part of the current sugar season we will have a total sugarcane crushing capacity of 13250 TCD with 36 MW of power generation capacity. We plan to further increase the capacity of sugar production and co-generation. Given below is a snapshot of our facilities including proposed expansion.

| Unit /Location | Cane Crushing capacity (TCD) | Co-generation Capacity (MW) |
|--|------------------------------|-----------------------------|
| Libberheri | 6250 | 16 |
| Barkatpur –I | 3500 | 10 |
| Barkatpur – II (Under implementation) | 3500 | 10 |
| Shermau (Proposed) | 5000 | 30 |
| Khaikheri (Proposed) | 4500 | 15 |
| Total capacity including proposed expansion | 22750 | 81 |

Our sugar production has increased from 6,03,097 qtls in eighteen months period ending September 30, 2002 to 7,68,240 qtls. in twelve months period ending September 30, 2005. Sale of sugar in the same increased from 5,63,805 qtls to 9,89,873 qtls. Our revenue from sale of sugar net of excise has increased from Rs. 7968.91 lacs in eighteen months period ending September 30, 2002 to Rs. 18793.54 lacs in twelve months period ending September 30, 2005. Our profit after tax in the same period grew from Rs. 222.43 lacs to Rs. 2641.33 lacs.

FACTORS AFFECTING RESULTS OF OUR OPERATIONS

Revenues

Our revenue arises primarily from the sales of sugar and the sales of molasses.

UTTAM SUGAR MILLS LIMITED

Sugar

Sales of sugar

Income from sales of sugar including excise duty accounted for 91.43%, 90.93% and 92.54% of the revenue generated in fiscal 2005, 2004 and 2003 respectively.

We sell the 'free sale sugar' produced by us to a number of wholesalers and end users. We take the assistance of agents to identify these wholesalers and end users. The agents also assist in getting better realisation prices and collection of our sale proceeds. We appoint these agents based on their track record and history of association with us. These agents have links with wholesalers and end users located in various parts of the country. The agents issue a delivery order to us based on which we deliver the sugar to a representative of the wholesaler. The transportation costs of sugar from our factory are borne by the wholesaler. We raise invoices to the wholesaler and the payment is required to be made as per the sale advise given to the Agents, which normally is one day after dispatch. In the event the payment is not received from the customer within the stipulated period from the date of presentation of the invoice, then the agent who provided the concerned delivery order is required to make payments to us with a penalty as per the sale advise, which normally is Re. 1/- per quintal per day. We do not have any formal agreements with the agents in this regard. However, this arrangement is customary in the sugar industry.

Pricing of sugar

Sugar has been classified as an essential commodity under Essential Commodities Act, 1955. The pricing of a certain percentage of sugar is fixed by the Ministry of Food and Civil Supplies, Government of India for different levy price zones. This is called the 'levy price' and the sugar which is classified to be sold under the levy price is termed 'levy sugar'. The sugar which is not classified as levy sugar is termed 'free sale sugar'. The current ratio of free sale sugar to levy sugar is 90:10 i.e. 10% of sugar produced is to be sold at prices fixed by Government for different levy price zones in the country. But in our case, for the Libberheri Unit, there is an exemption up to 4.40 lac quintals of production and only 10% of production over and above 4.40 lac quintals is required to be supplied under "Levy". The Barkatpur unit which started operations in this year will have the normal "10% of production" obligation on its total production.

The price of free sale sugar is determined by market forces. The consumption of sugar in India has increased at a compounded annual growth rate of 3.63%, from 12.9 MMT in Sugar Year 1996 to 17.7 MMT in Sugar Year 2004 according to ISMA. Supply of sugar has fluctuated in the last decade peaking at 20.14 MMT in Sugar Year 2003. In Sugar Year 2004, the production of sugar fell by 32.97% to 13.50 MMT. The average price of our free sale sugar increased from Rs. 1455 per quintal in fiscal 2004 to Rs. 1760 per quintal in fiscal 2005, which is an increase of 20.94%.

Volume of sales

The sugar industry in India is highly fragmented and the pricing power of individual companies is limited. Achieving high volume of sales is critical for maintaining and increasing our revenues. We primarily sell sugar in the states of Punjab, Rajasthan, Uttar Pradesh, Haryana, Delhi, Bihar and Gujarat.

Molasses

Sales of Molasses

Sales of molasses, a by product accounted for 8.29%, 9.02% and 5.61% of the revenue including excise duty generated in fiscal 2005, 2004 and 2003 respectively.

We sell molasses to chemical companies and distilleries. The respective State Governments have mandated that all sugar mills are required to sell a certain percentage of their total molasses production for production of country liquor. This is termed as 'reserve molasses' and the remaining molasses are termed as 'free molasses'. For the period of November 1, 2004 to October 31, 2005, the percentage for reservation of molasses for country liquor production was fixed at 20% of the total production. However, the Government does not fix the price of reserve molasses.

Pricing of Molasses

The average prices of molasses sold by us were Rs. 434.45 per quintal, Rs. 287.85 per quintal and Rs. 188.93 per quintal in fiscal 2005, 2004 and 2003 respectively. The average price of molasses has increased by 50.93% in fiscal 2005 compared to fiscal 2004 and 52.36% in fiscal 2004 compared to fiscal 2003.

Expenditure

Sugarcane

The cost of sugarcane constitutes approximately 75% of the total cost of our production (including financing charges). The availability of sugarcane and its price is critical for our financial condition. In the states of Uttaranchal and Uttar Pradesh, sugarcane is procured through cooperative societies formed by sugarcane growers of a particular area falling in our reserved or assigned zone as fixed by the Cane Commissioners of respective State Government. The co-operative societies, based on their estimates of sugarcane production by their members supply us the identified quantities of sugarcane at a price determined in accordance with applicable laws. This enables us to get an estimate of the sugarcane available for crushing and plan our operations accordingly.

Sugarcane Pricing

Sugarcane price is governed by notifications of the Government of India and the respective State Government. The Government of India determines the minimum price payable to farmers, known as the Statutory Minimum Price ("SMP"). The base SMP is fixed corresponding to a recovery rate of 8.5% and an additional rate per quintal is fixed in case the average recovery achieved in the previous season is more than the base recovery of 8.5%. The SMP payable by each factory is computed based on the aforesaid parameters. The SMP for the crushing season 2004-2005 was Rs. 74.50 per quintal. In addition, a charge of Rs. 0.88 per quintal for every increase in recovery by 0.1% over the base recovery rate of 8.5%, was payable. The recovery rate of our sugar mill in the crushing season 2003-2004 was 10.50% for Libberheri unit. Hence, in the crushing season 2004-2005, the SMP for our Libberheri unit was fixed as Rs. 92.10 per quintal of Sugarcane. However, several States advice a higher cane price called the State Advised Price ("SAP") to be paid by the sugar mills. The States of Uttaranchal and Uttar Pradesh, notifies sugar mills to pay a common SAP, which has no linkages with 8.5% recovery rates. The SAP in Uttar Pradesh for crushing seasons 2004-2005, 2003-2004 and 2002-2003 were Rs. 107 per quintal, Rs. 95 per quintal and Rs. 95 per quintal respectively for the sugarcane supplied at our factory gate. In addition, the premium payable over SAP for early maturing varieties is currently Rs. 5 per quintal. In the event sugarcane is supplied at our collection centers, we are entitled to and deduct Rs. 5.75 per quintal as rebate on account of transportation.

In the crushing season 2004-2005, many sugar mills in Uttaranchal and western Uttar Pradesh, including us, paid incentives to the sugarcane farmers in addition to the SAP in the later part of the season to effectively compete with the diversion of sugarcane to the manufacturers of alternate sweeteners, as they were paying higher prices than the SAP.

The Cane prices for the last five years are given below -

| Particulars | (Rs. per Quintal) | | | | |
|-----------------|-------------------|--------|--------|--------|--------|
| | 2001 | 2002 | 2003 | 2004 | 2005 |
| SAP | | | | | |
| General | 90.00 | 95.00 | 95.00 | 95.00 | 107.00 |
| Early | 95.00 | 100.00 | 100.00 | 100.00 | 112.00 |
| SMP | 59.50 | 62.05 | 69.50 | 73.00 | 74.50 |
| Our actual cost | 95.24 | 100.54 | 97.21 | 103.14 | 128.27 |

Note: SMP is for base recovery of 8.5%, the actual price is determined based on our recovery in the previous year.

Interest on working capital finance

Our operations are working capital intensive. The entire sugar production takes place in the crushing season which has a duration of around 160 to 170 days and the sales take place throughout the year. Sale of sugar is controlled by the Directorate of Sugar, Ministry of Consumer Affairs, Food and Public Distribution Department of Government of India. Further, we are required to pay sugarcane price within the statutory time limits. Hence, considerable working capital finance is required to fund the inventories and the interest component of the working capital finance is dependent on the average period of inventory holding. If there are surplus stocks in the country, the liquidation of inventory takes longer and average holding of inventory increases and thus, the interest on working capital finance is high. We use cash credit limits both in Rupee and foreign currency loans to meet our working capital requirements, which helps us to reduce our overall interest costs.

UTTAM SUGAR MILLS LIMITED

Seasonality

Sugar is a seasonal industry. The crushing season generally starts in October/November and lasts till April/May. The sugar produced during the fiscal and held as inventories at the end of the year, are valued at the cost of production or market value, whichever is lower. The profit or loss on such inventories is realized in the fiscal in which these inventories are liquidated. Thus, the effect of increase in costs in any fiscal to the extent attributable to such inventories, will impact the profitability in the subsequent fiscal in which such inventories are liquidated.

Power-generation

The electricity produced by the co-generation power plant at Libberheri, less the consumption for sugar manufacturing is provided to our furnace facility. Due to just concluded expansion project and initial stabilization problems, the surplus power could not be generated at our Libberheri unit. At our Barkatpur unit, we have applied for the power purchase agreement with U.P. State Electricity Board.

Other Factors Affecting Results of our Operations

Salaries, Wages and Benefits

These include salaries and wages, bonuses, allowances, benefits, welfare expenses, contribution to Provident Funds and others. The terms of employment and the remuneration payable to most of our employees are decided by the management. Where as, the remuneration of Managing Director and Executive Directors are decided by our Remuneration Committee. Our expenses towards Salaries, Wages and Benefits were approximately 4.06% of our total expenditures in fiscal 2005.

Administration Expenses

Administration Expenses consists primarily of repair and maintenance of buildings, rents, security, insurance, fees, and expenses for travel and communication and commission on sales. These were approximately 2.87% of our total expenditure in fiscal 2005.

Taxes and Duties

Our Libberheri unit being in Uttaranchal and having expanded substantially, is exempt from Excise Duty for 10 years and we also have 100% rebate for five years and 30% rebate for the next five years in Income Tax, however we have to pay Minimum Alternative Tax (MAT). However, we do not have any such exemption for our Barkatpur unit. We are also liable to pay the cess / admin charges on sugar /molasses and entry tax for our both units, which we pass on to the customers. We bear the tax on purchase of sugarcane for both the units.

Other Factors

The other factors which may affect our results in future are as following –

- Changes in general economic conditions in India and International markets
- Any delay or cost overrun or time overrun or our inability to successfully implement the proposed projects
- Any change in our ability to continuously operate and maintain our optimal facilities
- Any change in our ability to continue obtaining of sugarcane at competitive rates for required quantity
- Any changes in Interest Rates
- Any change in government policies, which affect our business adversely

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our Financial and Operational data for the financial information with common size statement in percentage for the fiscal 2002, 2003, 2004 and 2005 -

| Financial Year ended | 30.09.2005 | | 30.09.2004 | | 30.09.2003 | |
|--|-----------------|---------------|----------------|---------------|-----------------|---------------|
| Period | (12 Months) | | (12 Months) | | (12 Months) | |
| | (Rs. In lacs) | % | (Rs. In lacs) | % | (Rs. In lacs) | % |
| Income | | | | | | |
| Sales: | | | | | | |
| Of Products manufactured by the Company | 19056.15 | 115.16 | 10550.51 | 106.99 | 9030.32 | 107.93 |
| Less: Excise Duty | 262.61 | 1.59 | 766.28 | 7.77 | 731.04 | 8.74 |
| Net Sales | 18793.54 | 113.57 | 9784.23 | 99.22 | 8299.28 | 99.19 |
| Other Income | 3.36 | 0.02 | 2.53 | 0.02 | 1.01 | 0.01 |
| Increase/(Decrease) in inventories | (2249.29) | (13.59) | 74.85 | 0.76 | 66.71 | 0.80 |
| Total Income (A) | 16547.61 | 100.00 | 9861.61 | 100.00 | 8367.00 | 100.00 |
| Expenditure | | | | | | |
| Raw material consumed | 9664.07 | 58.40 | 6499.11 | 65.90 | 6205.03 | 74.16 |
| Other Manufacturing Expenses | 632.71 | 3.82 | 464.89 | 4.71 | 384.15 | 4.59 |
| Salaries, Wages and Benefits | 525.11 | 3.17 | 318.67 | 3.23 | 245.48 | 2.93 |
| Administration and other Expenses | 371.47 | 2.24 | 221.04 | 2.24 | 193.44 | 2.31 |
| Depreciation | 532.91 | 3.22 | 315.51 | 3.20 | 277.90 | 3.32 |
| Interest & Financial Charges | 1196.37 | 7.23 | 790.69 | 8.02 | 845.67 | 10.11 |
| Total Expenditure (B) | 12922.64 | 78.09 | 8609.91 | 87.30 | 8151.67 | 97.42 |
| Profit before Tax and Extraordinary Items (A-B) | 3624.97 | 21.91 | 1251.70 | 12.70 | 215.33 | 2.58 |
| Taxation | | | | | | |
| Current Tax | 245.50 | 1.48 | 97.50 | 0.99 | 16.00 | 0.19 |
| Deferred Tax | 702.93 | 4.25 | 333.85 | 3.39 | (22.94) | (0.27) |
| Fringe Benefit Tax | 5.45 | 0.03 | | | | |
| Net Profit before Extraordinary Items | 2671.09 | 16.15 | 820.35 | 8.32 | 222.27 | 2.66 |
| Extraordinary Items (net of tax) | 0.00 | 0.00 | 606.20 | 6.15 | 0.00 | 0.00 |
| Net Profit after Extraordinary Items | 2671.09 | 16.15 | 214.15 | 2.17 | 222.27 | 2.66 |
| Income Tax for Earlier Years | 29.76 | 0.18 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Profit before adjustments | 2641.33 | 15.97 | 214.15 | 2.17 | 222.27 | 2.66 |
| Adjustments as per SEBI Guidelines | 32.00 | 0.19 | 641.03 | 6.50 | (425.17) | (5.08) |
| Net profit as per SEBI Guidelines | 2673.33 | 16.16 | 855.18 | 8.67 | (202.90) | (2.42) |

UTTAM SUGAR MILLS LIMITED

Comparison of Fiscal 2005 to Fiscal 2004

Revenues

Our total sales net of excise duty in fiscal 2005 was Rs. 18793.54 lacs as compared to Rs. 9784.23 lacs in fiscal 2004, which is an increase of 92.08%. Our total sales increased due to an increase in the sales of sugar from Rs. 9027.54 lacs in fiscal 2004 to Rs. 17204.37 lacs in fiscal 2005, which was an increase of 90.58% and an increase of 104% in sales of Molasses from Rs. 751.75 lacs in fiscal 2004 to Rs. 1,535.76 lacs in fiscal 2005. The increase of 90.58% in sales of sugar was due to increase in the quantity of sugar sold by us from 6.59 lac quintal in fiscal 2004 to 9.90 lac quintal in fiscal 2005 and an increase in the realization price (net of excise duty) of sugar from Rs. 1370 per quintal in fiscal 2004 to Rs. 1738 per quintal in fiscal 2005, which is an increase of 26.90%. In addition, there was an increase in the net realization prices of molasses from Rs. 227 per quintal in fiscal 2004 to Rs. 423 per quintal in fiscal 2005, which is an increase of 85.92%.

Expenditure

Our total expenditure before the costs of financing and depreciation, in fiscal 2005 was Rs. 11193.36 lacs as compared to Rs. 7503.71 lacs in fiscal 2004, which is an increase of 49.17%. Our total expenditure before the costs of financing and depreciation, as a percentage of total revenue were 67.64% in fiscal 2005 and 76.09% in fiscal 2004.

Materials

The total expenditure on raw materials in fiscal 2005 was Rs. 9664.07 lacs as compared to Rs. 6499.11 lacs in fiscal 2004. This was an increase of 48.70%. The increase is on account of higher crushing of 75.34 lac quintals in fiscal 2005 as against 63 lacs quintals in fiscal 2004, an increase of 19.57% and an increase of SAP by Rs. 12/- per quintal. In addition we paid incentives to farmers in the later part of the crushing season 2004-2005. The average cost of Cane for us was Rs. 128.27 per quintal in fiscal 2005 as against Rs. 103.14 per quintal in fiscal 2004. Our decision to pay incentive to farmers has benefited us in the form of higher volumes in the fiscal 2005 where the overall productions fell across the country.

Manufacturing and Operating Costs

Manufacturing costs include costs of consumables, lime, certain other chemicals, packing materials and cost of machine repairs and maintenance. Our expenditure on account of manufacturing and operating costs has increased from Rs. 464.89 lacs in fiscal 2004 to Rs. 632.71 lacs in fiscal 2005, which is an increase of 36.10%. This is primarily because of higher production in fiscal 2005 as compared to fiscal 2004.

Personnel costs

Our cost of personnel, which includes remuneration, benefits, etc to employees and the whole time Directors, has increased from Rs. 318.67 lacs in fiscal 2004 to Rs. 525.11 lacs in fiscal 2005, which is an increase of 64.78%. The increase in cost of personnel is due to increments in salaries, dearness allowance and other allowances to employees and the Directors remuneration.

Administration costs

Our cost of administration has increased from Rs. 221.04 lacs in fiscal 2004 to Rs. 371.47 lacs in fiscal 2005. This is an increase of 68.06%. This is primarily due to increased business activities in fiscal 2005 and the selling commission to the agents. Our cost of selling and distribution includes costs incurred in payment of commission to agents who distribute our sugar.

Change in inventory of finished goods and work in progress

The change in the inventory of finished goods is a function of production, sales, closing stocks and valuation rate. Our inventories have decreased by Rs. 2249.29 lacs in fiscal 2005 as compared to an increase of Rs. 74.85 lacs in fiscal 2004. This is primarily due to a substantial decrease in our sugar inventories during fiscal 2005 due to higher sales in fiscal 2005.

Earnings Before Interest, Tax, epreciation and Amortization (EBITDA)

Our EBITDA in fiscal 2005 was Rs. 5354.25 lacs as compared to Rs. 2357.90 lacs in fiscal 2004. This represents an



increase of 127.08%. This is mainly attributable to exemption received on Excise duty on our production at Libberheri unit and increase in realisation prices of sugar and molasses as well as due to higher quantities of sugar being sold.

Financing costs

Our financing cost has increased from Rs. 790.69 lacs in fiscal 2004 to Rs. 1196.37 lacs in fiscal 2005. This is an increase of 51.31%. Our financing cost mainly constitutes interest on Term loans, working capital, soft loan from SDF and unsecured, soft loan from Uttaranchal State Government and promoters. As we have expanded our capacity from 2500 TCD to 9750 TCD within a short span of 5 years, the same has resulted in increase of our external borrowing for the period. Even after reduction of interest rates in past two years and the fact that our current loans are at single digit interest rate as against 16% for the first term loan we had taken from IDBI, we ended up paying higher interest amount for the fiscal 2005 on account of the higher external borrowings.

Depreciation

Depreciation pertains to depreciation of our tangible assets being building, plant and machinery, computers and servers, office equipment, office furniture and fixtures, leasehold equipments and motor vehicles. Depreciation on assets was higher at Rs. 532.91 lacs for fiscal 2005 as against Rs. 315.51 lacs in fiscal 2004. The increase has been due to major addition of plant & machinery in our fixed assets for our expansion of capacity in fiscal 2005.

Net profit/loss before tax and non-recurring income

Our net profit before tax and non-recurring income/expenditure is Rs. 3624.97 lacs in fiscal 2005 as compared to Rs. 1251.70 lacs in fiscal 2004. This represents an increase of 189.60%. The increase is primarily due to increased in volume and prices of sugar and molasses and due to our operational efficiencies.

Current tax

Our current tax liability has increased from Rs. 97.50 lacs in fiscal 2004 to Rs. 245.50 lacs in fiscal 2005. This is primarily due to the higher profit before tax. For the fiscal 2004, we have paid income-tax as per the Minimum Alternative Tax (MAT) because of the unabsorbed depreciation carried forward from the previous years. For the fiscal 2005, due to the Income Tax rebate granted for our Libberheri Unit under 80IC of Income Tax Act, we have paid MAT.

Deferred Tax

Our Deferred Tax provision has increased from Rs. 333.85 lacs in fiscal 2004 to Rs. 702.93 lacs in fiscal 2005. This increase of 110.55 % in Deferred Tax provision is due to the increase in fixed assets after our expansion.

Non-Recurring income /expenditure

During fiscal 2005, we have paid a previous year's tax of Rs. 29.76 lacs as against an extraordinary expenditure of Rs. 606.20 lacs towards the provision of price differential for cane procured in previous years in fiscal 2004.

Net Profit after Tax

Our net profit after tax in fiscal 2005 is Rs. 2641.33 lacs as compared to Rs. 214.15 lacs in fiscal 2004, which represents an increase of 1133.40%. This is primarily due to increased volumes, better price realization of sugar and molasses, increased in operation efficiencies with lower duties and taxes.

Comparison of Fiscal 2004 to Fiscal 2003

Revenues

Our total sales net of excise duty in fiscal 2004 was Rs. 9784.23 lacs as compared to Rs. 8299.28 lacs in fiscal 2003, which is an increase of 17.89%. This increased was due to an increase in the sales of sugar from Rs. 7803.81 lacs in fiscal 2003 to Rs. 9027.54 lacs in fiscal 2004, an increase of 15.68% and an increase of 115.51% in sales of Molasses to Rs. 751.75 lacs in fiscal 2004 from Rs. 348.82 lacs in fiscal 2003. The increase in sales of sugar was mainly due to increase in the realization price (net of excise duty) of sugar from Rs. 1197 per quintal in fiscal 2003 to Rs. 1370 per quintal in fiscal 2004, which is an increase of 14.39%. In addition, there was an increase in the net realization prices of molasses from Rs. 130 per quintal in fiscal 2003 to Rs. 227 per quintal in fiscal 2004, which is an increase of 74.71%.

UTTAM SUGAR MILLS LIMITED

Expenditures

Our total expenditure before the costs of financing and depreciation, in fiscal 2004 was Rs. 7503.71 lacs as compared to Rs. 7028.10 lacs in fiscal 2003, which is an increase of 6.77%. Our total expenditure before the costs of financing and depreciation, as a percentage of total revenue were 76.09% in fiscal 2004 as against 84.00% in fiscal 2003.

Materials

The total expenditure on raw materials in fiscal 2004 was Rs. 6499.11 lacs as compared to Rs. 6205.03 lacs in fiscal 2003. This was an increase of 4.74%. This increase was despite a 10% lower crushing and a increased recovery of 10.50% as against 9.80% recovery in fiscal 2003. This is mainly on account of applicability of SAP, which had increased our average cost of Cane from Rs. 103.14 per quintal in fiscal 2004 as against Rs. 97.21 per quintal in fiscal 2003.

Manufacturing and Operating Costs

Manufacturing and operating costs include costs of consumables, lime, certain other chemicals, packing materials and cost of machine repairs and maintenance. Our expenditure on account of manufacturing and operating costs has increased from Rs. 384.15 lacs in fiscal 2003 to Rs. 464.89 lacs in fiscal 2004, an increase of 21.02%. This is due to certain extra maintenance works carried out at our Libberheri unit.

Personnel costs

Our cost of personnel, which includes remuneration, benefits, etc to employees and the whole time Directors, has increased from Rs. 245.48 lacs in fiscal 2003 to Rs. 318.67 lacs in fiscal 2004, which is an increase of 29.82%. The increase in cost of personnel is due to increments in salaries, dearness allowance and other allowances to employees and the Directors remuneration. Further, there was an increase in manpower to cope with our expansions.

Administration costs

Our cost of administration has increased from Rs. 193.44 lacs in fiscal 2003 to Rs. 221.04 lacs in fiscal 2004. This is an increase of 14.27%. This is a normal increase, resulted due to increase in business activities, general inflation, increase in commission to our selling agents.

Change in inventories of finished goods and work in progress

The change in the inventories of finished goods is a function of production, sales, closing stocks and valuation rate. Our inventories have increased by Rs. 74.85 lacs in fiscal 2004 as compared to an increase of Rs. 66.71 lacs in fiscal 2003, an increase of 12.20 %.

Earnings Before Interest,Tax, Depreciation and Amortization (EBITDA)

Our EBITDA in fiscal 2004 was Rs. 2357.90 lacs as compared to Rs. 1338.90 lacs in fiscal 2003. This represents an increase of 76.11%. This is mainly attributable to higher sale prices of Sugar and Molasses and increase in volume of molasses sale.

Financing costs

Our financing cost has decreased from Rs. 845.67 lacs in fiscal 2003 to Rs. 790.69 lacs in fiscal 2004. This is a decrease of 6.50%. This could be achieved due to softening of interest rates, even after an increase in term loan.

Depreciation

Depreciation pertains to depreciation of our tangible fixed assets being building, plant and machinery, computers and servers, office equipment, office furniture and fixtures, leasehold equipments and motor vehicles. Depreciation on fixed assets was higher at Rs. 315.51 lacs for fiscal 2004 as against Rs. 277.90 lacs in fiscal 2003. This increase of 13.53% has been due to additions of fixed assets for expansion.

Net profit/loss before tax and non-recurring income

Our net profit before tax and non-recurring income/expenditure was Rs. 1251.70 lacs in fiscal 2004 as compared to Rs. 215.33 lacs in fiscal 2003. This represents an increase of 481.29%. This increase is primarily due to increase in sale prices and an increase in sugar recovery at 10.50% in fiscal 2004.

Current tax

Our current tax liability has increased from Rs. 16.00 lacs in fiscal 2003 to Rs. 97.50 lacs in fiscal 2004. This is primarily due to the increase in profits before tax in fiscal 2004. However, these taxes are much lower than the normal corporate tax on the said profits, mainly due to high depreciation that was available / carried forward under the Income Tax Act and we paid Minimum Alternative Tax only.

Deferred Tax

Our Deferred Tax debit for fiscal 2004 was Rs. 333.85 lacs as against Deferred Tax credit of Rs. 22.94 lacs for fiscal 2003. This increased provision is in respect of higher tax depreciation on fixed assets.

Non-Recurring income /expenditure

We had provided Rs. 606.20 lacs as an additional cane price for fiscal 2002-03 in fiscal 2003-04 due to the verdict by Supreme Court validating the declaration of SAP by respective state governments.

Net Profit after Tax

Our net profit after tax in fiscal 2004 was Rs. 214.15 lacs as compared to Rs. 222.27 lacs in fiscal 2003. This is a small reduction over previous year in spite of the fact that we had provided an additional cane price of Rs. 606.20 lacs in fiscal 2004, which was related earlier year on account of Supreme Court's judgment on SAP and SMP. Excluding this fact, the fiscal 2004 was a good year for us. We got a good price realisation and better sugar recoveries in fiscal 2004.

Comparison of Fiscal 2003 to Fiscal 2002

Consequent to our management's decision to match our fiscal year with the Sugar year, we had extended our fiscal 2001-02 to 18 months to close on September 30, 2002. Hence, Fiscal 2001-02 was for a period of 18 months starting April 1, 2001 and ending September 30, 2002. Where as Fiscal 2003 was for a period of 12 months. Thus the analysis given below may not give a clear picture but an attempt is made to explain the trends.

Revenues

Our total sales net of excise duty in fiscal 2003 was Rs. 8299.28 lacs as compared to Rs. 7968.91 lacs for 18 months in fiscal 2002, which is an increase of 4.15% in 12 months over the previous 18 month net sales. This increase was due to an increase in the sales of sugar from Rs. 7571.52 lacs in fiscal 2002 to Rs. 7803.81 lacs in fiscal 2003, an increase of 3.07% and an increase of 3.86% in sales of Molasses to Rs. 348.82 lacs in fiscal 2003 from Rs. 335.87 lacs in fiscal 2002. The increase in sales of sugar was mainly due to increase in quantity sold from 5.64 lakh qtls in fiscal 2002 to 6.52 lakh qtls in fiscal 2003. Otherwise the sales would have gone down, as the realization price (net of excise duty) of free sale sugar had fallen from Rs. 1344 per quintal in fiscal 2002 to Rs. 1197 per quintal in fiscal 2003. This is a reduction of 10.94%. There was an increase in the net realization prices of molasses from Rs. 111 per quintal in fiscal 2002 to Rs. 130 per quintal in fiscal 2003, which is an increase of 17.12%.

Expenditures

Our total expenditure before the costs of financing and depreciation, in fiscal 2003 was Rs. 7028.10 lacs as compared to Rs. 6862.20 lacs for 18 months in fiscal 2002, which is an increase of 2.42%. Our total expenditure before the costs of financing and depreciation, as a percentage of total revenue were 84% in fiscal 2003 as against 78.95% in fiscal 2002.

Materials

The total expenditure on raw materials in fiscal 2003 was Rs. 6205.03 lacs as compared to Rs. 5992.83 lacs in fiscal 2002. This was an increase of 3.54%. This increase can be attributed to higher crushing of about 10.55 lakh quintals with an adjustment for lower recovery of 9.8% in fiscal 2003 as against 10.1% in fiscal 2002. The cane price paid at that time was as per SMP.

Manufacturing and Operating Costs

Manufacturing and operating costs include costs of consumables, lime, certain other chemicals, packing materials and cost of machine repairs and maintenance. Our expenditure on account of manufacturing and operating costs has reduced from Rs. 453.01 lacs in fiscal 2002 to Rs. 384.15 lacs in fiscal 2003, a reduction of 15.20%. This is due to the time period difference in these two fiscals.

UTTAM SUGAR MILLS LIMITED

Personnel costs

Our cost of personnel, which includes remuneration, benefits, etc to employees and the Whole Time Directors, has increased from Rs. 229.29 lacs in fiscal 2002 to Rs. 245.48 lacs in fiscal 2003, which is an increase of 7.06%. The increase in cost of personnel is due to increments in salaries, dearness allowance and other allowances to employees and the Directors remuneration. Further, there was an increase in manpower to cope with our expansions.

Administration costs

Our cost of administration has increased from Rs. 187.07 lacs in fiscal 2002 to Rs. 193.44 lacs in fiscal 2003. This is an increase of 3.41%. This is a normal increase, resulted due to increase in business activities, general inflation, and increase in commission to our selling agents.

Change in inventories of finished goods and work in progress

The change in the inventories of finished goods is a function of production, sales, closing stocks and valuation rate. Our inventories have increased by Rs. 66.71 lacs in fiscal 2003 as compared to an increase of Rs. 722.14 lacs in fiscal 2002. This is considered normal as the fiscal 2002 was started on April 1, 2001.

Earnings Before Interest,Tax, Depreciation and Amortization (EBITDA)

Our EBITDA in fiscal 2003 was Rs. 1338.90 lacs as compared to Rs. 1829.92 lacs in fiscal 2002. This represents a decrease of 26.83%. This is mainly attributable to fall in Sugar prices and lower recovery of Sugar in fiscal 2003.

Financing costs

Our financing cost has decreased from Rs. 1228.73 lacs in fiscal 2002 to Rs. 845.67 lacs in fiscal 2003. This is a decrease of 31.18%. This is mainly because fiscal 2002 was for 18 months. Apart from this softening of interest rates also helped the reduction.

Depreciation

Depreciation pertains to depreciation of our tangible fixed assets being building, plant and machinery, computers and servers, office equipment, office furniture and fixtures, leasehold equipments and motor vehicles. Depreciation on fixed assets was higher at Rs. 315.51 lacs for fiscal 2004 as against Rs. 277.90 lacs in fiscal 2003. This increase of 13.53% has been due to additions of fixed assets for expansion.

Net profit/loss before tax and non-recurring income

Our net profit before tax and non-recurring income/expenditure was Rs. 215.33 lacs in fiscal 2003 as compared to Rs. 236.53 lacs in fiscal 2002. This represents a decrease of 8.96%. This is primarily due to reduction in sugar prices and sugar recovery for fiscal 2003.

Current tax

Our current tax liability has increased from Rs. 14.10 lacs in fiscal 2002 to Rs. 16.00 lacs in fiscal 2003. This is a provision based on estimated tax shelters. These taxes are much lower than the normal corporate tax on the said profits, mainly due to high depreciation that was available / carried forward under the Income Tax Act and we paid Minimum Alternative Tax only.

Deferred Tax

Our Deferred Tax Credit for fiscal 2003 was Rs. 22.94 lacs as initial adoption since there was no such provision prior to this fiscal.

Net Profit after Tax

Our net profit after tax in fiscal 2003 was Rs. 222.27 lacs as compared to Rs. 222.43 lacs in fiscal 2002. This is a small reduction over previous year in spite of the fact that the sugar prices have fallen by about 10% in fiscal 2003 over fiscal 2002.

Comparison of Fiscal 2002 to Fiscal 2001

Fiscal 2001-02 was for a period of 18 months starting April 1, 2001 and ending September 30, 2002. The fiscal 2000-01 being our first year of commercial operations, which began in January 2001 was for 3 months of operations up to March 31, 2001 only. Hence, the comparison may not give a clear picture and may become misleading too, thus not presented.

Explanation of effect of restatement

For the convenience of the reader, we are providing a discussion of the effects of the restatement in accordance with SEBI Guidelines for fiscal 2001, 2002, 2003, 2004 and 2005. We have presented the same in the table below and explained the effect of restatement.

(Rs. in lacs)

| Financial Year ended Period | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) | 30.09.2003 (12 Months) | 30.09.2002 (18 Months) | 31.03.2001 (08.01.2001 to 31.03.2001) |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---|
| Net Profit /(Loss) before adjustments (As per audited accounts as above) | 2,641.33 | 214.15 | 222.27 | 222.43 | (124.02) |
| Adjustment for: | | | | | |
| a) Impact of Auditors' Qualification | | | | | |
| Inventory valuation | | 61.56 | 156.56 | (185.91) | (32.21) |
| b) Prior Period Items | 2.43 | 7.88 | (10.17) | (2.92) | 2.78 |
| c) Impact of changes in Accounting Policies | | | | | |
| Inventory valuation | | | 50.64 | (50.64) | |
| d) Extraordinary Items (net of tax) | | 606.20 | (606.20) | | |
| e) Impact of Deferred Tax credit (Charge) | | | | (76.24) | 45.07 |
| f) Income tax for earlier years | 29.76 | (29.27) | (0.49) | | |
| Total Impact of Adjustments | 32.19 | 646.37 | (409.66) | (315.70) | 15.64 |
| Current Tax Impact of Adjustments on (a), (b) & (c) above | 0.19 | 5.34 | 15.52 | (18.32) | (2.49) |
| Total of Adjustments after Tax Impact | 32.00 | 641.03 | (425.17) | (297.39) | 18.13 |
| Adjusted Net Profit/(Loss) after extraordinary items | 2,673.33 | 855.18 | (202.90) | (74.96) | (105.89) |
| Profit & Loss Account at the beginning of the year | 471.43 | (383.75) | (180.85) | (105.89) | - |
| Balance available for appropriation | 3,144.76 | 471.43 | (383.75) | (180.85) | (105.89) |

Differential sugarcane pricing of earlier year

The Supreme Court of India has, through an order dated May 5, 2004, held in U.P. Co-operative Cane Unions Federation v. West U.P. Sugar Mills Association and others, that the state of Uttar Pradesh can fix a State Advised Price or SAP over and above the SMP fixed by the Government of India. Accordingly, in fiscal 2004, we made provisions for the differential cane price of Rs. 657 lacs payable to the sugarcane farmers with reference to the SAP rates prescribed by the Government of Uttar Pradesh for the crushing season 2002-2003. With regard to such expenditure pertaining to earlier year, in our accounts prior to restatement for fiscal 2004, we had withdrawn the said amount from fiscal 2004 and shown in fiscal

UTTAM SUGAR MILLS LIMITED

2003 (net of taxes), the fiscal to which the cost pertained.

Method of valuation of inventories

Prior to fiscal 2003, we had, followed the practice of adding interest cost on working capital for the purpose of finished goods valuation. On a clarification by the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI), we changed the method of valuation of our inventories to exclude interest costs from such valuation and ensured compliance with Accounting Standard – 2. The same treatment was followed for the subsequent fiscal years 2003, 2004 and 2005. The same was classified as deviation from the Accounting Standard by our Auditors in the notes on accounts. In our restated accounts, we have excluded the interest from the valuation of inventories from the relevant fiscal years.

Deferred Taxation Charge

Accounting Standard on Taxes on Income (AS - 22) was made mandatory for all fiscal years commencing on or after April 1, 2001. Accordingly, it was necessary to recognise the charge in respect of deferred taxation along with the normal tax liability. Our un-restated audited accounts for fiscal 2002, 2003, 2004 and 2005 were in compliance with AS 22. In our restated audited accounts, we have complied with AS 22 for fiscal 2001 also.

Change in the taxes, profits after tax

On account of restatement of financials for the fiscals 2001 to 2005, the expenses and impact of Auditors' qualifications are provided for in the respective years resulting in change in profits/(loss) and accordingly tax for each year also has changed.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We depend on both internal and external sources of liquidity to fund working capital and capital requirements. We have traditionally funded our working capital requirements and capital expenditures from internally generated funds, equity funds and debt financing. In respect of the debt funding of working capital, we make use of cash credit limits from banks both in Rupee as well as in foreign currency loans in the form of FCNR (B). Project or capital expenditure debt financing, we generally enter into long term borrowings in the form of term loans in Rupees. As on September 30, 2005, we had cash and cash equivalents of Rs. 3052.29 lacs, which represented an increase of Rs. 2384.55 lacs over fiscal 2004. This is mainly on account of sales realisations, term loans disbursed was not utilized up to September 30, 2005. As of September 30, 2005, we also had committed but undrawn credit facilities of Rs. 1200 lacs in respect of term loans and Rs. 4629 lacs in respect of working capital finance. This is very common in the case of Sugar industry to have very high unutilized bank limits for working capital before the commencement of crushing season.

Cash Flow

The following table sets forth our restated cash flow statement with respect to the fiscal 2003, 2004 and 2005:

(Rs. in lacs)

| Financial Year ended Period | 30.09.2005 (12 Months) | 30.09.2004 (12 Months) | 30.09.2003 (12 Months) |
|--|---------------------------|---------------------------|---------------------------|
| Net cash flow from Operating Activities | 6385.77 | 2261.88 | 1820.35 |
| Net cash flow from Investing Activities | (10414.38) | (3064.26) | (980.97) |
| Net cash flow from Financing Activities | 6413.16 | 1367.39 | (829.75) |
| Net increase/(decrease) in cash and cash equivalents | 2384.55 | 565.01 | 9.63 |
| Cash and cash equivalents at the beginning of the year | 667.74 | 102.73 | 93.10 |
| Cash and cash equivalents at the end of the year | 3052.29 | 667.74 | 102.73 |

Net Cash from Operations

Our net cash generated from operating activities was Rs. 6385.77 lacs in fiscal 2005 as against Rs. 2261.88 lacs in fiscal 2004. Our net cash from operating activities for fiscal 2005 excludes non-cash items of depreciation of Rs. 532.91 lacs and total amortisation of Rs. 1.37 lacs, loss from sale of assets of Rs. 24.15 lacs and interest expenses of Rs. 1196.37



lacs. Our net cash from operating activities also excludes interest income of Rs. 2.25 lacs.

Our net cash generated in operating activities was Rs. 2261.88 lacs in fiscal 2004 as against Rs. 1820.35 lacs in fiscal 2003. Our net cash used in operating activities excludes non-cash items of depreciation of Rs. 315.51 lacs, total amortisation of Rs. 3.52 lacs, loss from sale of assets of Rs. 2.01 lacs and interest expenses of Rs. 790.69 lacs.

Net Cash used in Investment Activities

The net cash used for our investment activities in fiscal 2005 was Rs. 10414.38 lacs. This comprised Rs. 10477.20 lacs used for purchasing fixed assets. We also received cash amounting to Rs. 24.72 lacs from sale of certain fixed assets, Rs. 37.23 lacs from sale of investments and Rs. 0.87 lacs as interest received.

The net cash used for our investment activities in fiscal 2004 was Rs. 3064.26 lacs This comprised Rs. 3037.78 lacs used for purchasing fixed assets. We also received cash amounting to Rs. 12.75 lacs from sale of certain fixed assets and used Rs. 39.23 lacs towards investment in equity.

Net Cash used in Financing Activities

In fiscal 2005, the net cash received by us in financing activities was Rs. 6413.16 lacs. This includes a net receipt of Rs. 292.53 lacs in the form of equity including share premium and Rs. 8967.34 lacs in the form of borrowings from Banks, FI and others. Further we had used Rs. 1083.40 lacs for payment of interest and Rs. 1763.31 lacs for repayment of borrowings.

In fiscal 2004, the net cash generated from financing activities was Rs. 1367.39 lacs. This includes a net receipt of Rs. 424.95 lacs from equity including share premium and borrowings from Banks, FI and others amounted to Rs. 2380.60 lacs. We made payments amounting Rs.780.95 lacs as interest on borrowings and Rs. 657.21 lacs as repayment of borrowings.

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. Traditionally, a significant part of our external funding has been Rupee loans from banks and FI in India and other agencies. These include loans from the Sugar Development Fund of the GoI. We have both secured and unsecured borrowings. For more details, please refer to the section titled 'Financial Statements' on page no. 94 of this Prospectus.

Capital Expenditures

Our capital expenditures are primarily for various capacity expansions and green field project undertaken including, modernisation and technology upgradation resulting in better operational efficiencies and cost control. We started our business operations in January 2001 with an installed capacity of 2500 TCD at Libberheri and expanded the capacity three times to reach 6250 TCD and converted the manufacturing process from DS to DRP along with increasing the power generation capacity to 16 MW. The Libberheri unit was set up in fiscal 2000-01 with an initial capital expenditure of about Rs. 4650 lacs for 2500 TCD. Further expansion to 4000 TCD, 5000 TCD and 6250 TCD were done at an approx capex of Rs. 800 lacs, Rs. 600 lacs and Rs. 1465 lacs. Apart from the above we have invested in additional facility like Furnace unit and Tractors for cane transport etc.

We are setting up a green field project at village Barkatpur in UP at planned capital outlay of Rs. 11860 lacs for a 7000 TCD and 20MW power generation in about 121 acres of land. Further, we have purchased land at two more places in UP for setting up the proposed two new units in UP. Our capital expenditures in fiscal 2005, 2004 and 2003 were Rs. 10477 lacs, Rs. 3038 lacs and Rs. 985 lacs respectively.

For more details, please refer to the section titled 'Objects of the Issue' on page no. 23 of this Prospectus.

Quantitative and Qualitative Disclosures about Market Risk

Payment to Cane farmers

We are always very prompt in making payment to the cane farmers. Our cane dues as on the balance sheet date of fiscal 2001, 2002, 2003, 2004 and 2005 are Rs. 208 lacs, Rs. 96.41 lacs, Rs. 184.79 lacs, Rs. 1018.45 lacs and Rs. 6.41 lacs respectively. The amount of Rs. 1018.45 lacs at the end of fiscal 2004 was due to provision of additional liability on account of judgment of Supreme Court on SAP, which was paid subsequently. Otherwise we were so far very prompt in making the payments and most of the outstanding amounts as on balance sheet date are commission payable to the

UTTAM SUGAR MILLS LIMITED

cane societies. Any failure to maintain this good payment practice may affect our cane procurement.

Currency Exchange Rates

While our principal revenues are in Rupees, we have also borrowed funds in U. S. Dollars. Principal and interest payments on these borrowings are denominated in U. S. Dollars. As of September 30, 2005, we had Rs. 2186.84 lacs equivalent of foreign currency borrowings outstanding. The total amount is in the form of FCNR (B), for working capital purposes and are fully hedged.

Interest Rates

Financing costs are the second most important expenditure after the expenditure on sugarcane. We are subject to risks arising from changes in interest wherever the prescribed interest rates are not fixed. Further, interest on working capital finance is quite material in our case. The entire production takes place in about 170 days and the sugar is sold all round the year. Interest is thus dependent on average inventory holding which is to some extent beyond our control. If the liquidation of stocks takes place faster, the average inventory holding would be lower and lower working capital finance would be required, resulting in lower finance cost. Similarly, in the event of slower liquidation of stocks, the finance cost will be higher.

Significant Developments after September 30, 2005 that may affect the Future of our Operations

Except as stated on page no. 38 of this Prospectus and in compliance with AS4, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of the Company, or the value of the consolidated assets or their ability to pay their material liabilities within the next 12 months. Except as stated on page no. 38 of this Prospectus, there are no subsequent developments after the date of the Auditor's report dated December 06, 2005, which we believe are expected to have material impact on the consolidated reserves, profits, earnings per share or book value of the Company.

Unusual or Infrequent Events or Transactions

There have been no other events or transactions to our knowledge, which may be described as "unusual" or "infrequent", except as disclosed as non-recurring items in the section titled 'Management Discussion and Analysis of Financial Condition and Results of Operations'.

Significant Economic/ Regulatory Changes

Except as described in section 'Regulations and Policies' in this Prospectus, there have been no significant economic/regulatory changes.

Competitive conditions

For details of competitive conditions, please refer to the section titled 'Business Overview' on page no. 55 of this Prospectus.

Known Trends or Uncertainties

Except as described in the section titled 'Business Overview' beginning from page no. 55 of this Prospectus in general and the section titled 'Risk Factors' and 'Management Discussion and Analysis of Financial Conditions and Results of Operations', in particular, to our knowledge, there are no known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship between Cost and Income

There is no future relationship between cost and income that will have a material adverse impact on the operations and finances of our Company.

New Products or Business Segment

To our knowledge, there are no new products or business segments, which are planned by our Company except the Distillery activity, for which the company has already taken permission to set up a unit in our Barkatpur Sugar unit.

SECTION VI - LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below or mentioned under the Section titled 'Risk Factors', there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against us, our Directors, our promoters or companies/firms promoted by our promoters that would have a material adverse effect on our business and there are no defaults, non-payment or over dues of statutory dues, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits and arrears of preference shares that would have a material adverse effect on our business other than unclaimed liabilities by us or our directors, our promoters or companies promoted by our promoters.

LITIGATION

There are some Litigation pending against our company. The total amount of the same can not be ascertained. There are no litigations other than those stated below against the Company.

| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|--|---|---------------------------|---|
| 1. | Uttam Sugar Mills Ltd. vs. Deputy Commissioner (Assessment) Trade Tax, Roorkee Appeal pending before the Joint Commissioner of Trade Tax, Dehradun | This appeal has been filed by USML against the assessment order dated 29.3.2004, passed by the Deputy Commissioner Trade Tax (Roorkee). The assessment year is 1999-2000. The liability has been held to the tune of 1,72,907/-. The Deputy Commissioner (Assessment) has passed this order upon remand from the Joint 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 has been levied to the tune of Rs. 1,72,907/- and also penalty proceedings have been initiated for the delay. | 1,72,907/-. | This Appeal is pending before the Joint Commissioner of Trade Tax, Dehradun |
| 2. | Uttam Sugar Mills Ltd. vs. Deputy Commissioner (Assessment) Trade Tax, Roorkee Appeal pending before Joint Commissioner of Trade Tax, Dehradun | This appeal has been filed by USML against the assessment order dated 30.3.2005, passed by the Deputy Commissioner Trade Tax (Roorkee). The assessment year is 2001-2002. The liability has been held to the tune of 2,10,182/- against the admitted tax of Rs. 30,642.50. 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 negated by the Deputy Commissioner (Assessment). | 2,10,182/- | The Appeal is pending Before the Joint Commissioner of Trade Tax, Dehradun |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|--|---|---------------------------|--|
| 3. | Uttam Sugar Mills Ltd. vs Deputy Commissioner (Assessment) Trade Tax, Roorkee Appeal pending before the Joint Commissioner of Trade Tax, Dehradun | This appeal has been filed by USML against the assessment order dated 31.3.2004, passed by the Deputy Commissioner Trade Tax (Roorkee). The assessment year is 2000-2001. The liability has been held to the tune of Rs. 10,99,917- against the admitted tax of Rs. 30,642.50. USML had brought certain components (machinery parts) in the local area for assembling the machinery at site. It is the case of USML that the said components cannot be termed as spare parts and no entry tax is leviable thereon under the provisions of Entry Tax Act. This contention of USML has been negated by the Deputy Commissioner (Assessment). | Rs 10,99,917/- | The appeal is pending before the Joint Commissioner of Trade Tax, Dehradun |
| 4 | Uttam Sugar Mills Ltd. Show Cause Notice No. V(15) of/Adj/28/2005/3561 dated 24.3.2005 Show Cause Notice No. V(15) of/Adj/28/2005/3562 dated 24.3.2005 Show Cause Notice No. V(15) of/Adj/28/2005/3563 dated 24.3.2005 Show Cause Notice No. V(15) of/Adj/28/2005/3564 dated 24.3.2005 | These Show Cause Notices have been issued by the Commissioner, Central Excise Meerut-1. 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 (as per Annexures A & B attached to the respective Show Cause Notices) amounting to Rs. 1,42,42,543/- which were exclusively used in the manufacture of exempted goods. USML has been asked to show cause as to why the above amount of Rs. 1,42,42,543/- should not be demanded and recovered from it under Rule 12 of the Cenvat Credit Rules read with Section 11 (A) of Central Excise and Salt Act 1944, and further why penalty should not be imposed under Section 13(2) of the Cenvat Credit Rules 2002 read with Section 11(a) (c) of the Central Excise and Salt Act 1944. USML has further been asked to show cause why a penalty should not be imposed on various Directors of USML namely Raj Kumar Adlakha, Rajan Adlakha and Ranjan Adlakha, with its General Manager T. Kannan, for contravention of the provisions of Rule 6 of the Cenvat Credit Rules. Copies of these notices have been served on the aforesaid Directors. and the General Manager. USML has disputed the allegations levelled in the above show cause notices and it is the case of USML that | 1,42,42,543/- | Replies have been filed by USML to the various Show Cause Notices and the Commissioner Central Excise Meerut-1 is yet to adjudicate upon these Show Cause Notices. |

| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|---|--|---|--|
| | | <p>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. It is only on or after 3.12.2004 that the noticees started using the subject Capital Goods for the manufacture of exempted goods.</p> | | |
| 5 | <p>Uttam Sugar Mills Ltd. vs. Commissioner of Central Excise Meerut Appeal No. E/812,813/NB(SM)</p> | <p>This is an appeal filed by USML against two different orders passed by the Commissioners (Appeal) Customs & Central Excise Meerut-1, being orders in Appeal No. 292-CE/MRT-1/2003 dated 13.11.2003 and orders in Appeal No. 292-CE/MRT-1/2003 dated 14.11.2003. The facts pertaining to the present appeal are that the Deputy Commissioner, Central Excise, Saharan, Pur Division, allowed the Cenvat Credit of Rs. 1,78,753 + 8,228 = Rs. 2,09,741/- taken by USML during the month of November 2000 to January 2001 on channels, plates, H.R. Sheets, Angles, Base Frame & Welding Electrodes. By the same order, the Deputy Commissioner had disallowed the MODVAT credit of Rs. 1,02,727 + 18,406 = Rs. 1,21,133/- taken on lubricants and chemicals. The order of the Deputy Commissioner was challenged both by USML (against the rejection of claim of MODVAT on Lubricants and Chemicals) and by the Revenue (for allowing the Cenvat Credit on Channels/plates/sheets/a-ngles, Base frames and welding Electrodes) before the Commissioner, Appeals Customs & Central Excise, Meerut. It was the contention of the Revenue that channels/plates/sheets/a-ngles, Base frames and welding Electrodes are not eligible capital goods as these are used as construction/erection material and cannot be considered as components/spares/accessories of plant and machinery. This contention of the Revenue has been upheld in the first impugned order which has been challenged by USML in the present</p> | <p>1,21,133 + 2,09,741 Total Rs. 3,30,874</p> | <p>The Appeal is pending adjudication in CESTAT.</p> |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|---|--|---|--|
| | | <p>appeal before CESTAT. The Commissioner (Appeals) has, by its order dated 13.11.2003 disallowed the appeal of USML against the rejection of the claim of MODVAT on lubricants and chemicals, whereas the appeal of the Revenue was allowed by the Commissioner (Appeal) by its order dated 14.11.2003. Both the above orders are under challenge in this common appeal before CESTAT.</p> | | |
| 6. | Deputy Commissioner, Customs & Central Excise Dehradun vs. Uttam Sugar Mills Ltd. Appeal No. 62/04 pending before the Commissioner (Appeals) Customs & Central Excise Meerut | <p>This appeal has been filed by the Revenue against the order dated 16.10.2003 No. 82/2003 passed by the Deputy Commissioner Customs & Central Excise Dehradun.</p> <p>Proceedings were initiated by the Revenue against USML on the grounds that USML was availing credit of duty on the inputs, namely, phosphoric acid, Magnafloc, Caustic Soda etc. which were being used by it in the manufacture of sugar and molasses, pressmud and Bagasses as well. The Revenue alleged that as common inputs were used in the manufacture of bagasses and pressmud (i.e. exempted goods), USML was liable to pay an amount equal to 8% of the price of exempted goods, at the time of their clearance in view of Rule 57 CC/57 AD of the Central Excise Rules. It was the case of the Revenue that these products were actually sold by USML and were thus excisable goods. By its order dated 16.10.2003 no. 82/2003 the Deputy Commissioner, Central Excise Dehradun held that:</p> <p>(i) in view of the decision of the Hon'ble Supreme Court in CCE Meerut vs. Titawi Sugar Complex reported in 2003 (152) ELT (21), there is no case for the Department in demanding the amount of 8% from the party on the price of pressmud cleared by them.</p> <p>(ii) It was held that bagasses generated in the course of manufacture of sugar are a waste and residue and no demand for recovery of 8% of their sale price can be made under the provisions of Rule 57 CC/57AD of the Excise Rules.</p> <p>(iii) In view of the fact that no demand could be sustained for pressmud/bagasse there is no reason for demand of interest and penalty.</p> | <p>Duty involved: 17,261 + 14,207 (for pressmud) + 3, 174 + 97,486 + 2,25,712 + 1, 32,301 Total: 4,90,141/-</p> | The Appeal is pending before the Commissioner (Appeals). |

| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|---|---|--|--|
| 7. | Simplicity Projects Pvt. Limited vs. Uttam Sugar Mills Ltd. Suit No: 612/2005 pending in the Court of J.P. Narain, Civil Judge Delhi. | <p>It is against this order that the Revenue has filed the present Appeal, bearing No. 62/2004.</p> <p>This Suit for the recovery of Rs. 76,573/-, along with a claim of pendente lite and future interest @ 18% p.a., has been filed by Simplicity Projects Pvt. Ltd. against USML. The case of the Plaintiff, i.e Simplicity Projects Pvt. Limited, is that it has supplied various goods to USML, for which after adjustment of all accounts, as on 13.12.2002, a amount of Rs 51,123.42 is still outstanding against USML. This amount, the Plaintiff claims, has not been paid to it despite demand. Thus the present suit includes the original amount of Rs. 51,123.42 with interest from 13.12.2002 @18% interest. USML has not yet filed its Written Statement in this case.</p> | Rs, 76,573/-, along with pendente lite and future interest @ 18% p.a. | The suit is pending before the Civil Judge Delhi. USML is yet to file its Written Statement. |
| 8. | Lokesh vs Uttam Sugar Mills Limited, Case No. 106/2003, pending before the Labour Court, Dehradun. | <p>The Labour Commissioner of Uttaranchal, Dehradun has made a reference to decide the dispute between Lokesh and USML. The terms of reference are: "Whether the termination of services of Shri Lokesh on 21.10.2001, by Management, is legal and justified, if no, what relief is the workman entitled to?"</p> <p>The case of Lokesh is that he was employed with USML on 1.1.2001 as a helper and while he was cleaning the machines on 22.1.2001, the machine started automatically which resulted in serious injuries to Lokesh, because of which he was under medical treatment for many months. After recovery when he returned to work, he was not taken back on the job, despite many efforts. Finally his services were terminated on 21.10.2001, without any show cause notice or compensation. Lokesh has not stated in his Statement of Claim what his alleged wages were per month. USML has filed its Written Statement in this case and has denied that Lokesh was ever employed by it. The employer/ employee relationship between USML and Lokesh has been denied by USML. Thus USML has claimed that there was no employment and no termination of Lokesh, by USML.</p> | Since the wages have not been specified by Lokesh, the exact amount involved cannot be ascertained. However we feel that if the Labour Court ultimately awards reinstatement with back wages to Lokesh, the minimum wages as per the Minimum Wages Act will have to be paid for the entire period. | The case is still pending at the stage of evidence before the Labour Court. |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|---|---|--|--|
| 9. | Laxmikant Sharma vs. Uttam Sugar Mills Ltd. C.P. Case No. 8/2003, pending before the Assistant Labour Commissioner & Conciliation Officer Haridwar. | This is a complaint filed by Laxmikant Sharma under Section 2-A of the U.P. Industrial Disputes Act 1947, claiming that he was appointed as a seasonal weighment clerk on 14.1.2001 and has not been taken on duty in the season 2002-2003 which started with effect from 25.11.2002. USML has filed its written statement and has prayed for the rejection of the complaint on the technical grounds that UP Industrial Disputes Act, 1947 ["UPID Act"] is not applicable to Uttaranchal State and since the Complainant himself had stated that he has not been taken on duty the same cannot be treated either as discharge, dismissal, retrenchment or termination and is thus absolutely out of the purview of Section 2A of UPID Act 1947. | Since the wages have not been specified by Laxmikant, the exact amount involved cannot be ascertained. However we feel that if the matter is referred to the Labour Court and if the Labour Court ultimately awards reinstatement with back wages to Laxmikant, the minimum wages as per the Minimum Wages Act will have to be paid for the entire period. | The complaint is pending consideration before the Assistant Labour Commissioner and Conciliation Officer Haridwar. |
| 10. | Satya Kumar Vs. Uttam Sugar Mills Ltd. I.D. No. 235/2003 | The Labour Commissioner of Uttaranchal, Dehradun has made a reference to decide the dispute between Satya Kumar and USML. The terms of reference are: "Whether the termination of services of Shri Satya Kumar on 25.11.2002, by Management, is legal and justified, if no, what relief is the workman entitled to?" The case of Satya Kumar is that he was employed with USML since 17.11.2001 as a clerk but w.e.f. 25.11.2002 when the new season of 2002-2003 started, he was not taken on the job. Satya Kumar has not specified his last drawn wages. USML filed its reply, while the case was before the Conciliation Officer Haridwar. The stand of USML is that since its factory is in Uttaranchal, the claim which has been raised by Satya Kumar under the UP Industrial Disputes Act is not maintainable since the UP Industrial Disputes Act is not applicable to Uttaranchal. Further, it has been stated by USML that Satya Kumar has never been directly employed by USML, therefore there is no question of his services being terminated by USML. In other words, USML has denied any employer and employee relationship with Satya Kumar. | Since the wages have not been specified by Satya Kumar, the exact amount involved cannot be ascertained. However, we feel that if the labour Court ultimately awards reinstatement with back wages to Satya Kumar, the minimum wages, as per the Minimum Wages Act will have to be paid for the entire period. | The case is pending adjudication before the Labour Court and the pleadings are yet to be completed. |

| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|---|--|--|---|
| 11. | Abhimanyu Singh (Cane Manager USML) vs. Munnu Singh & Ors Case No 408 of 2005, pending before the High Court of Uttaranchal at Nainital. | <p>This is a petition filed under Section 482 of the Cr.P.C seeking quashing of Criminal Complaint No 806/04, under Section 420 I.P.C pending before the Additional Civil Judge/ Judicial Magistrate, Roorkee, Haridwar. In the complaint the Complainant has alleged cheating by USML, through its Cane Manager. The case of the Complainant is that USML had announced a prize to be given to the cane grower whose land would yield exceeding 70 quintal per Beegha, a specific variety of sugar cane. The Complainant claims to have met the requirement but states that USML has not complied with its promise and this amounts to cheating. The Complainant had led evidence before the Magistrate and upon perusal of the material before him, the Magistrate took cognizance of the matter and issued warrants to the present Petitioner.</p> <p>Being aggrieved by the cognizance order, the present Petitioner, i.e. the Cane Manager of USML filed the present petition under Section 482 of the CrPC. It is the case of the Petitioner that the material before the Magistrate was not sufficient to take cognizance of the offence. Further, since the Petitioner who is only an employee and not a director, he ought not to have been summoned by the Court since he is neither the person responsible for the affairs of the company nor is he a director. It is also the case of USML that there was never a valid promise and no case can at all be established.</p> | If the present petition before the High Court is not allowed than the Petitioner will have to face the trial before the Judicial Magistrate. If after the trial, the Petitioner is found guilty, he may be punished for imprisonment up to three years for committing an offence under Section 420 of the IPC. | The matter is pending before the High Court of Uttaranchal at Nainital. The High Court has issued notice and has passed interim orders. The High Court has stayed the proceedings before the Judicial Magistrate. |
| 12. | Sahakari Ganna Vikas Samiti Limited, Titavi vs. Uttam Sugar Mills Ltd. Suit No. 321 of 2005 pending before the Civil Judge Senior Division, Muzaffarnagar. | <p>This is a Civil Suit seeking an injunction by the Plaintiff against the Defendant, USML. The case of the Plaintiff is that it is a co-operative society of Sugarcane Growers and helps its members in growing and selling the sugarcane; that it has an exclusive right to sell the sugarcane to the sugar factories in the concerned area. It has been alleged by the Plaintiff that USML has been attempting to buy Sugarcane directly from the sugar growers that it has by-passed the co-operative society, i.e. the Plaintiff. By the present case the Plaintiff seeks to obtain restraint orders against the Defendant in bypassing the Plaintiff while purchasing the Sugarcane.</p> <p>The case of the Defendant is that the Plaintiff has no locus standi to file the</p> | The suit, if allowed, can result in restraint orders issued to the USML. In such an eventuality, USML may have to approach the High Court or the State Government for allocation of suitable centres for the purchase of the sugarcane. | The case is pending before the Civil Judge Senior Division Muzaffarnagar and USML has filed its written statement. |

UTTAM SUGAR MILLS LIMITED

| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|--|--|--|--|
| | | <p>case; further that the Defendant is purchasing the Sugarcane under various order passed by the High Court and the State Government, from time to time. It is further the case of the Defendant that it have always complied with all the rules and regulations and the suit is liable to be dismissed since the plaint does not disclose any cause of action.</p> | | |
| 13. | <p>Uttam Sugar Mills Ltd. vs. State of UP and others. Special Leave Petition (C) No. 18846 of 2005, Supreme Court of India</p> | <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. 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. 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. It is the case of the Petitioner that although it was not a party before the</p> | <p>If the order of the High Court is not set aside it can seriously affect the rights of USML, in obtaining centres for the purchase of sugar from the State of UP. The State of Uttaranchal does not have sugarcane production areas and if USML is not allowed to purchase sugarcane from Centres in UP, this can prove very risky for the business of USML.</p> | <p>The case is pending before the Supreme Court of India and notice has been issued to the Respondent by the Supreme Court. Based on Memorandum of Understanding dated 19.03.2001 as extended under G.O. dated 29.10.2004 read along with the provisions of section 60/87 of the U.P. Reorganisation Act ,2000 and various other Grounds of Appeal the Supreme Court granted Stay on High Court Order. 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 in the Supreme Court.</p> |



| Sr. No. | Cause Title | Nature of the Case | Amount involved in Rupees | Present Status |
|---------|--|---|---|---|
| | | 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. | | |
| 14. | 13 Show Cause notices issued on various dates in the year 2004-2005, to USML by the Collector & District Magistrate, Haridwar under Uttaranchal Sugarcane Purchase Regulations, [Rules 91, 120 & 122]. | The case alleged against USML in all the 13 Show Cause Notices, is that upon inspection by the Sugar Officer/ Assistant Sugar Commissioner Uttaranchal Haldwani, at the Sugarcane sale purchase centre of USML, various irr-regularities were found in the weight measurements, equipments and the concerned documents of the USML. By all the above Show Cause Notices, USML has been asked to show cause why the weight license issued to USML for the year 2004-2005 may not be cancelled and why the security deposit made by USML, for obtaining the said license, be not forfeited. | If USML fails to satisfy the District Collector and Magistrate Haridwar, by its reply to the show cause notice, the same may result in either the cancellation of the sugar weight license issued to USML for the year 2004-2005 or may result in the forfeiture of the security deposit of Rs. 2000 by USML. | USML has yet to file its replies to the show cause notices issued by the Collector and District Magistrate, Haridwar. |

Litigation against our Promoters and Directors

For the details of the Litigation of our Promoter viz. Uttam Industrial Engineering Limited, Lipi Boilers Limited and Uttam Sucrotech Limited, which are the Companies, please refer to the section titled 'Outstanding Litigation' beginning from page no. 151 of this Prospectus.

There is no direct Litigation pending against our individual Promoters and Directors as on date of filing this Prospectus. However, the following are the Litigation of our Company, in which our individual Promoters/Directors are also made a party with our Company -

(a) Mr. Raj Kumar Adlakha, CMD

A copy of the Show Cause Notice issued to USML has been endorsed by the Commissioner of Central Excise, Meerut under CENVAT Rules, 2002. The Primary liability is on the Company viz. USML. This has been disclosed under the head 'Litigation against our Company'.

(b) Mr. Rajan Adlakha, Director

A copy of the Show Cause Notice issued to USML has been endorsed by the Commissioner of Central Excise, Meerut under CENVAT Rules, 2002. The Primary liability is on the Company viz. USML. This has been disclosed under the head 'Litigation against our Company'.

(c) Mr. Ranjan Adlakha, Director

- (i) SEBI initiated proceedings and imposed a total penalty of Rs. 33,500/- under SEBI (Substantial Acquisition of Shares and Takeovers) against a Promoter and two Promoter Group Members

The Adjudicating Officer of SEBI, Mumbai initiated proceedings and imposed a total penalty of Rs. 33,500/- against Mr. Ranjan Adlakha (one of our promoter and director), Mrs. Amita Adlakha, wife of Mr. Raj Kumar Adlakha (one of our promoter and Chairman and Managing Director) and New Castle Finance & Leasing Pvt. Ltd. (one of our group companies) vide Order No. 82, File no. IV dtd. 02-02-2001 for the alleged violation of section 15A of the Securities & Exchange Board of India Act, 1992 read with Regulation 3(4) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 in the matter of acquisition of shares of M/s. Pariksha Fin-Invest-Lease Ltd. (one of our group companies). The brief details of the same is as under:

UTTAM SUGAR MILLS LIMITED

Mr. Raj Kumar Adlakha, Mr. Ranjan Adlakha, Mrs. Amita Adlakha and New Castle Finance & Leasing Pvt. Ltd. acquired 5,00,000 shares of M/s. Pariksha Fin-Invest-Lease Ltd. by way of preferential allotment. The regulation 3(1)(c) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 ('SAST') provides for exemption from applicability of regulation 10, 11 & 12 of SAST for acquisition of shares by way of preferential allotment. For seeking the exemption, the acquirer is required to submit a report within 21 days from the date of acquisition as per regulation 3(4) of SAST.

Mr. Raj Kumar Adlakha had sent the required report as acquirer and mentioning Mr. Ranjan Adlakha, Mrs. Amita Adlakha and M/s. New Castle Finance & Leasing Pvt. Ltd. as Persons Acting in Concert on May 02, 2000 by certificate of post to SEBI on receipt of intimation and share certificate on April 13, 2000. The said report reached SEBI only on July 10, 2000.

The Adjudicating Officer held that Mr. Ranjan Adlakha, Mrs. Amita Adlakha and M/s. New Castle Finance & Leasing Pvt. Ltd. are also acquirer in terms of SAST; the date of acquisition of shares by the acquirer is April 13, 2000 (the date of receipt of intimation and share certificate) and there was delay of 67 days in submission of report to SEBI, as SEBI received the report only on July 10, 2000 from the date of acquisition (April 13, 2000).

The Adjudicating Officer levied a total penalty of Rs. 33,500/- on Mr. Ranjan Adlakha, Mrs. Amita Adlakha and New Castle Finance & Leasing Pvt. Ltd. to be paid within a period of 45 days to SEBI, Mumbai vide Order No. 82, File no. IV dtd. 02-02-2001 under the provisions of Sections 15A (a) and 15 I of the Securities & Exchange Board of India Act, 1992.

- (ii) A copy of the Show Cause Notice issued to USML has been endorsed by the Commissioner of Central Excise, Meerut under CENVAT Rules, 2002. The Primary liability is on the Company viz. USML. This has been disclosed under the head 'Litigation against our Company'.

(d) Mr. U. R. K. Rao, Director

A copy of the Show Cause Notice issued to USML has been endorsed by the Commissioner of Central Excise, Meerut under CENVAT Rules, 2002. The Primary liability is on the Company viz. USML. This has been disclosed under the head 'Litigation against our Company'.

GROUP COMPANIES' LITIGATIONS

The following are the details of litigations pending against our Group Companies -

(a) Uttam Industrial Engineering Ltd.

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|---|---|--|---|---|
| 01. | Uttam Industrial Engineering Ltd. Vs. Ghaziabad Development Authority | 1295/1999 Allahabad High Court | Plot No. 11 measuring 300 Sq. mtr., Old Bus Stand, Ghaziabad was allotted to the Company in public auction @ Rs. 15300 per sq. meter. Company deposited Rs. 7,18,000/- towards part payment of plot cost. However, GDA failed to give the possession of the plot to the Company. Meanwhile Nagar Nigam, Ghaziabad claimed that the plot belongs to them. GDA initiated process for cancellation of plot. The Company approached Hon'ble High Court and filed a writ petition. | Hon'ble High Court stayed the GDA order for cancellation. | No financial liability |
| 02. | Dynapede Integrated Systems Ltd. Vs. Uttam Industrial Engg. Ltd. | 7/2001 Sub-Ordinate Judge Hosur, Tamil Naidu | The party supplied material and gave a performance guarantee. It was found during operation that there was some technical fault in one no. 15 HP Eddy Current Drive System supplied by the party. Company complained about that fault but party did not take any initiative for rectification and hence invoked performance Bank Guarantee amounting Rs. 36,091. The party filed a civil suit in local court at Hosur and succeeded in getting ex-parte decree which the Company challenged in the same court. | The Company filed two applications, one u/s 5 of the Limitation Act, 1963 to condone the delay in filing the petition to set aside the ex-parte decree and another petition under Order 9 Rule -13 read with Section 141 of C.P.C. to set aside ex-parte decree. Matter is pending. | Rs. 36091 Plus Interest, Cost and other charges |
| 03. | Dy. Commissioner Trade Tax, Ghaziabad Vs. Uttam Industrial Engineering Limited | Financial Year 2001-02 | Trade Tax Department raised demand of Rs. 13,04,339 on the Company due to non-submission of certain forms under Central Sales Tax Act for availment of concessional rate of tax. | Pending for hearing before Trade Tax Tribunal. | Rs. 13,04,339 Out of which Rs.391400 already deposited |
| 04. | Uttam Industrial Engg. Ltd. Vs. Customs, Excise & Service Tax Appellate Tribunal | Appeal No.338/01 | Office of the Asstt. Commissioner Central Excise levied a sum of Rs. 2,56,000/- as Central Excise Duty and penalty on Cane Loader sent to a party for demonstration and afterward received back. | Appeal is pending | Rs. 2,56,000 out of which Rs. 64,000 already deposited |
| 05. | M/s Arc Electronic & Research Corporation Vs. Uttam Industrial Engg. Ltd. | — | The Party has sent a notice to Company through their Advocate intimating to file an application before Hon'ble High Court at Delhi u/s 434 of the Companies Act, 1956. No notice has been received till date from the Hon'ble Court. | — | Rs. 45,00,000 + interest |

UTTAM SUGAR MILLS LIMITED

(b) Uttam Sucrotech Ltd.

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|---|--|--|---|---|
| 01. | Moti Ram Vs. Uttam Sucrotech Limited | RSA No. 442 of 2000 Hon'ble High Court of Himachal Pradesh of Shimla | Company purchased an agricultural plot measuring 3-7 Bigha at Kothi Mharaja Shansha, Kullu at a price of Rs.3,70,000/-. This amount was paid at the time of executing agreement to sell, power of Attorney etc. Possession was handed over to the company after execution of above documents. Later on there was a price rise in this Area and the Seller revoked the Power of Attorney and wrote a letter to the Company to return the possession of plot & take money. Thereafter the Seller filed a case in Lower Court at Kullu which was rejected. Subsequently the Seller appealed before Distt. Court. This appeal was rejected. Now Seller filed an Appeal before, Hon'ble High Court at Shimla. | The Hon'ble High Court ordered for status-quo regarding possession of the property. | No financial liability |
| 02. | Asstt. CIT, Ghaziabad Vs. Uttam Sucrotech Ltd. | Assessment Year 1997-98 | Disallowance of Rs. 6,21,626 on account of foreign travel expenses. | Appeal is pending before CIT (Appeals), Ghaziabad | Rs. 6,12,184 on 29.03.05 + interest w.e.f. 30.03.05 |
| 03. | Uttam Sucrotech Ltd. Vs. State of U.P. through The Secretary Institutional Finance U.P. Govt., Lucknow & others | Assessment year 1999-2000 Writ (Tax) No. 843/2005 | The Dy. Commissioner (Assessment) – 4, Trade Tax, Ghaziabad rejected Form III-B deposited with Department and passed an order u/s 22 to deposit Rs. 22,00,145/-. The Company filed a write petition in Hon'ble High Court at Allahabad who stayed the operation of order passed by Dy. Commissioner (Assessment)-4, Ghaziabad dt. 27.04.05. | The Hon'ble High Court stayed demand dt 27.04.2005 | Rs. 22,00,145 + Interest |

(c) The Standard Type Foundry Pvt. Ltd.

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|--|---|--|--|-------------------|
| 01. | The Standard Type Foundry Pvt. Ltd. Vs. U.P. State Industrial Development Corporation Ltd. | WP15492/1999 Allahabad High Court | There was a change in the Shareholding and Directorship of the Company in the year 1995. Mr. Raj Kumar Adlakha, Mr. Rajan Adlakha & Mr. Ranjan Adlakha became the new shareholders and directors of the Company. The Company applied to UPSIDC for approval of site plan. But UPSIDC declined to pass the site plan and according to them change of Directors/ Shareholders will tantamount to transfer of plot. Hence, transfer levy clause is applicable. The Company approached Hon'ble High Court and filed a writ petition. | Hon'ble High Court ordered for approval of lay out plan subject to further order of the court. | Not ascertainable |

(d) Uttam Toyota (A division of The Standard Type Foundry Pvt. Ltd.)

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|---|--|--|-----------------|----------------------|
| 1 | Geetika Kansal V/s Uttam Toyota | 28/2002 Dist. Forum Gzb. | Due to use of adulterated petrol, Engine stopped working. The Company replaced the parts on chargeable basis. Customer claims that, replacement should be free of cost. | Case is Pending | Consequential losses |
| 2 | Anil Kumar Singh V/s Uttam Toyota | 718/2003 Dist. Forum Gzb. | Odometer was found to be tempered with. Hence, the Company did not accept the warranty claim. | Case is Pending | Warranty Claim |
| 3 | Virender Ganda V/s Uttam Toyota | 755/2005 Dist. Forum Delhi | The Company attended various complaints from time to time and certain parts were also replaced on free basis and some parts on chargeable basis. The customer alleges manufacturing defects. | Case is Pending | Consequential losses |
| 4 | Vivek Aggarwal V/s Uttam Toyota | 137/2002 Dist. Forum Amroha | Allegation of delay in regular registration and claiming of consequential losses. | Case is Pending | Consequential losses |
| 5 | M.P. Sharma V/s ABN Ambro Bank, Uttam Toyota & others | 57/2005 Dist. Forum Gautam Budh Nagar | Customer had to pay some penalty for the delay in registration and this additional payment is claimed from the Company. | Case is Pending | Consequential losses |

(e) Mansingh Group Hotels & Resorts Limited

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|--|--|---|---|-------------------------------|
| 01. | Mansingh Group Hotels & Resorts Ltd. Vs. Ghaziabad Development Authority | CMWP/17109 of 1998 Allahabad High Court | The GDA allotted to Company a Plot No. H-2 (Hotel Plot) measuring 8117.95 Sq. mtr. in Kaushambi, Ghaziabad for a total value of Rs.3,92,99,808/-. The Company deposited Rs. 1,65,80,727 towards cost of the plot and interest thereon which was pre condition for possession of plot and Company requested for possession of plot. At the time of possession of the plot it was found that some illegal encroachment on the plot. GDA failed to remove the encroachment and hence failed to give possession of plot. The Company filed a writ petition before Hon'ble High Court at Allahabad for removal of illegal encroachment on the plot and payment of interest on the amount deposited with GDA from the date of payment till date of clean possession and also waiver of interest on installment due from Company which Company did not paid due to non-possession. | Hon'ble High Court ordered that possession of the plot in dispute shall not be handed over to anybody else nor shall be allotted to anybody else, until further orders. | No financial liability |

UTTAM SUGAR MILLS LIMITED

(f) Lipi Boilers Ltd.

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|---|---|--|---|-----------|
| 1. | Mr. R.N. Das Vs Lipi Boilers Ltd. | Application No. 130 of 1989, U/S 33C(2) of IDAct, 1947. | Labour Court, Pune. | Claim filed for unpaid salary for the amount of Rs. 14768/- by way of balance salary, leave salary, bonus etc. Hearing is pending in Pune Court. | Rs.14768 |
| 2. | T.I & M Ltd. Vs sLipi Boilers Ltd. | Suit No. 536/ 1988 | High Court, Bomaby. | The tubes were rejected by Lipi Boilers Ltd.. However, the party has filed a petition which came up for hearing in 1985 in Bombay High Court. The High Court asked Lipi Boilers Ltd. to pay Rs. 70000/- as security deposit against claims of T.I.M. Ltd., for hearing the case on merits. Accordingly Rs. 70000/- paid in the Bombay High Court. TISCO's test certificate for rejection has also been filed in the High Court. Matter is pending in Bombay High Court. | Rs.164268 |
| 3. | M/s Shah Brothers V/s Lipi Boilers Ltd. | Suit No: 1886/1987 | High Court, Bomaby. | The party has filed Recovery petition in Bombay High Court. The party has supplied Boiler Quality Plates and after inspection, the plates were found defective and hence rejected. Lipi Boilers Ltd. has manufactured Dished Ends out of these plates and these are also lying as rejected in Lipi Boilers Ltd. work shop. Lipi Boilers Ltd. has filed a W.S. regarding Jurisdictions of the case, rejection of goods etc. However, Lipi Boilers Ltd. has given them offer of Rs.60,000/- to settle the matter in full & final. The matter is pending for final disposal. The matter is likely to come up for hearing very shortly. | Rs.397593 |
| 4. | ATC Clearing and Shipping V/s Lipi Boilers Ltd. | Suit No: 118/1990 | High Court, Bomaby. | Goods clearing services not rendered properly for clearing the goods from Bombay Sea Port, hence payment not made. Party has filed recovery suit in Bomaby High Court and petition is pending for commercial causes in Bombay High Court. Principal and Interest amount of suit are Rs.28724/- & Rs.34964 respectively. | Rs.63689 |
| 5. | Hiralal Mondal Vs Lipi Boilers Ltd. | Suit No: 1 of 1995 | 3rd Court of Asst. Divisional Judge at Howrah. | The party used to supply casting and grate bars on regular basis. The suit is filed against Lipi Consulatnts for non-payment of casting and grate bars supplied by them. Lipi Boilers Ltd. has been made a party in the suit. Matter is pending in Howrah Court, matter is still to come up for hearing. Principal, Interest and Damages of suit are Rs.54705/-, Rs.19345/- & Rs.2000/- respectively. | Rs.76050 |
| 6. | Plant & Projects Services Vs Lipi Engg. & Lipi Boilers Ltd. | Suit No:707/1989 | City Civil Court at Chennai. | Recovery suit filed against us in Chennai Court and case is pending at Chennai Court. There has been no corresponding since 1991. | Rs.16000 |
| 7. | A.N.Instruments Pvt. Ltd. Vs Lipi Boilers | Case No:30/1989 | 4th Court of Additional Judge, | The payment is towards supply of steam flow meters by the party during the year | Rs.45933 |

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|---|--|--|---|------------|
| | | | Alipore, Calcutta. | 1983-84. Recovery suit filed against Lipi Boilers Ltd. in Calcutta High Court and case is pending at Calcutta High Court. There has been no further correspondence available. Principal and Interest amount of suit are Rs.34930/- & Rs.11003/-. | |
| 8. | Greaves Cotton & Co. Ltd. Vs Mysore Cotton Seed Industries. | Suit No:726/96 OS No.34/92 Bijapur Court | High Court, Bangalore, Karnataka. | The Boiler was sold through Greaves Cotton who were Lipi Boilers Ltd's selling agent. The case has been filed for non-performance against Greaves Cotton and the Bijapore Court has passed a judgement against Greaves Cotton for payment of Rs.2.00 lacs against disputed amount of Rs. 8.43 lacs and no payment by Lipi Boilers Ltd. However, Greaves Cotton has gone in a appeal to the Bangalore High Court and made Lipi Boiler on a party arguing that payment should be made by Lipi Boilers Ltd. and not by Greaves Cotton. The matter is pending since 1997. The case is still to come up for hearing. | Rs.200000 |
| 9. | Vaishno Enterprises Vs Lipi Boilers Ltd. | Suit No:512/04 | Court - Civil Judge (JD) IIIrd Jt., Aurangabad | Outstanding amount of Rs.46895/- against supply of cutting tools, pipes etc. Rs.15593/- has been demanded on account of accrued interest. Summons have been served and 1st hearing was on 16/08/04. Recovery suit filed at Aurangabad court matter is to be settled out of court. | Rs.46895 |
| 10. | M/s Data Process Control Instruments. Pvt. Ltd. | Legal Notice dt.03.03.2004. | | Outstanding amount of Rs.278384/- against supply of Process Control Instruments for industrial boiler. Claim is settled for Rs.210000/-, Lipi Boilers Ltd. is paying regularly monthly instalments. Now total outstanding as on date Rs.60000/- only payable. | Rs.278384 |
| 11. | Poddar Tyres Ltd. | Company Petition No. 505 / 1992 | High Court, Bombay. | The party has filed a winding up petition for recovery in 1992 against the Purchase order of Boiler. The party wanted a loan from Punjab Industrial Development Corporation. The loan was sanctioned and the last date for taking the loan was about to lapse in absence of payment of advance to Lipi Boilers Ltd. Accordingly it was suggested by them (though not in writing), they would be paying Lipi Boilers Ltd. Rs.11.00 lacs as advance and the same was to be returned to their sister concern Poddar Sales Corporation and this amount was to be paid as soon as the boiler was ready. Accordingly Rs.11.00 lacs was paid to Poddar Sales Corporation and for which Lipi Boilers Ltd. has got receipts. However, they have not made any particulars / mentioned of payment received by Poddar Sales Corporation in their petition & they claimed entire amount with interest in the winding up petition. The case is already more than 10 years and is likely to come up for hearing in any movement. | Rs.2782441 |

UTTAM SUGAR MILLS LIMITED

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|---------------------------------|--|-------------------|---|--------------|
| 12. | Green Force Engineers Pvt. Ltd. | Chandigarh, Senior Division Court | Chandigarh | PO No. 532/C-17/330-13/2001 dtd. 24.08.2001 for Rs.10.50 lacs for Navsari Gujrat Plus Taxes, Duties extra, was issued in favour of Green Force Engineers P. Ltd. for the supply of wet scrubber assembly, for Lipi Boilers Ltd. customers site at M/s. Shree Maroli Vibhag Khand Udyog Sahakari Mandli Ltd. Kalyani Nagar, Maroli Bazar, Gujrat. M/s. Green Force Engineers supplied goods worth of Rs.10.60 Lacs on 23.02.2002 and Lipi Boilers Ltd. has paid Rs.8.00 lacs on 08.03.2002 as part payment against their dues. Due to Lipi Boilers Ltd.'s tight finance conditions, it could not clear its balance dues M/s. Green Force Engineers filed case against Lipi Boilers Ltd.in Chandigarh Court claiming Rs.8.44 lacs including additional expenditure of Rs.1.60 lacs and interest Rs.2.24 lacs. in their recovery suit. The matter is likely to come up for hearing on 04.01.2006. Mr.V.K. Virmani is going to attend the matter in Chandigarh Court on 04.01.2006. The legal suit of Green Force is already discussed and agreed by both parties to settle the entire matter for Rs.4.60 lacs, by payment of monthly instalment, starting from 2006. | Rs. 472000 |
| 13. | Efficient Enterprises | Special Civil Suit No. 123/2005 Civil Judge Senior Division, Nasik | Nasik Court | Fabrication of Equipments supplied at Lipi Boilers Ltd. customer site at Shree Maroli Vibhag Khand Udyog, Maroli, Gujrat state, Lipi Boilers Ltd. has settled their legal suit for Rs.5.00 lacs in full and final as per Minutes of Meeting signed by both parties. Lipi Boilers Ltd. has to pay monthly instalment of Rs.1.00 lac and 1 st instalment Rs.1.00 lac is also paid on 06.12.05. Consent Terms signed by both parties to be filed on next hearing on 10.01.2006 for withdrawal of their recovery suit | Rs.525537 |
| 14. | Silver Bright | Pune Court | Pune court | This suit was decided ex-party during the closure period of this Company, i.e. 1990-92. The Ex-party order was not challenged by Lipi Boilers Ltd. The appeal was ultimately filed by Lipi Boilers Ltd. in Bombay High Court and Lipi Boilers Ltd. has deposited Rs.2.00 Lacs in the High Court for admission of the appeal. There after the Case Transferred to pune Court from Bombay High Court next hearing is on 11.01.2006. Lipi Boilers Ltd.'s counter claim is also filed for the material lying with them. | Rs.134893 |
| 15. | Joshiba Engg P Ltd. | Pune Court | Pune court | Recovery suit filed and Interest and court exps. claimed by party written statement is to be filed and the matter is to be settled out of court. | Rs.395537 |
| 16. | M/s. Nishi Traders | Bombay High Court | Bombay High Court | Flanges, Reducers Elbow, IBR Material supplied by Nishi Traders winding up petition filed in Bombay High Court and petition will come up for admission shortly but Lipi Boilers Ltd. is trying to settle their claim out of court. | Rs.348711.20 |

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|---|-----------------------------|---------|--|-------------|
| 17. | M/s Essem Agencies | Legal Notice dt.17.06.2003 | | Outstanding amount of Rs.12700/- plus interest Rs.1302/-, against supply of stationery to the Co from time to time. Recovery suit not yet filed. Lipi Boilers Ltd. is trying to settle their dues by making instalment payment soon. | Rs.14002 |
| 18. | M/s Apex Enterprises | Legal Notice dt.10.07.2003. | | Insulation material supplied to Company and amount outstanding is Rs.74954/-. Recovery suit not yet filed. Lipi Boilers Ltd. is trying to settle their dues by making instalment payment soon. No reply by Company but amount paid Rs.15000/- paid on A/c. Balance payable | Rs.74954 |
| 19. | M/s Solcon Engineering Pvt. Ltd. | Legal Notice dt.16.02.2004 | | Outstanding amount of Rs.78001/- plus interest Rs.29742/- on account of supply of conveyor system during 2001. Recovery suit not yet filed. Lipi Boilers Ltd. is trying to settle their dues by making instalment payment soon. No reply by Company. | Rs.107743 |
| 20. | M/s Industrial Systems & Equipments | Legal Notice dt.04.08.2004 | | Outstanding amount of Rs.110032/- against supply of fans during 2001-02. Recovery suit not yet filed. Lipi Boilers Ltd. is trying to settle their dues by making instalment payment soon. No reply by Company. | Rs.110032 |
| 21. | M/s Supreme Road Carriers | Legal Notice | | Outstanding amount of Rs.48462/- on account of transportation charges from Aurangabad to GSSK Ltd. Recovery suit not yet filed. Lipi Boilers Ltd. is trying to settle their dues by making instalment payment soon. No reply by Company.claim 48,462/- paid Rs.32,927/- balance payable | Rs.15018 |
| 22. | Perfect Engineering works | Legal Notice | | Actual outstanding was Rs.87,000/-and settled for the same. Monthly instalment of Rs.17400/- starting paying from 01.12.2005. Final instalment is to be paid before 30.04.05 | Rs.87113 |
| 23. | Nirman Engineering Projects | Legal Notice | | Actual outstanding was Rs.231200/- but settled for Rs.1,88,000/- 1st instalment of Rs.50,000/- paid remaining amount is to be paid by monthly instalment of Rs.34500/- starting from Jan,2006 | Rs.231200 |
| 24. | Maharashtra Mallika Engg. Works | Legal Notice | | Legal notice for outstanding dues + interest. No reply by Co. | Rs.1338374 |
| 25. | Satya Electricals | Legal Notice | | Legal notice for outstanding dues + interest. No reply by Co. | Rs. 28445 |
| 26. | The Commissioner of Central Excise and Customs, Aurangabad. V/s. Lipi Boilers Ltd. Aurangabad Period 01.09.1999 to 31.03.2004 Show Cause cum Demand Notice No. Sr.No. Hqr/45/C.Ex/2004 dtd. 01.10.2004 Demand Rs.1,67,04,748/- | | | Company cleared the exempted goods after voluntary payment of Central Excise Duty for the convenient of Lipi Boilers Ltd.'s customers to enable them to avail modvat / cenvat credit paid by Lipi Boilers Ltd. Department raised query which converted into proceedings and Show Cause Notice was received. Company submitted its version with the Department. | Rs.16704748 |
| 27. | The Asstt. Commissioner of Central Excise and Customs Aurangabad. V/s. Lipi Boilers Ltd. Aurangabad. Period 01.04.2000 to 30.06.2000 Show Cause cum Demand Notice No. Sr.No. 4/2005/ C.Ex/ dtd. 28.04.2005 Demand Rs.2,24,375/- | | | Company undertakes composite contracts for supply of its goods/ brought out items and other charges such a supervision of election etc. Excise Duty has been paid on manufactured goods. Department issued a Show Cause cum demand notice alleging that there is a case of under valuation of manufactured goods. Company submitted its version with the Department. | Rs. 224375 |

UTTAM SUGAR MILLS LIMITED

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|--|----------------|---------|--|-------------|
| 28. | The Joint Commissioner of Central Excise and Customs Aurangabad. V/s. Lipi Boilers Ltd. Aurangabad. Period 01.04.2004 to 30.03.2005 Show Cause cum Demand Notice No. Sr.No. 24/ C.Ex/ 2005 dtd. 05.05.2005 Demand Rs.15,15,998/- | | | Company undertakes composite contracts for supply of its goods/ brought out items and other charges such a supervision of election etc. Excise Duty has been paid on manufactured goods. Department issued a Show Cause cum demand notice alleging that there is a case of under valuation of manufactured goods. Company submitted its version with the Department. | Rs.1515998 |
| 29. | The Commissioner of Central Excise and Customs, Aurangabad. V/s. Lipi Boilers Ltd. Aurangabad. Period 01.07.2000 to 31.03.2005 Show Cause cum Demand Notice No. Sr.No. 32/2005/CEX/2005 dtd. 05.08.2005 Demand Rs.6,91,23,229/- | | | Company undertakes composite contracts for supply of its goods/ brought out items and other charges such a supervision of election etc. Excise Duty has been paid on manufactured goods. Department issued a Show Cause cum demand notice alleging that there is a case of under valuation of manufactured goods. Company submitted its version with the Department. | Rs.69123229 |

(g) Lipi Consultants Pvt. Ltd.

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|---|---|---|---|---------------|
| 1. | Show Cause Notice | Demand Notice No.635803, dt.14-02-05, under UP Trade Tax Rules, 1948. | Dy. Commissioner, Trade Tax, Saharanpur | Reply filed by the company. | Rs. 3,63,790 |
| 2. | M/s. Refractory & Minerals V/s Lipi Consultants Pvt. Ltd. | Matter concerned U/s 433, 434, 439 of the Companies Act,1956 | Bombay High Court | Winding up petition filed by M/s. Refractory and Minerals Bombay 400 003, vide Company Petition no 23 of 1993 for their Dues Rs. 87,750.20 + plus interest Rs.59,670/- from 01.01.1990 to 27.11.1992 Total Rs. 1,47,420.20 (Rupees One Lac Forty Seven Thousand Four Hundred Twenty & Paise Twenty Only). Matter is pending | Rs. 147420 /- |

(h) Uttam Properties Pvt. Ltd.

| Sl. No. | Parties to the Suit | Case No/ Court | Details | Present Status | Amount |
|---------|--|--------------------------------|---|---|-------------------------------|
| 1. | Ghaziabad Development Authority Vs. Uttam Properties Pvt. Ltd. | 107/1997, Allahabad High Court | The Company own two plots numbered as 18A & 18B at New Arya Nagar, Ghaziabad. While construction G.D.A. stopped the construction carrying on by the Company on its plots at New Arya Nagar, Ghaziabad. Company approached the Lower Court at Ghaziabad for relief who ordered for commencement of construction. Against this order G.D.A. filed an Appeal before Hon'ble High Court at Allahabad. | Hon'ble High Court at Allahabad passed an order to complete the construction. However till further order company cannot dispose off the building. | No financial liability |



MATERIAL DEVELOPMENTS

Apart from the changes mentioned elsewhere in this Prospectus, including the share capital as mentioned in the section titled 'Capital Structure' beginning from page no. 14 of this Prospectus, which have occurred since the date of the last financial statements disclosed (i.e. September 30, 2005) in this Prospectus, the Board of Directors of our Company are not aware of any circumstances that materially or adversely affect or are likely to affect the profitability of our Company or the value of our assets or our ability to pay our liabilities within the next twelve months.

UTTAM SUGAR MILLS LIMITED

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

In view of the approvals listed below, we can undertake this issue and our current business activities and no further approvals are required from any Government authority for us to continue our activities.

Investment Approvals (FIPB/ RBI, etc.)

As per Notification No. FEMA 20/2000 - RB dated May 03, 2000, as amended from time to time, under automatic route of Reserve Bank, we are not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

Government and other approvals

Licenses and Consents received:

We have received following Government approvals/licenses/permissions:

1. Letter dated March 31, 1994 issued by the Government of India, Ministry of Industry, Udyog Bhawan, New Delhi for the grant of an Industrial License under the Industrial (Development & Regulation) Act, 1951 for the manufacture of sugar falling under Scheduled Industry No. 21 to our Company.
2. Acknowledgement no. 1737/SIA/IMO/2001 dated August 03, 2001 from the Entrepreneurial Assistance Unit, Secretariat for Industrial Assistance (SIA), Ministry of Commerce and Industry for manufacturing Sugar with a capacity of 2500 TCD for our unit at Libberheri in Uttaranchal.
3. Acknowledgement no. 1900/SIA/IMO/2002 dated August 12, 2002 from the Entrepreneurial Assistance Unit, Secretariat for Industrial Assistance (SIA), Ministry of Commerce and Industry for manufacturing Sugar with a capacity of 5000 TCD for our unit at Libberheri in Uttaranchal.
4. Acknowledgement no. 1468/SIA/IMO/2004 dated April 27, 2004 from the Entrepreneurial Assistance Unit, Secretariat for Industrial Assistance (SIA), Ministry of Commerce and Industry for manufacturing Sugar with a capacity of 6500 MT for our unit at Libberheri in Uttaranchal.
5. Granted registration no. H.W.R- 91 under Rule 7(1) of the Registration and License to Work a Factory for our unit at Libberheri in Uttaranchal and the same is valid upto December 31, 2005.
6. License no. UA-1/LI/2000-01 dated November 19, 2001 from the Secretary of Sugar Industries under U. P. Vacuum Pan & Sugar Manufacturing.
7. Acknowledgement no. 684/SIA/IMO/2003 dated March 11, 2003 from Secretariat for Industrial Assistance (SIA), Ministry of Commerce and Industry for manufacturing sugar with a capacity of 5000 TCD for our unit at Pudrikhurd (Barkatpur), in Uttar Pradesh.
8. Acknowledgement no. 684/SIA/IMO/2003 dated March 11, 2003 from Secretariat for Industrial Assistance (SIA), Ministry of Commerce and Industry for manufacturing Sugar with a capacity of 5000 TCD for our unit at Pudrikhurd (Barkatpur), in Uttar Pradesh. The said approval has been amended w.e.f. July 26, 2005 for manufacture of sugar with a capacity of 7000 TCD.
9. No Objection Certificate no. G 22746/NOC/1178/3/99 dated October 25, 1999 from the Uttar Pradesh Pollution Control Board in respect of our unit at Libberheri in Uttaranchal.
10. Provisional No Objection Certificate no. F49150/C-7/N.O.C. – 219/05 dated July 27, 2005 from the Uttar Pradesh Pollution Control Board in respect of our unit at Barkhatpur in Uttar Pradesh.
11. License no. NS-150/2005-06 under the Prevention of Food Adulteration Act, 1954 for our unit at Libberheri in Uttaranchal and the same is valid upto March 31, 2006.
12. License no. UEPPCB/HO/Air Consent-120/05/1377, dated November 20, 2005 from Uttaranchal Protection and Pollution Control Board, Deharadun giving consent under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for our unit at Libberheri in Uttaranchal and the same is valid upto December 31, 2005.



13. License no. UEPPCB/HO/Water Consent-29/05/1378, dated November 20, 2005 from Uttaranchal Protection and Pollution Control Board, Deharadun giving consent under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 for our unit at Libberheri in Uttaranchal and the same is valid upto December 31, 2005.
14. Acknowledgement no. 2329/SIA/IMO/2002 dated October 01, 2002 from Secretariat for Industrial Assistance (SIA), Ministry of Commerce and Industry for manufacturing Mild Steel Ingot with a capacity of 10000 Tons for our unit at Libberheri in Uttaranchal.
15. Acknowledgement no. 755/SIA/IMO/2003 dated March 21, 2003 from the Entrepreneurial Assistance Unit, Secretariat for Industrial Assistance (SIA), Ministry of Commerce and Industry for manufacturing Industrial Alcohol, Extra Neutral Alcohol, Ethanol and Absolute Alcohol with a capacity of 22500kl for our unit at Pudrikhurd (Barkatpur) in Uttar Pradesh.
16. Letter from the Office of Excise Commissioner, Uttar Pradesh no. 3427/2-P.D.-76 dated September 28, 2005 giving its permission for manufacture and sale of industrial alcohol with a capacity of 22500 kl at our Barkatpur unit in Uttar Pradesh
17. Certified licenses by the Weights and Measurement Department in respect of weights and measures used in our factory at Libberheri in Uttaranchal wherein the correctness of various measuring equipment has been accepted.
18. Certified licenses by the Weights and Measurement Department in respect of weights and measures used in our factory at Barkatpur in Uttar Pradesh wherein the correctness of various measuring equipment has been accepted.

Licenses and Consents applied for:

1. We have made an application in Form 4B dated October 21, 2005 for renewal of the factory registration under Factory Act, 1948 at our unit at Libberheri in Uttaranchal for the calendar year 2006. The said application is still pending for approval.
2. We have made an application for consent for discharge/continuation for discharge under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 for a period upto December 31, 2006 for our unit at Libberheri in Uttaranchal to the Uttaranchal Environment Protection and Pollution Control Board, Dehradun vide our application dated December 12, 2005. The said application is still pending for approval.
3. We have made an application for consent for emission/continuation for emissions under Section 21 of the Air (Prevention and Control of Pollution) Act, 1974 for a period upto December 31, 2006 for our unit at Libberheri in Uttaranchal to the Uttaranchal Environment Protection and Pollution Control Board, Dehradun vide our application dated December 12, 2005. The said application is still pending for approval.
4. We have made an application to the Deputy Chief Controller of Explosives, Explosives Department, Agra for the approval for the construction of HSD Storage Tank vide our application dated February 09, 2005 for our unit at Libberheri in Uttaranchal. The said application is still pending for approval.
5. We have made applications for the renewal of the Boiler License for the three boilers at our unit at Libberheri in Uttaranchal vide letter dated October 19, 2005 and October 22, 2005. The said application is still pending for approval.
6. We have made an application in Form – I for registration of establishment employing contract labour under the Labour Act, 1970 to the Dy. Labour Commissioner, Dehradun vide application dated January 11, 2006 for our unit at Libberheri in Uttaranchal. The said application is still pending for approval.
7. We have made an application in Form 4 dated December 06, 2005 for registration and grant of license under the Factory Act, 1947 in respect to our unit in Barkatpur in Uttar Pradesh for the year 2005. The said application is still pending for approval. On receipt of the registration for our unit at Barkatpur under the Factory Act, 1947, we shall make an application for renewal of the same for the calendar year 2006.
8. We have made an application for consent for discharge/continuation for discharge under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 for a period upto December 31, 2006 for our unit at Barkatpur in Uttar Pradesh to the Uttar Pradesh Pollution Control Board, vide our application dated December 14, 2005. The said application is still pending for approval.

UTTAM SUGAR MILLS LIMITED

9. We has made an application for consent for emissions/continuation for emissions under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for a period upto December 31, 2006 for our unit at Barkatpur in Uttar Pradesh to the Uttar Pradesh Pollution Control Board, vide our application dated December 14, 2005. The said application is still pending for approval.
10. We have made applications for obtaining the Boiler Licenses for the two new boilers at our unit at Barkatpur in Uttar Pradesh vide letter dated April 25, 2005 and November 25, 2005. The said application is still pending for approval.
11. We have made an application for allotment of Provident Fund Code under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 ["EPF Act"] for our unit at Barkatpur in Uttar Pradesh.
12. We have made an application in Form – II for registration of establishment employing contract labour under the Labour Act, 1970 for our unit at Barkatpur in Uttar Pradesh. The said application is still pending for approval.

Licenses/Approvals not applied for:

1. We are in the process of making an application for authorization under sub-rule (3) of Rule-5 of the Hazardous Wastes (Management and Handling) Rules, 1989 to the Uttar Pradesh Pollution Control Board for our unit at Barkatpur in Uttar Pradesh.
2. We have not made an application for storage of HSD at our unit at Barkatpur in Uttar Pradesh under the Explosives Act.
3. We have not made an application for license under the Prevention of Food Adulteration Act, 1954 for our unit at Barkatpur in Uttar Pradesh.

Incorporation and Other Statutory Compliances

1. Permanent Account Number (PAN) issued by Income Tax Department, Government of India bearing number AAACU2186Q.
2. Registration No.5060200 has been granted to our Company under Central Sales Tax Act in respect of our unit located at Libberheri in Uttaranchal.
3. Recognition Certificate No. RK438 w.e.f. September 16, 1999 under Section 4-B of the U. P. Sales Tax Act, 1948 in respect of our unit located at Libberheri in Uttaranchal.
4. Registration No.5027111 has been granted to the Company under Central Sales Tax Act in respect of its unit located at Barkatpur in Uttar Pradesh.
5. Certificate No. NJ 0056118 w.e.f. January 06, 2005 under Section 8-A of the U. P. Sales Tax Act, 1948 in respect of our unit located at Barkatpur in Uttar Pradesh.
6. IEC No. 0503023426 from the Ministry of Commerce, Office of Joint Director General of Foreign Trade, New Delhi vide their Certificate dated March 16, 2005.
7. Registration number AAACU2186QXM001 under Rule 9 of the Central Excise Rules, 2001 vide certificate dated January 29, 2002 in respect of our unit located at Libberheri in Uttaranchal.
8. Registration number AAACU2186QXM003 under Rule 9 of the Central Excise Rules, 2002 vide certificate dated May 10, 2005 in respect of our unit located at Barkatpur in Uttar Pradesh.
9. Registration vide letter no. UA/26001/DDN, dated January 02, 2002 issued by the Employees Provident Fund Organisation, U.P. region in respect of our unit at Libberheri in Uttaranchal regarding the applicability of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 ["EPF Act"] and the scheme framed thereunder.



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by a special resolution passed under Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the shareholders held on January 12, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, our group companies, other companies promoted by our promoters, natural persons in control of the bodies corporate forming part of the promoter group and companies with which our Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

Our Company is eligible to make a public issue of Equity Shares in terms of clause 2.2.1 of the SEBI Guidelines.

- We have net tangible assets of at least Rs. 300 lacs in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- We have a pre-issue net worth of not less than Rs. 100 lacs in each of the preceding three full years (of 12 months each);
- We have a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years;
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended September 30, 2005;
- We have not changed our name during the last one-year.

Our Company has received the certificate dated January 16, 2006 from M/s. B. K. Kapur & Co., Chartered Accountants statutory auditors of our Company, certifying the following: -

(Rs. in lacs)

| As at | 30.09.2005 | 30.09.2004 | 30.09.2003 | 30.09.2002 | 31.03.2001 |
|---|------------|------------|------------|------------|------------|
| Net Tangible Assets (Excluding Monetary Assets) | 18,803.98 | 10,316.57 | 8,216.16 | 7,998.24 | 6,235.93 |
| Monetary Assets | 3,052.29 | 667.74 | 102.73 | 93.11 | 64.04 |
| Net Profit after Tax | 2,671.09 | 214.16 | 222.27 | 222.43 | (124.02) |
| Net Worth | 5,966.67 | 2,744.94 | 2,334.61 | 2,137.83 | 1,262.39 |

Further, the Issue is subject to the fulfillment of the following conditions as required by the Securities Contracts (Regulations) Rules, 1957:

- a) A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- b) The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 100 crores; and
- c) The Issue is made through the Book Building Method with allocation of 60% of the Issue to Qualified Institutional Buyers, as defined under the DIP Guidelines.

Our Company undertakes that the number of allottees in the Issue shall be at least 1000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

UTTAM SUGAR MILLS LIMITED

Further, if at least 60% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS 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 THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGERS - IL&FS INVESTSMART LIMITED AND IDBI CAPITAL MARKET SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS - IL&FS INVESTSMART LIMITED AND IDBI CAPITAL MARKET SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 23, 2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY. WE CONFIRM THAT:
 - A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
- III. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- IV. WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE NETWORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
- V. WE CERTIFY THAT WRITTEN CONSENT HAS BEEN OBTAINED FROM THE PROMOTERS FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM AN PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE SOLD/DISPOSED/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS



THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 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 ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS

COMPANY DISCLAIMER

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisement or in any other material issued by or at our instance and any one placing reliance on any other source of information would be doing so at his/her/their own risks.

The BRLMs does not accept any responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information will be made available by us and the BRLMs 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 including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India) who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

“As required, a copy of this Offer Document has been submitted to the National Stock Exchange of India Limited (‘hereinafter referred to as NSE’). NSE has given vide its letter ref.: NSE/LIST/20475-K dated February 21, 2006 permission to the issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinised this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does not in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the this Offer Document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Stock Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer”.

“Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever”.

UTTAM SUGAR MILLS LIMITED

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE)

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter dated February 24, 2006, permission to this Company to use the Exchange’s name in this offer document as one of the Stock Exchange on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document or
- ii. warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever”.

UNDERTAKINGS FROM PROMOTERS AND DIRECTORS

The issuer accepts full responsibility for the accuracy for the information given in this Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which makes any statement in this Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The issuer further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this issue or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this Prospectus. The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a mis-statement/ mis-representation, the promoters/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

FILING

A copy of this Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC, N.C.T. of Delhi and Haryana and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC. A copy of this Prospectus would be filed with SEBI, Mumbai.

LISTING

The Equity Shares issued through this Prospectus are proposed to be listed on National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE). In-principle approval for listing of the equity shares of the Company from NSE has been received vide their letter dated February 21, 2006 and from BSE vide letter dated February 24, 2006.

In case, the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer 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 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the Basis of Allotment for this Issue.



Impersonation

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 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.”

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Auditors, Legal Advisor, Bankers to the Company, Escrow Collection Banks and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue, Syndicate Members and Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, N. C. T. of Delhi and Haryana as required under Section 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the offer document for registration.

M/s B. K. Kapur & Co., Chartered Accountants, our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration to the Registrar of Companies, N. C. T. of Delhi and Haryana.

M/s. B. K. Kapur & Co., Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of delivery of this Prospectus for registration with the Registrar of Companies, N. C. T. of Delhi and Haryana.

Expert Opinions

Our Company has not obtained any expert opinion apart from whatever is already mentioned in this Prospectus.

Expenses of the Issue

Details of fees payable are estimated as follows:

| Sr. No. | Particulars | Amount (Rs. in lacs) | % of Total Issue Expenses | % of Total Issue Size |
|---------|---|----------------------|---------------------------|-----------------------|
| 1 | Lead Management, Underwriting and Selling Commission | 408 | 57.87 | 3 |
| 2 | Advertisement & Marketing Expenses | 90 | 12.77 | 0.68 |
| 3 | Printing & Stationery, Distribution, Postage, etc. | 162 | 22.98 | 1.19 |
| 4 | Other Expenses (incl. Fees of Registrar, Legal Advisor, Auditors and Tax Auditors, Filing Fees, Listing Fees, Depository Charges, etc.) | 45 | 6.38 | 0.33 |
| | Total | 705 | 100 | 5.18 |

Fees Payable to BRLMs

The total fees payable to the BRLMs will be as per the Memorandum of Understanding signed amongst the Company and the BRLMs, a copy of which is available for inspection at the Registered Office of the Company.

UTTAM SUGAR MILLS LIMITED

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar, copy of which is available for inspection at our Registered Office.

The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Others

The total fees payable to the Legal Advisor, Auditors and Tax Auditors will be as per the terms of their respective engagement letters.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst our Company, the BRLMs and Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned in this Prospectus.

Previous Public or Rights Issues (during the last five years)

We have not made any public or rights issue during last five years.

Commission or Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Outstanding Debenture or Bond Issues

As on the date of filing of this Prospectus, the Company does not have any outstanding Debenture or Bond Issue.

Outstanding Preference Shares

As on the date of filing of this Prospectus, the Company does not have any outstanding preference shares.

Issue of Shares Otherwise than for Cash

We have not made any issue of shares otherwise than for cash.

Companies under the same Management

There is no listed company under the same management within the meaning of Section 370 (1B) of the Companies Act.

Option to Subscribe

Equity shares being offered through this Prospectus can be applied for in dematerialized form only.

Stock Market Data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Particulars in regard to Public Issue during the last three years

We have not made any public issues during the last five years.

Promise vis-à-vis Performance

Our Company did not make any issue in past so the performance of our Company vis-à-vis the projection is not applicable.

Listed Ventures of Promoter

No listed company promoted by our promoters has made any capital Issue during the last three years.



Investors' Grievances Redressal Mechanism

The agreement between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. G. Ramarathnam, Company Secretary as the Compliance Officer and he may be contacted at Uttam Sugar Mills Limited, A-2E, III Floor, CMA Tower, Sector 24, Noida – 201 301, Uttar Pradesh, Tel.: +91 120 5545766; Fax: +91 120 2412715, E-mail: gramarathnam@uttamsugar.com. Investors can contact him for redressal of any complaints.

Changes in Auditors during the last three financial years and reasons thereof

There have been no changes of the Auditors of our Company during the last three years.

Capitalisation of Reserves or Profits

We have not capitalised our reserves or profits at any time since inception.

Revaluation of assets

We have not revalued our assets in the past five years.

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, conditions of RBI approval, the terms of this Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note (“CAN”) and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue of equity shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Annual General meeting of the shareholders held on January 12, 2006.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing shares of the Company including in respect of the rights to receive dividends.

Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of this Prospectus at a total price of Rs. 340 per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws. The issue price is 34 times the face value of the equity shares.

Compliance with SEBI Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regards, we have appointed Mr. G. Ramarathnam, Company Secretary as the Compliance Officer.

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; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of the Company.

For a detailed description of the main provisions of the Company’s Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled ‘Main Provisions of the Articles of Association of our Company’ on page no. 203 in this Prospectus.



Market Lot

The Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares is in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one equity share, subject to a minimum allotment of 20 Equity Shares. For details of allocation and allotment, please refer to the section titled 'Issue Procedure' on page no. 183 of this Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in New Delhi, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered / Corporate Office or to our Registrar and Transfer Agents.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the equity shares; or
- to make such allotment of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to allot the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the net offer to public including devolvement of Underwriters within 60 days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act.

Arrangement for disposal of odd lot

Our shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Subscription by NRIs/ FII/Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India)

UTTAM SUGAR MILLS LIMITED

Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of an Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIPB/ RBI for this specific purpose. However, it is to be distinctly understood that there is no reservation for NRIs, FIIs and foreign venture capital funds registered with SEBI and all NRI, FII and foreign venture capital funds registered with SEBI applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions as may be prescribed by the Government of India/RBI while granting such approvals.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an issue less than 25% of the post-Issue capital and Clause 2.2.1 of the SEBI Guidelines, the Issue is being made through the 100% Book Building Process wherein a minimum of 60% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of 60% portion of QIBs shall be specifically available for Mutual Funds registered with SEBI. However, these Mutual Funds participating in QIB category will also be eligible for allotment in the remaining portion available for other QIBs. Further, up to 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the bidder at the time of rejection of bid. In case of Non Institutional Bidders and Retail Bidders we would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the Bid-cum-Application Form bearing the stamp of a member of the Syndicate for making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, despatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing this Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

| Category | Colour of Bid-cum-Application Form |
|--|------------------------------------|
| Indian Public or NRIs applying on a non-repatriation basis | White |
| Non-residents including NRIs, FII, Foreign Venture Capital Fund applying on repatriation basis | Blue |

Who Can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
4. Indian mutual funds registered with SEBI;
5. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);

UTTAM SUGAR MILLS LIMITED

6. Venture capital funds registered with SEBI;
7. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
8. FIIs registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in Equity Shares;
13. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in Equity Shares;
14. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable local laws;
15. Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares; and
16. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the offer.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

Application by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 1,20,000 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

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 Equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by 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 capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the application is being made.

Under the SEBI Guidelines, 5% of the QIB portion i.e. 1,20,000 shares shall be available for allocation on a proportionate basis for Mutual Funds only.

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e.



10% of 2,57,69,000 Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total paid-up capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of our Company's paid-up capital.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) For Retail Individual Bidders: The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter, subject to maximum Bid amount of Rs. 100,000. In case the maximum Bid amount is more than Rs. 100,000 then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) For Non-Institutional Bidders and QIBs Bidders: The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

Bidding Process

- (a) Our Company will file the Red Herring Prospectus with the RoC.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our corporate office or from any of the BRLMs / Syndicate Members.
- (d) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Member or their authorized agent(s) to register their Bid.

UTTAM SUGAR MILLS LIMITED

- (e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Bidding

- a) Our Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC, and also publish the same in one English national daily, one Hindi national daily and one regional daily newspaper. This advertisement shall contain the disclosures as prescribed under SEBI Guidelines. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and a regional newspaper also by indicating on the websites of the BRLMs and at the terminals of the members of the Syndicate the Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- c) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- d) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph 'Build up of the Book and Revision of Bids' on page no. 189 of this Prospectus.
- e) During the Bidding Period, Bidders may approach the Syndicate Member to submit their Bid. Every Syndicate Member shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- f) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment' on page no. 187 of this Prospectus.
- g) The BRLMs and Syndicate Member will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. 290 to Rs. 340 per Equity Share of Rs. 10 each, Rs. 290 being the Floor Price and Rs. 340 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. In accordance with SEBI Guidelines, our Company in consultation with the BRLMs can revise the Price Band by informing the stock exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. Our Company in consultation with BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (b) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

- (c) Retail Individual Bidders, who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.
- (d) The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% fixed initially.
- (e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchanges, issuing Press Release and making available this information on the Bidding terminals.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 20 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the Revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.100,000, the Bid will be considered for allocation under the Non Institutional category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account

Escrow Mechanism

Escrow Account

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst the Company, the BRLMs, Escrow Bankers and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue and BRLMs to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph 'Payment Instructions' on page no. 194 of this Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of those Bidders whose Bids have been accepted

UTTAM SUGAR MILLS LIMITED

from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amounts after the transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall, on the Designated Date be transferred to the Refund Account, held by the Refund Banker for the benefit of the Bidders who are entitled to a refund. No later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable is mentioned under the section titled 'Issue Structure' on page no. 33 of this Prospectus and will be available with the Syndicate and will be as per the Syndicate Agreement. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the Syndicate Members by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid Form. The excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder as per the modes of payment of refund as detailed in page no. 200 within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and their authorized agents during the Bidding Period. Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be displayed on-line at all bidding centers and at the website of the NSE and BSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding/Issue Period. This information can be accessed on NSE's website at www.nseindia.com and BSE's website at www.bseindia.com.
- (d) At the time of registering each Bid, the Syndicate Member shall enter the following details of the investor in the on-line system:
 - Name of the investor
 - Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the members of the Syndicate.** The registration of the Bid by the Syndicate Member does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.



- (g) We, in consultation with the BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the bidder at the time of rejection of bid. In case of Non Institutional Bidders and Retail Bidders, we would have a right to reject the Bids only on technical grounds listed on page no. 196 in this Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allotment. In case of discrepancy of data between NSE or BSE and the Syndicate Member, the decision of the BRLMs based on physical records of Bid cum Application Forms shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLMs will analyze the demand generated at various price levels and discuss pricing strategy with us.

UTTAM SUGAR MILLS LIMITED

- (b) Our Company and BRLMs shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders.
- (c) The allocation for QIBs for a minimum of 60% of the Issue (including 5% specifically reserved for Mutual Funds) would be on a proportionate basis in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price. The allocation to Non-Institutional Bidders and Retail Individual Bidders of up to 10% and 30% of the Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company and BRLMs.
- (e) Allocation to eligible NRIs or FIIs or Foreign Venture Capital Fund registered with SEBI, applying on repatriation basis will be subject to the terms and conditions stipulated by RBI.
- (f) The BRLMs, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) The Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Advertisement Regarding Issue Price And Prospectus

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Issue Price, the following steps would be taken

- (a) The BRLMs or Registrar to the Issue shall send to the Syndicate Member a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLMs or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Designated Date and Allotment of Equity Shares

- (a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would ensure allotment of the Equity Shares to the allottees within two days of the finalization and adoption of the basis of allotment.



- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be issued only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

We would ensure the allotment of Equity Shares within 15 days of Bid/Issue Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS;
- g) Ensure that the bid is within price band;
- h) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum- Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum-Application Form;
- i) If your Bid is for Rs. 50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached a copy of your PAN card with the Bid cum application Form. In case the PAN has not been allotted, mention "Not Allotted" in the appropriate place.

Don'ts

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not provide your GIR number instead of your PAN.
- f) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;
- g) Do not Bid at cut off price (for QIBs and non-institutional bidders);
- h) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- i) Do not submit Bid accompanied with Stock invest.

UTTAM SUGAR MILLS LIMITED

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLMs or Syndicate Members.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or Foreign Venture Capital Fund applying on repatriation basis)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 20 Equity Shares and in multiples of 20 thereafter subject to a maximum Bid amount of Rs. 100,000.
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. 100,000 and in multiples of 20 Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds Rs. 100,000 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM 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 BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for making refunds and occupation ("Demographic Details"). Hence, Bidders are advised to immediately update their bank account details including Magnetic Ink Character Recognition (MICR) Code (a nine digit code appearing on a cheque leaf) as appearing on the records of the depository participant, and carefully fill in their Depository Account details in the Bid cum Application Form. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Allocation Advice/CANs/ refund orders/ refund advice would be mailed at the address of the Bidders as per the Demographic Details received from the Depositories. Bidders may note that delivery of allocation advice/CANs/ refund



orders/ refund advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In the case of refunds through electronic modes as detailed in page no. 200 of this Prospectus, Bidders may note that refund may get delayed if the bank particulars obtained from the Depositories are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid-cum-Application form, subject to such terms that we may deem fit.

Bids by NRIs

NRI bidders to comply with the following:

- Individual NRI bidders can obtain the Bid cum Application Forms from our Corporate Office, A-2E, III Floor, CMA Tower, Sector 24, NOIDA – 201301, U.P. or the Registrar to the Issue or Syndicate Members.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by Eligible NRIs and FIs on a repatriation basis

Bids and revision to Bids must be made:

On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in **BLOCK LETTERS in ENGLISH** in accordance with the instructions contained therein.

In a single name or joint names (not more than three).

By FIs for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter.

For further details, please refer to the section titled 'Issue Procedure - Maximum and Minimum Bid Size' on page no. 185 of this Prospectus.

Bids by NRIs for a Bid Amount of up to or less than Rs. 100,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under

UTTAM SUGAR MILLS LIMITED

Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund registered with SEBI for a minimum of such number of Equity Shares and in multiples of 20 Equity Shares thereafter so that the Bid Amount exceeds Rs. 100,000. For further details, please refer to 'Maximum and Minimum Bid Size'.

In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund registered with SEBI but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum- Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for eligible NRIs and FIIs. All eligible NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

We shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

- (a) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLMs.
- (c) The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - (i) In case of QIBs: **"Escrow Account - Uttam Sugar Public Issue - QIB - R"**
 - (ii) In case of non resident QIB Bidders: **"Escrow Account - Uttam Sugar Public Issue - QIB - NR"**
 - (iii) In case of Resident Retails and Non Institutional Bidders: **"Escrow Account - Uttam Sugar Public Issue"**
 - (iv) In case of Non Resident Retail and Non Institutional Bidders: **"Escrow Account - Uttam Sugar Public Issue - NR"**
- (d) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- (e) In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (f) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess



amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder by the Refund Banker from the Refund Account.

- (g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.
- (h) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. Further, on the Designated Date, the Escrow Collection Banks shall transfer all amounts liable to be refunded to unsuccessful bidders and the excess amounts paid on Bidding to the Refund Account held by the Refund Banker for the benefit of the Bidders entitled to a refund.
- (i) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall, from the Refund Account, refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.001/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate Member at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favor of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000/- or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid Cum Application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable"

UTTAM SUGAR MILLS LIMITED

and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Unique Identification Number - MAPIN

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the MAPIN Regulations/ Circulars vide its circular MAPIN/ Cir- 13/2005.

Our Right to Reject Bids

We and the BRLMs reserve the right to reject any QIB Bid provided the rejection is at the time of receipt of Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of Bid. In case of Non-Institutional Bidders and Retail Individual Bidders, we and the BRLMs have a right to reject bids based on technical grounds. Consequent refunds shall be made as per the modes disclosed.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- 2) Age of First Bidder not given;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- 4) PAN not given if Bid is for Rs. 50,000 or more and GIR number given instead of PAN;
- 5) Bids for lower number of Equity Shares than specified for that category of investors;
- 6) Bids at a price less than lower end of the Price Band;
- 7) Bids at a price more than the higher end of the Price Band;
- 8) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 9) Bids for number of Equity Shares which are not in multiples of 20;
- 10) Category not ticked;
- 11) Multiple bids as defined in the Red Herring Prospectus;
- 12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 13) Bids accompanied by Stock invest/ money order/postal order/cash;
- 14) Signature of sole and / or joint bidders missing;
- 15) Bid-cum-Application Form does not have the stamp of the BRLMs or Syndicate Member;
- 16) Bid-cum-Application Form does not have Bidder's depository account details;



- 17) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), depository participant identification number and beneficiary account number;
- 18) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form;
- 19) Bids by QIBs not submitted through IL&FS Investsmart Limited and IDBI Capital Market Services Limited;
- 20) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- 21) Bids by OCBs; and
- 22) Bid by U.S. residents or U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) a tripartite agreement dated March 3, 2006 with NSDL, us and Registrar to the Issue;
- b) a tripartite agreement dated March 3, 2006 with CDSL, us and Registrar to the Issue.

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice will be directly sent to the Bidder by the Registrar to this Issue. Refunds will be made directly by the Registrar to the Issue as per the modes disclosed.
- f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

UTTAM SUGAR MILLS LIMITED

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies 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.”

Basis of Allotment or Allocation

For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue Size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 12,00,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 12,00,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to 12,00,000 Equity Shares. For the method of proportionate basis of allotment, refer below.

For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue Size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 4,00,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 4,00,000 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a 4,00,000 Equity Shares. For the method of proportionate basis of allotment refer below.

For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.



(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance allotment to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate allotment to QIB Bidders shall not be less than 24,00,000 Equity Shares.

Method of proportionate basis of allotment in the QIB, Retail and Non-Institutional portions

In the event of the Issue being over-subscribed, we shall finalise the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalised in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- Bidders will be categorised according to the number of Equity Shares applied for.
- The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- In all Bids where the proportionate allotment is less than 20 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 20 Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- If the proportionate allotment to a Bidder is a number that is more than 20 but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of allotment or refund orders

The Company shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall ensure despatch of refund orders, if any, of value up to Rs. 1,500

UTTAM SUGAR MILLS LIMITED

by “Under Certificate of Posting”, and shall dispatch refund orders of Rs. 1,500 and above, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through “Under Certificate of Posting” intimating them about the mode of credit of refund within 15 days of closure of Issue.

The Company shall ensure despatch of refund orders/refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialised form within 15 days from the Issue Closing Date;
- Despatch of refund orders/ refund advice shall be done within 15 days from the Issue Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15-day time period as mentioned above), if allotment is not made, refund orders/ credit intimation are not despatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 15-day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

The Company will provide adequate funds required for the cost of despatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Payment of Refund

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant-Identification (DP ID) number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidders bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Bidders 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 Bidders at the Bidders sole risk and neither the BRLMs nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

- I. ECS - Payment of refund would be done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS
- II. Direct Credit – Applicants having their bank account with the Refund Banker, i.e. HDFC Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to the eligible applicant’s bank account with the Refund Banker.
- III. RTGS – Applicants having a bank account at any of the 15 centers detailed above, and whose bid amount exceeds Rs, 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Bid cum Application form. In the event of failure to provide the IFSC code in the Bid cum Application form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.



Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I,II and III hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

Interest in case of delay in dispatch of allotment letters/making refunds

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refunds orders have not been dispatched to the applicants within 15 days of the Bid/ Issue Closing Date or if in a case where refund or portion thereof is made in an electronic manner, the refund instructions have not been given to the clearing system in a disclosed manner within 15 days from the Bid/Issue Closing Date, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the NSE and BSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

Undertaking by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of allotment;
- that the funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are effected through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund.
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Prospectus are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.
- refunds shall be made as per the modes disclosed and allotment advice shall be dispatched to NRIs or FIIs or foreign venture capital investors registered with SEBI within the specified time.

Utilization of Issue proceeds

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such unutilized monies have been invested; and
- (c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

We shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The details of all unutilized monies out of the funds received under the reservations shall be disclosed under a separate head in the balance sheet of the Company indicating then form in which such unutilized monies have been invested.

UTTAM SUGAR MILLS LIMITED

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. No person shall make a Bid in pursuance of this Issue unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors making a bid in response to the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLMs, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribed to the Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the BRLMs, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

Investment by FIIs

Under present regulations, the maximum permissible FII investment in our Company is restricted to 24% of our total issued capital. This can be raised to 100% by adoption of a Board resolution and special resolution by our shareholders; however, as of the date hereof, no such resolution has been recommended to Board or our shareholders for adoption.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The allotment/ transfer of Equity Shares of NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI shall be subject to the conditions as may be prescribed by the government of India or RBI while granting such approvals.

Note: The SEBI Guidelines have been recently amended on January 20, 2006. Pursuant to these amendments, certain significant changes have been made to the guidelines with regard to the modes of making refunds. Certain changes may be made to the description of the Issue Procedure based on discussions the BRLMs may have with SEBI, RBI and the Stock Exchanges.

SECTION VIII – MAIN PROVISION OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

SHARE CAPITAL

3. The Authorised Share Capital of the Company shall be such as given in part V of the Memorandum of Association or altered from time to time, with the power to increase, reduce, sub-divide or to repay the same or to divide the same into several classes and to attach thereto any rights and to consolidate or sub-divide or re-organise the shares and subject to Section 106 of the Act, to vary such rights as may be determined in accordance with the regulations of the Company.
 4. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Board of Directors, who may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such time as they think fit and with full power to give any person to the option to call of or be allotted shares of the Company of any class, either at a premium or at par or at a discount and for such time and for such consideration as the Board of Directors think fit (subject to the provisions of section 78 and 79 of the Act), provided that option or right to call of shares shall not be given to the person except with the sanction of the Company in General Meeting. The Board shall cause to be made the returns as to allotment provided for the Section 75 of the Act.
- *4A(i) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
- a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- (ii) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- a) If a special resolution to that effect is passed by the company in General Meeting, or
 - b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in

UTTAM SUGAR MILLS LIMITED

person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.

- (iii) Nothing in sub-clause (c) of (1) hereof shall be deemed ;
- a) To extend the time within which the offer should be accepted; or
 - b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (iv) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the company :
- i) To convert such debentures or loans into shares in the company; or
 - ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term :

- a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

*4B Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

*4C Subject to the provisions of Article of Association of the Company, Companies Act, 1956 and Depository Act, 1956, the Company may issue shares either in physical form or in dematerialised form from time to time as may be decided by Board of Directors."

* Added by special resolution passed in extraordinary general meeting held on 12th January, 2006

5. Any publication signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the register shall, for the purposes of the Articles, be a member.
6. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the company is being wound up be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with a sanction of a resolution passed at a separate meeting of the holders of the shares of that class.
- (2) Subject to the provisions of Section 170 (2) (a) and (b) of the Act, to every such separate meeting, the provisions of these regulations relating to meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be five persons at least holding or representing by proxy or one-third of the issued shares of the class in question.
7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.



8. (1) The company may exercise the powers of paying commissions conferred by Section 76 of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Section.
 - (2) The rate of commission shall not exceed the rate of 5% (five percent) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% (five percent) of such price, as the case may be and in the case of debentures 2^{1/2}% (two and a half per cent) of the price at which the debentures in respect whereof the same is paid are issued or an amount equal to 2^{1/2}% (two and a half per cent) of such price, as the case may be.
 - (3) The commission may be satisfied by payment in cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
 - (4) The Company may also, on any issue of shares, pay such brokerage as may be lawful.
9. Subject to section 187-C of the Act no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be complied in any way to recognize (even when having notice thereof) any equitable, contingent future or partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
10. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within three months after allotment (or within such other period as the conditions of issue shall provide) or within one month after the application for the transfer of registration is received by the Company,
- a. one certificate for all his shares without payment, or
 - b. several certificates, each for one or more of his shares, provided that any sub-division, consolidation or splitting of certificates required in marketable lots shall be done by the Company free of any charges.
- (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.
- (3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
11. The Company agrees, that it will not charge any fees exceeding those which may be agreed upon with the Stock Exchange.
- (i) for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed :-
 - (ii) for sub-division and consolidation of shares and debenture certificates and for sub-division of Letters of Allotment and Split, consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading”.
- *11A. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, an a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.
- Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

UTTAM SUGAR MILLS LIMITED

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

* Added by special resolution passed in extraordinary general meeting held on 12th January, 2006

12. The Company may issue such fractional certificates as the Board may approve in respect of any of the shares of the Company on such terms as the Board thinks fit as to the period within which the fractional certificates are to be converted into share certificates.
13. If any share stands in the names of two or more persons, the person first named in the register of members shall, as regards receipt of dividends, the service of notices and subject to the provisions of these Articles, all or any other matter connected with the Company except the issue of share certificates, voting at meeting and the transfer of the share, be deemed the sole holder thereof.

LIEN

14. (1) The Company shall have a first and paramount lien upon every share (not being a fully paid up share), for all money (whether presently payable or not) called or payable at a fixed time in respect of that share. Unless otherwise agreed the registration of a transfer of a share shall operate as a waiver of the Company's lien if any, on such shares. The Board of Directors may at any time declare any shares to be wholly or in part to be exempt from the provisions of this article.
 - (2) The Company's lien, if any, on a share shall extend to all dividends payable thereon, subject to section 205A of the Act.
15. The company may sell, in such manner as the Board thinks fit, any share on which the Company has a lien provided that no sale shall be made :-
 - (a) unless a sum in respect of which the lien exists is presently payable : or
 - (b) until the expiration of thirty days after a notice in writing demanding payment of such part of the amount in respect of which the lien exists as is presently payable, have been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency and stating that amount so demanded if not paid with the period specified at the Registered Office of the Company the said shares shall be sold.
16. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
 - (2) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.
 - (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.
17. (1) The proceeds of the sale shall be received by the company and applied in payment of the whole or a part of the amount in respect of which the lien exist as is presently payable.
 - (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares at the date of sale, be paid to the person entitled to the shares at the date of the sale.

CALLS OF SHARES

18. (1) The Board of Directors may, from time to time, make calls upon the members in respect of money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the condition of allotment thereof made payable at fixed times.
 - (2) Each member shall, subject to receiving at least thirty days notice specifying the time or times and place of payment of the call money pay to the Company at the time or times and place so specified, the amount called on his shares.
 - (3) A call may be revoked or postponed at the discretion of the Board.

19. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed. Call money may be required to be paid by installments.
20. The joint holder of a share shall be jointly and severally liable to pay all calls in respect thereof.
21. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate of interest as the Board may determine.
(2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
22. (1) Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
(2) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
23. Subject to the provisions of Section 92 and 292 of the Act, the Board :-
 - a. may, if it thinks fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him; and
 - b. if it thinks fit, may pay interest upon all or any of the moneys advanced in uncalled and unpaid shares (until the same would but for such advance become presently payable) at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 9% (nine percent) per annum as may be agreed upon between the Board and the members paying the sums or advances, Money so paid in advance shall not confer a right to dividend or to participate in profits.
24. On the trial or hearing of any suit or proceedings brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who resolved to make any call, nor that a quorum of Directors was present at the Board Meeting at which any call was resolved to be made, nor that the meeting at which any call was resolved to be made was duly convened or constituted nor any other matter, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
25. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall, preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

TRANSFER AND TRANSMISSION OF SHARES

26. The Company shall keep a "Register of Transfers", and therein shall fairly and distinctly enter particulars of every transfer or transmission of any share.
27. (1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.
(2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
28. The instrument of transfer shall be in writing and all the provisions of section 108 of the Companies Act, 1956 and of any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.

UTTAM SUGAR MILLS LIMITED

29. Unless the Directors decide otherwise, when an instrument of transfer is tendered by the transferee, before registering any such transfer, the Directors shall give notice by letter sent by registered acknowledgment due post to the registered holder that such transfer has been lodged and that unless objection is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office within ten days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Directors shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Directors in respect of such non-receipt.

TRANSFER OF SHARES

30. The Board of Directors may, subject to the right of appeal conferred by Section 111 of the Companies Act, 1956, decline to register :-
- (a) the transfer of a share not being a fully paid up share, to a person of whom they do not approve; or
 - (b) any transfer of the share on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any person or persons indebted to the Company on any account except a lien.
 - (c) Notice of refusal to transfer shares to transferor or transferee shall be sent within 30 days.
31. The Board may also decline to recognize any instrument of transfer unless –
- (a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
 - (b) the instrument is in respect of only one class of shares.
32. All instruments of transfer which shall be registered shall be retained by the Company, but may be destroyed upon the expiration of such period as the Board may from time to time determine. Any instrument of transfer which the Board declines to register shall (except in any case of fraud) be returned to the person depositing the same.
33. (a) the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine. Provided that such registration shall not be suspended for more than forty-five days in the aggregate in any year or for more than thirty days at any one time.
- (b) There shall be no charge for :
- (a) registration of shares or debentures;
 - (b) sub-division and or consolidation of shares and debenture certificates and sub-division of Letter of Allotment and split consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit of trading;
 - (c) sub-division of renounceable Letters of Right;
 - (d) issue of new certificates in replacement of those which are decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised;
 - (e) registration of any Powers of Attorney, Letter of Administration and similar other documents.

TRANSMISSION OF SHARES

34. (1) On the death of a member, the survivor or survivors where the member was a joint holder and his legal representative where he was a sole holder shall be the only person recognized by the Company as having any title to his interest in the shares.
- (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.



35. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided elect, either –
- to be registered himself as holder of the share; or
 - to make such transfer of the shares as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.
36. (1) If the person so becoming entitled, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
37. On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share and that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company;
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.
38. Where the Company has knowledge through any of its principal officers within the meaning of Section 2 of the Estate Duty Act, 1953 of the death of any member or debenture holder in the Company, it shall furnish to the Controller within the meaning of such section, the prescribed particulars in accordance with that Act and the rules made thereunder and it shall not be lawful for the Company to register the transfer of any shares or debentures standing in the name of the deceased, unless the transferor has acquired such shares for valuable consideration or a certificate from the controller is produced before the Company to the effect that the Estate Duty in respect of such shares or debentures has been paid or will be paid or that none is due, as the case may be.
39. The Company shall incur liability whatever in consequence of its registering or giving effect, to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

FORFEITURE OF SHARES

40. If a member fails to pay any call or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

UTTAM SUGAR MILLS LIMITED

41. The notice aforesaid shall :-
- (a) name a further day (not earlier than the expiry of 30 (thirty) days from the date of service of notice) on or before which the payment required by the notice is to be made; and
 - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made, will be liable to be forfeited.
42. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time, thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture, which shall be the date on which the resolution of the Board is passed forfeiting the shares.
43. (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale or disposal, as aforesaid, the Board may annul the forfeiture on such terms as it thinks fit.
44. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at date of forfeiture, were presently payable by him to the Company in respect of the shares together with interest thereon from the time of forfeiture until payment at the rate of 9% (nine percent) per annum.
- (2) The liability of such person shall cease if and when the Company shall have received payments in full of all such money in respect of the shares.
45. (1) A duly verified declaration in writing that the declaration is a director or the secretary of the Company and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts stated therein stated as against all persons claiming to be entitled to the share.
- (2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (3) The transferee shall thereupon be registered as the holder of the share.
- (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
46. The provisions of these regulations as to forfeiture shall apply, in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
47. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental thereto except only such of those rights as by these Articles are expressly save.
48. Upon any sale, after forfeiture or for enforcing a lien in purporting exercise of powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity, of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.
49. Upon any sale, re-allotment or other disposal under the provisions of these Articles relating to lien or to forfeiture, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. When any shares, under the powers in that behalf herein contained are sold by the Board

and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit, from the certificate not so delivered.

The directors may, subject to the provisions of the Act, accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.

CONVERSION OF SHARES INTO STOCK

51. The Company may, by an ordinary resolution :-
(a) convert any paid-up shares into stock; and
(b) reconvert any stock into paid-up shares of any denomination authorised by these regulations.
52. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit :
- Provided the Board may, from time to time, fix the minimum amount of Stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
53. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
54. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively.

SHARE WARRANTS

55. The Company may issue share warrant, subject to and in accordance with, the provision of Section 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share; and the amount of the stamp duty on the warrant and such fee as the Boar may, from time to time, require, issue a share warrant.
56. (1) The bearer of share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition for calling a meeting of the Company and of attending and voting and exercising, the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
- (2) Not more than one person shall be recognized as depositor of the share warrant.
- (3) the company shall, on two days written notice, return the deposited share warrant to the depositor.
57. (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting of the Company or attend or vote or exercise any other privilege of a member at a meeting of the Company or be entitled to receive any notice from the Company.
- (2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the register of member as the holder of the shares included in the warrant and he shall be deemed to be a member of the Company in respect thereof.

UTTAM SUGAR MILLS LIMITED

58. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case defacement, loss or destruction of the original.

ALTERATION OF CAPITAL

59. The Company may, from time to time, by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall specify.

60. The Company may by ordinary resolution in general meeting :-

- (a) consolidate and divide all or any of its capital into shares of larger amounts than its existing shares ;
- (b) sub-divide its shares or any of them, into shares of smaller amounts than is fixed by the Memorandum of Association, so however, than in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- (c) cancel any share which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

61. The Company may, from time to time, by special resolution and on compliance with the provisions of Section 100 to 105 of the Act, reduce its share capital and any capital reserve fund or share premium account.

62. The Company shall have power to establish Branch Offices, subject to the provisions of Section 8 of the Act or any statutory modifications thereof.

63. The Company shall have power to pay interest out of its capital on so much of shares which were issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant for the Company in accordance with the provisions of Section 208 of the Act.

64. The Company, if authorised by a special resolution passed at a General Meeting may amalgamate or cause itself to be amalgamated with any other person, or body corporate, subject however, to the provisions of Section 391 to 394 of the Act.

GENERAL MEETINGS

65. All General Meetings other than the Annual General Meetings of the Company shall be called Extraordinary General Meetings.

66. (1) The Board may, whenever it thinks fit call an Extra ordinary General Meeting.

- (2) If at any time there are not within Indian Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an extraordinary general meeting in the same manners, as nearly as possible, to that in which such a meeting may be called by the Board.

CONDUCT OF GENERAL MEETINGS

67. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been stated in the notice by which it was convened or called.

68. (1) No business shall be transacted at any general meeting, unless a quorum or members is present at the time when the meeting proceeds to business.

- (2) Save as otherwise provided in Section 174 of the Act, a minimum of five members present in person shall be the quorum. A body corporate, being a member, shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

CONDUCT OF MEETINGS

69. The Chairman, if any, of the board shall preside as Chairman at every general meeting of the Company.

70. If there is no such Chairman or if he is not present within fifteen minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting.
71. If at any meeting no Director is willing to act as Chairman or if no Director is present within 15 (fifteen) minutes of the time appointed for holding the meeting, the members present shall choose one of their members to be the Chairman of the meeting.
72. No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.
73. (1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place.
 - (2) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the adjournment took place.
 - (3) When a meeting is adjourned for thirty days or more, fresh notice of the adjourned meeting shall be given as in the case of an original meeting.
 - (4) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.
74. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
75. Any business other than that upon which a poll has been demanded, may be proceeded with, pending the taking of the poll.

VOTES OF MEMBERS

76. Subject to any rights or restrictions for the time being attached to any class or classes of shares :-
 - (a) on a show of hands, every member present in person shall have one vote; and
 - (b) on a poll, the voting rights of members shall be as laid down in section 87 of the Act.
77. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of joint holders stand in the Register of members.
78. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the office not less than 24 hours before the time of holding the meeting or adjourned meeting at which such person claims to vote on poll.
79. No member shall be entitled to vote at any general meeting unless all calls, and other sums presently payable by him in respect of shares in the Company or in respect of shares on which the Company has exercised any right of lien, have been paid.
80. (1) No objection shall be raised to the qualification of any voter, except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.
 - (2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.
81. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated valid.

UTTAM SUGAR MILLS LIMITED

82. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or in a form as near thereto as circumstances admit.
83. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, if no intimation in writing of such death, inanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

- *84. The number of Directors of the Company shall not be less than three and not more than Fifteen.
- * Substituted by special resolution passed in extraordinary general meeting held on 14th December, 2005.
85. At every Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 of the Act or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office in accordance with the provisions of Section 256 of the Act.
86. *(1) Non-Executive Directors of the Company may be paid sitting fees for each meeting of Board or Committee thereof, attended by him/ her a sum not exceeding such amount as decided by Board of Directors but subject to the first proviso of section 310 of the Companies Act, 1956 and Rules made thereunder from time to time.”
- (2) Subject to the provisions of Section 309,310 and 314 of the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as the Company in General meeting may, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and in such manner as the Board may, from time to time, determine and in default of such determination, shall be divided among the Directors equally or if so determined paid on a monthly basis.
- (3) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- (4) Subject to the provisions of Section 198, 309, 310 and 314 of the Act, if any Director be called upon to perform any extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may pay such Director special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or by percentage of profit otherwise and may allow such Director at the cost and expense of the Company such facilities or amenities (such as rent free house, free medical aid and free conveyance) as the Board may determine from time to time.
- (5) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid in accordance with Company's rules to be made by the Board all travelling, hotel and other expenses properly incurred by them –
- a. in attending and returning from meetings or adjourned meeting of the Board of Directors or any committee thereof ; or
- b. in connection with the business of the Company.
- * Substituted by special resolution passed in extraordinary general meeting held on 14th December, 2005.
87. The Directors shall not be required to hold any qualification shares in the company.
88. The Board of Directors shall have power to appoint additional Directors in accordance with the provisions of Section 260 of the Act.
89. If it is provided by any trust deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company then in the case of any and every such issue of debentures, the persons having such power may exercise such power, from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture

Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be liable to retire by rotation, but he shall be counted in determining the number of retiring Directors.

90. Subject to the provisions of Section 313 of the Act, the Board of Directors shall have power to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
91. A Director may be or become a director of any company promoted by the company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company. Such Director before receiving or enjoying such benefits in cases in which the provisions of Section 314 of the Act are attracted will ensure that the same have been complied with.
92. Every nomination, appointment or removal of a Special Director shall be in writing and accordance with the rules and regulations of the government, corporation or any other institution. A Special Director shall be entitled to the same rights and privileges and be subject to same obligations as any other Director of the Company.
93. The office of a Director shall become vacant :-
 - (i) on the happening of any of the events provided for in Section 283 of the Act;
 - (ii) on contravention of the provisions of Section 314 of the Act, or any statutory modification thereof;
 - (iii) if a person is a Director of more than twenty Companies at a time;
 - (iv) in the case of alternate Director on return of the original Director to the State in terms of Section 313 of the Act;
or
 - (v) on resignation of his office by notice in writing and is accepted by the Board.
94. Every Director present at any meeting of the Board or a committee thereof shall sign his name in a book to be kept for that purpose, to show his attendance thereat.

POWERS OF BOARD OF DIRECTORS

95. The Board of directors may pay all expenses incurred in the information, promotion and registration of the Company.
96. The Company may exercise the powers conferred by Section 50 of the Act, with regard to having an official seal for use abroad and such powers shall be vested in the Board.
97. The Company may exercise the powers conferred on it by Section 157 and 158 of the Act with regard to the keeping of a foreign register; and the Board may (subject the provisions of those Section) make and vary such regulations as it may think fit with respect to the keeping of any such register.
98. The Directors may enter into contracts or arrangements on behalf of the Company subject to the necessary disclosures required by the Act being made wherever any Director is in any way, whether directly or indirectly concerned or interested in the contract or arrangement.

BORROWING POWER

99. Subject to the provisions of section 58A, 292 and 293 of the Act, and Regulations made thereunder and directions issued by the R.B.I. the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debentures, debenture-stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
100. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particulars by a resolution passed at a meeting of the board (and not by circulation) by the issue of debenture of debenture stock of the Company, charged upon all or any of the property of the Company (both present future), including its uncalled capital for the time being.

UTTAM SUGAR MILLS LIMITED

101. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the Company and person to whom the same may be issued and may be issued on the condition that they shall be convertible into shares of any authorised denomination, and with privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise, provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General meeting.
102. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board may, from time to time, by resolution determine.

PROCEEDINGS OF THE BOARD

103. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher ; provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors, who are not interested, present at the meeting, being not less than two, shall be the quorum during such time.
104. If a meeting of the Board could not be held for want of quorum, whatever number of Directors, not being less than two, shall be present at the adjourned meeting, notice whereof shall be given to all the Directors, shall form a quorum.
105. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of vote.
- (2) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.
106. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Director to that fixed for the quorum or for summoning a General Meeting of the Company, but for no other purpose.
107. (1) Save as provided in Article 93, the Board may elect one of its members as Chairman of its meetings and determine the period for which he is to hold office as such.
- (2) If no such Chairman is elected or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.
108. Subject to the restrictions contained in Section 292 and 293 of the Act, the Board may delegate any of its powers to committees of the Board consisting of such member or members of its body as it thinks fit and it may, from time to time, revoke such delegation and discharge any such committee of the Board either wholly or in part, and either as to persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
109. The meetings and proceedings of any such committee of the Board, consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last proceeding Article.
110. (1) A committee may elect a chairman of its meetings
- (2) If no such chairman is elected or if at any meeting the chairman is not present within five minutes of the time appointed for holding the meeting, the members present may choose one of their members to be chairman of the meeting.

111. (1) A Committee may meet the adjourn as it thinks proper.
- (2) Question arising at any meeting of a committee shall be determined by a majority of votes of the members present and in case of an equality of votes, the Chairman shall have a second or casting vote.
112. All acts done by any meeting of the Board or by a committee thereof by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment or continuance in office of any such Directors or persons acting as aforesaid: or that they or any of them were disqualified or had vacated office or were not entitled to act as such, or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, had duly continued in office, was qualified, had continued to be a Director, his appointment had not been terminated and he had been entitled to be a Director provided that nothing in this Article shall be deemed to give validity to any act done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
113. Subject to Section 289 of the Act and except a resolution which the Act requires specifically to be passed in any board meeting, a resolution in writing, signed by the majority members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

MANAGING DIRECTOR (S) AND WHOLE TIME DIRECTOR (S)

114. Subject to provisions of Sections 197A, 269, 198 and 309 of the Act, the Board of Directors may, from time to time, appoint one or more of their body to the office of Managing Director/s or whole time Director/s for a period not exceeding 5 (five) years at a time and on such terms and conditions as the Board may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment, and in making such appointments the Board shall ensure compliance with the requirements of the Companies Act, 1956 and shall seek and obtain such approvals as are prescribed by the Act, provided that a Director so appointed, shall not be whilst holding such office, be subject to retirement by rotation but his appointment shall be automatically determined if he ceases to be a Director. However, he shall be counted in determining the number of retiring Directors.
115. The Board may entrust and confer upon Managing Director/s or Whole time director/s any of the powers of management which would not otherwise be exercisable by him upon such terms and conditions and with such restrictions as the Board, may think fit, subject always to the superintendence, control and direction of the Board and the Board may, from time to time revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

116. (1) Subject to section 383A of the Act, a Secretary of the Company may be appointed by the Board on such terms, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board.
- (2) A Director may be appointed as a Secretary.
117. Any provision in the Act of these regulations requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the Secretary.

THE SEAL

118. (1) The Board shall provide a common seal for the purposes of the Company and shall have power, from time to time, to vary or cancel the same and substitute a new seal in lieu thereof. The Board shall provide for the safe custody of the seal for the time being.
- (2) Subject to any statutory requirements as to Share Certificates or otherwise, the seal of the Company shall not be affixed to any instrument except by authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf and except in the presence of at least one Director and of the Secretary or of two Directors who shall sign every instrument to which the seal of the Company is so affixed in their presence. This is, however, subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

UTTAM SUGAR MILLS LIMITED

- (3) The Board shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India. The Company shall, however, comply with Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

DIVIDENDS AND RESERVES

119. The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
120. The Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits earned by the Company.
121. (1) The Board may, before recommending any dividend, set aside of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provisions for meeting contingencies or for equalising dividends and pending such applications may at the like discretion either be employed in the business or the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- (2) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.
122. (1) Subject to the rights of the persons, if any, holding shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as having been paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
123. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company subject to section 205A of the Act.
124. (1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holder or, in case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the first named holder or joint holders may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
125. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.
126. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
127. No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.



*129A Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Uttam Sugar Mills Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the Investor Education and protection Fund established the Central Government. A claim to any money so transferred to the above fund may be preferred to the Central Government/Committee appointed by the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

* Added by special resolution passed in extraordinary general meeting held on 12th January, 2006

WINDING UP

128. (1) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (2) For the purpose aforesaid, the liquidator may set such values as the deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

UTTAM SUGAR MILLS LIMITED

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at A-2E, III Floor, CMA Tower, NOIDA – 201 301, U.P. from 10.00 a.m. to 4.00. p.m. on working days from the date of this Prospectus until the Bid/Issue Closing Date.

MATERIAL CONTRACTS

1. Letter of appointment dated January 13, 2006 to IL&FS Investsmart Limited and IDBI Capital Market Services Limited from the Company appointing them as BRLMs.
2. Memorandum of Understanding dated January 19, 2006 amongst our Company, and the BRLMs.
3. Memorandum of Understanding dated January 16, 2006 executed by our Company with the Registrar to the Issue, etc.
4. Escrow Agreement dated March 10, 2006 between us, the BRLMs, Escrow Collection Banks and Registrar to the Issue.
5. Syndicate Agreement dated March 10, 2006 between us and the BRLMs to the Issue.
6. Underwriting Agreement dated March 23, 2006 between us and BRLMs.

MATERIAL DOCUMENTS

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certificate of incorporation dated October 4, 1993.
3. Our certificate of commencement of business dated April 8, 1994
4. Our certificates in relation to change of name.
5. Resolutions passed by Shareholders/ Board of Directors in relation to this Issue and other related matters such as appointment of auditors, formation and revision of Audit, Remuneration and other committees
6. Resolutions approving the present terms of employment between our Company and our Directors viz. Mr. Raj Kumar Adlakha and Mr. U. R. K. Rao as approved by our Board and our Shareholders.
7. Report of the auditors, M/s B. K. Kapur & Co, dated December 06, 2005 prepared as per Indian GAAP and mentioned in this Prospectus.
8. 'Statement of Tax Benefits' dated December 06, 2005 prepared by our auditors, M/s. B. K. Kapur & Co.
9. Copies of annual reports of our Company for the years ended March 31, 2001, eighteen months period ended September 30, 2002, twelve months period ended September 30, 2003, 2004 and 2005.
10. Consent of our auditors, M/s B. K. Kapur & Co, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
11. Appraisal report of IDBI Limited dated December 09, 2005
12. Consent of Sugar Technology Mission (STM) and IDBI Limited for use of their respective reports.
13. IDBI Ltd. Sanction letter for a Rupee Term Loan of Rs. 5000 lacs dated January 19, 2005.
14. Punjab National Bank letter for a Rupee Term Loan of Rs. 4000 lacs dated December 30, 2005



-
15. Agreement dated February 7, 2005 entered into between our Company and Gayatri Iron Pvt. Ltd. (GIPL) licensing GIPL to use the facility at Libberheri to manufacture steel ingots.
 16. General Power of Attorney executed by the Directors of our Company in favour of person(s) for the purposes of the Initial Public Offering.
 17. Consents of Bankers to the Company, Registrar to the Issue, Legal counsel to the Issue, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
 18. In-principle approval from NSE dated February 21, 2006.
 19. In-principle approval from BSE dated February 24, 2006.
 20. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated March 3, 2006.
 21. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated March 3, 2006.
 22. Due diligence certificate dated January 23, 2006 to SEBI from the BRLMs.
 23. SEBI observation letter no. CFD/DIL/SM/61221/2006 dated February 24, 2006.

Any of the contracts or documents mentioned in this Prospectus 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.

UTTAM SUGAR MILLS LIMITED

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Prospectus are true and correct.

Signed by all the Directors

Sd/

Mr. Raj Kumar Adlakha, Chairman and Managing Director

Sd/

Mr. Rajan Adlakha, Director

Sd/

Mr. Ranjan Adlakha, Director

Sd/

Mr. U. R. K. Rao, Whole Time Director

Sd/

Mr. V. S. Tandon, Independent Director

Sd/

Mr. N. K. Sawhney, Independent Director

Sd/

Mr. Jeewan Jyoti Bhagat, Independent Director

Sd/

Dr. R. Vasudevan, Independent Director*

*** Signed by constituted Power of Attorney Holder Mr. G. Ramarathnam**

SIGNED

Sd/

Mr. Ashoak Agarwal, Chief Financial Officer

Sd/

Mr. G. Ramarathnam, Company Secretary and Compliance Officer

Place: NOIDA

Date: March 23, 2006