

# **48th ANNUAL REPORT**

**2009-2011**  
**(18 Months)**



**MAWANA SUGARS LIMITED**

# Mawana Sugars Limited

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## BOARD OF DIRECTORS

Mr. Bedi R.S.

Ms.Dutt Anuradha

Mr. Gupta Ravi Vira

Mr. Goila N.K.

Mr. Kakria Sunil

Mr. Mehra A.K.

Prof. Mohan Dinesh

Mr. Shriram Siddharth

– *Managing Director*

– *Whole-time Director*

– *Chairman and Managing Director*

## AUDITORS

A.F. Ferguson & Co.

Chartered Accountants

9, Scindia House,

Kasturba Gandhi Marg,

New Delhi - 110 001

## BANKERS

State Bank of India

Punjab National Bank

State Bank of Hyderabad

State Bank of Travancore

State Bank of Mysore

Axis Bank Ltd.

U.P./District Co-operative Banks

## REGISTERED OFFICE

5th Floor, Kirti Mahal,

19, Rajendra Place,

New Delhi-110 125

## CORPORATE OFFICE

Plot No. 15, Institutional Area

Sector - 32

Gurgaon -122001, Haryana

## WORKS

- Mawana Sugar Works, Mawana  
Distt. Meerut - 250402 (U.P.)
- Titawi Sugar Complex  
Village & P.O. Titawi  
Distt. Muzaffarnagar - 251301 (U.P.)
- Nanglamal Sugar Complex  
Garh Road, Village Nanglamal  
Distt. Meerut - 250001 (U.P.)
- Siel Chemical Complex  
Charatrapur, Vill. Khadauli/Sardargarh  
P.O. Box. No. 52, Rajpura, Distt. Patiala  
Punjab - 140401

## REGISTRAR & SHARE TRANSFER AGENT

Mas Services Ltd.

T-34, Okhla Industrial Area, Phase - II

New Delhi – 110 020

Phone No. : 011-26387281-83, Fax: 011-26387384

Website : [www.masserv.com](http://www.masserv.com)

E-mail :- [info@masserv.com](mailto:info@masserv.com)

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## NOTICE

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Notice is hereby given that the 48<sup>th</sup> Annual General Meeting of the members of Mawana Sugars Limited will be held as scheduled below:

Day : Wednesday

Date : 24.08.2011

Time : 11.30 A.M.

Place: Kamani Auditorium,  
1, Copernicus Marg,  
New Delhi-110001

to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2011 (18 months) and the Profit and Loss Account of the Company for the financial period ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A.K. Mehra, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Prof. Dinesh Mohan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

M/s. A.F. Ferguson & Co., Chartered Accountants are the retiring Auditors.

### SPECIAL BUSINESS:

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

Resolved that pursuant to the provisions of Sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to the approval Central Government and such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded to the payment of the following remuneration to Mr. Sunil Kakria, Managing Director of the Company for the remaining period of his term of appointment i.e. from 1.10.2010 to 7.1.2013:

- |                              |  |
|------------------------------|--|
| 1. Basic Salary              | : Rs.5,07,480/- per month  |
| 2. Special Allowance         | : Rs.3,42,710/- per month  |
| 3. Housing                   | : House Rent allowance of Rs.1,00,000/- per month.   |
| 4. Medical Reimbursement     | : Expenses incurred for self and family upto Rs.27,000/- p.m. as per the rules of the Company.   |
| 5. Contribution to P.F. etc. | : Contribution to Provident Fund and Superannuation Fund as per the rules of the Company.  |
| 6. Gratuity                  | : As per the rules of the Company.   |
| 7. Encashment of Leave       | : Encashment of leave as per the rules of the Company.   |
| 8. Leave Travel Allowance    | : Rs.52,500/- p.m. as per the rules of the Company.  |
| 9. Use of Car                | : The Company shall provide a Car with running and maintenance expenses on actuals.  |
| 10. Telephone                | : Actual expenses for one telephone at residence and mobile phone shall be borne by the Company. However, all the long distance personal calls shall be paid by the Managing Director. |
| 11. Minimum Salary           | : In the event of inadequacy or absence of profits, Mr. Sunil Kakria shall be entitled to the normal salary and perquisites as stated herein as minimum salary.                        |

Resolved further that in addition to the remuneration as stated above, a performance based incentive varying from 0 (zero) to Rs.1,00,00,000/- (Rupees One Crore only) per annum would be payable based on the achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof during his remaining term of appointment on annual basis.

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

Resolved that pursuant to the provisions of Sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to the approval of Central Government and such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded to the payment of the following remuneration to Mr. A.K. Mehra, Whole Time Director of the Company for the remaining period of his term of appointment i.e. from 1.10.2010 to 15.10.2012:

# Mawana Sugars Limited

## NOTICE (Contd.)

1. Basic Salary : Rs.2,55,300/- per month
2. Special Allowance : Rs.3,03,038/- per month
3. Housing : House Rent allowance of Rs.40,000/- per month.
4. Medical Reimbursement : Expenses incurred for self and family upto Rs.3000/- per month as per rules of the Company.
5. Contribution to P.F. etc. : Contribution to Provident Fund and Superannuation Fund as per the rules of the Company.
6. Gratuity : As per the rules of the Company.
7. Encashment of Leave : Encashment of leave as per the rules of the Company.
8. Use of Car : The expenses on running shall be paid on actuals and expenses for maintenance shall not exceed Rs.5000/- p.m. or Rs.60,000/- per annum.
9. Telephone : Actual expenses for telephones at residence and mobile phone shall be borne by the Company. However, all the long distance personal calls shall be paid by the Whole Time Director.
10. Minimum Salary : In the event of inadequacy or absence of profits, Mr. A K Mehra shall be entitled to the normal salary and perquisites as stated herein as minimum salary.

Resolved further that in addition to the remuneration as stated above, a performance based incentive varying from 0 (zero) to Rs.15,00,000/- (Rupees Fifteen lacs only) per annum would be payable based on the achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof during his remaining term of appointment on annual basis.

By Order of the Board of Directors  
For **Mawana Sugars Limited**

Place : New Delhi  
Dated : 30.5.2011

(**SUNIL KAKRIA**)  
Managing Director

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. The information as required to be provided under the Listing Agreement entered into with Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed and the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 are enclosed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23.8.2011 to 24.8.2011 (both days inclusive).
4. In compliance of SEBI requirements, Mas Services Limited has been appointed the Registrar and Share Transfer Agent of the Company, who handle share transfer work in Physical as well as in Electronic Form and other related activities at the following address:  
**Mas Services Ltd.**  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II  
New Delhi - 110020  
Phone No. : 011-26387281-83  
Fax No. : 011-26387384  
Website : [www.masserv.com](http://www.masserv.com)  
E-mail : [info@masserv.com](mailto:info@masserv.com)
5. Members are requested to notify immediately any change in their address to Mas Services Ltd., quoting their folio numbers/DP ID/ Client ID etc.
6. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.
8. In terms of Section 109 (A) of the Companies Act, 1956 the Shareholder of the Company may nominate a person to whom the shares held by him/her shall vest in the event of death.  
In case any member wishes to avail the nomination facility in respect of shares held by him/her, please write to the Company to obtain the nomination form.
9. The equity shares of the Company have been notified for compulsory trading in demat form by all investors and are available for trading in demat form both on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).  
Shareholders are requested to avail this facility and get their shareholding converted into dematerialised form by sending the Dematerialisation Request Form (DRF) along with the share certificates through their Depository Participant (DP) to M/s Mas Services Limited at the address given under SI.No.4 above:
10. **The Ministry of Corporate Affairs, vide its Circular No.18/2011 dated 29th April, 2011, clarify that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s Mas Services Limited by filling the form available on the Company's website and also update the e-mail address as and when there is any change.**

## NOTICE (Contd.)

### INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

1. **Name** : Mr. A.K. Mehra  
**Age** : 62 years  
**Qualifications** : M.Sc. (Chemical Engineering)  
**No. of Shares held in the Company** : 21794 Equity Shares  
**Expertise** : Mr. A.K. Mehra holds a Masters degree in Chemical Engineering from Illinois Institute of Technology, Chicago (USA) and has been associated with the Chemical business of the Company for last 32 years. Mr. A.K. Mehra has made significant contributions in the growth of Chemical business of the Company and lead the establishment of the Company's relocated Chemical Complex at Rajpura, Punjab. Mr. Mehra is presently incharge of manufacturing operations of Chemical and Sugar business of Mawana Sugars Limited.  
**Outside Directorships** : **Director**  
  - Siel Edible Oils Ltd.
  - Siel Financial Services Ltd.
  - Siel Industrial Estate Ltd.
  - Ceratizit India Pvt. Ltd.
  - Alkali Manufactures Association of India**Chairmanship/ Membership of the Board Committees:**  
Mawana Sugars Ltd.
  - Shareholders/Investors Grievance/ Share Transfer Committee - Member
  - Legal Sub-Committee - Member
  - To negotiate and finalize the terms and conditions for proposed partial sale of Siel Industrial Estate Ltd. - Member
  - HR Committee - Member
  - Disposal of Company's Undertaking of the Chemical Business – Siel Chemical Complex - Member
  - To explore and analyze various options with regard to development of land of Siel Industrial Estate Ltd. - Member
Siel Financial Services Ltd.
  - Audit Sub-Committee - Member
  - Shareholders Grievance/Share Transfers Committee - Member
Siel Edible Oils Ltd.
  - Audit Sub-Committee - Member
2. **Name** : Prof. Dinesh Mohan  
**Age** : 66 years  
**Qualifications** : Ph.D. and M.S. in Bioengineering, M.S. in Mechanical and Aerospace Engineering, B.Tech (Hons.) in Mechanical Engineering.  
**No. of Shares held in the Company** : Nil  
**Expertise** : Prof. Dinesh Mohan is Henry Ford Professor for Biomechanics and Transportation Safety and Co-ordinator of the Transportation Research and Injury Prevention Programme at the Indian Institute of Technology (IIT), Delhi.  
He is member of the WHO Advisory panel on Accident Prevention. He serves on the editorial board of an international journal. Professor Mohan has been a consultant on safety related matters to government departments in India, Nepal, Indonesia, Thailand, Bangladesh, Iraq and Libya and many automotive industrial houses.  
He is also a recipient of many prestigious awards.  
**Outside Directorships** : **Director**  
  - EG Gas Limited**Chairmanship/Membership of the Board Committees**  
Mawana Sugars Limited
  - Audit Sub-Committee - Chairman
  - Shareholders/Investors Grievance/Share Transfers Committee - Chairman
  - Remuneration Committee - Member

# Mawana Sugars Limited

## NOTICE (Contd.)

### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

#### ITEM NO. 5

Mr. Sunil Kakria was appointed as Managing Director (MD) of the Company w.e.f. 7.1.2008 for a period of 5 years on the terms, conditions and remuneration approved by the Board, Remuneration Committee and shareholders of the Company, subject to the approval of the Central Govt.

Though the appointment of MD was approved by the Central Govt. for a period of 5 years, the remuneration payable to him was approved for a period of 3 years only w.e.f. 7.1.2008.

The remuneration of MD has been revised from time to time after giving effect of annual increments.

The Central Govt. vide its last letter dated 26.11.2010 has communicated that the last increased remuneration for the period from 1.10.2009 to 30.9.2010 has not been acceded to and only the earlier approved remuneration of Rs.12,48,773/- per month can be paid to him for the said period resulting in MD receiving excess remuneration as per the GOI permission.

The Company has filed representation with Central Government for reconsideration of the application filed for the increase in remuneration of Mr. Sunil Kakria, MD as earlier presented to the GOI.

Response from GOI is awaited.

It is now proposed to fix the remuneration payable to Mr. Sunil Kakria, Managing Director upto the remaining period of his term of appointment i.e. from 1.10.2010 to 7.1.2013 as stated in Item No.5 of the Notice.

The Remuneration Committee of Directors and Board of Directors in their respective meetings held on 11.2.2011 have subject to the approval of shareholders and Central Government and such other approvals as may be necessary in this regard, approved the proposed remuneration of Mr. Sunil Kakria, Managing Director.

Your Directors recommends the resolution for your approval.

None of the Directors, except Mr. Sunil Kakria, is concerned or interested in the said resolution.

#### ITEM NO. 6

Mr. A.K. Mehra was appointed as Whole Time Director (WTD) of the Company w.e.f. 15.10.2007 for a period of 5 years on the terms, conditions and remuneration approved by the Board, Remuneration

Committee and shareholders of the Company, subject to the approval of the Central Govt.

The terms of appointment and remuneration of WTD was approved by the Central Govt. for a period of 5 years w.e.f. 15.10.2007.

The remuneration of WTD has been revised from time to time after giving effect of annual increments.

The Central Govt. vide its letter dated 16.11.2010 has communicated that the increased remuneration for the period from 1.10.2009 to 30.9.2010 has not been acceded to and the earlier approved remuneration of Rs.75,00,000/- per annum can be paid to him resulting in WTD receiving excess remuneration as per the GOI permission.

The Company has filed representation with Central Government for reconsideration of the application filed for the increase in remuneration of Mr. A.K. Mehra, WTD as earlier presented to the GOI.

Response from GOI is awaited.

It is now proposed to fix the remuneration payable to Mr. A.K. Mehra, Whole Time Director upto the remaining period of his term of appointment i.e. from 1.10.2010 to 15.10.2012 as stated in Item No.6 of the Notice.

The Remuneration Committee of Directors and Board of Directors in their respective meetings held on 11.2.2011 have subject to the approval of shareholders and Central Government and such other approvals as may be necessary in this regard, approved the proposed remuneration of Mr. A.K. Mehra, Whole Time Director.

Your Directors recommends the resolution for your approval.

None of the Directors, except Mr. A.K. Mehra, is concerned or interested in the said resolution.

By Order of the Board of Directors  
For **Mawana Sugars Limited**

Place : New Delhi  
Dated : 30.5.2011

**(SUNIL KAKRIA)**  
Managing Director

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 48<sup>th</sup> Annual Report along with Audited Accounts of the Company for the 18 months financial period ended March 31, 2011.

### FINANCIAL RESULTS (Rs. Lacs)

Sl. No.	Particulars	Amount	
		31.03.2011 (18 months)	30.09.2009 (12 months)
1.	Profit/(Loss) before interest, depreciation, exceptional items and tax	13131.9	6630.4
2.	Interest	11064.2	7062.9
3.	Depreciation	7929.8	5250.4
4.	Profit/(Loss) before tax	(5862.1)	(5682.9)
5.	Provision for taxation:		
	- Current tax	-	-
	- Fringe benefit tax	-	38.9
6.	Profit/(Loss) after tax	(5862.1)	(5721.8)

### DIVIDEND

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

### OPERATIONS

A review of operations of the major businesses of the Company for the 18 months financial period ended March 31, 2011 is detailed as under:

#### 1. SUGAR DIVISION

The period ended 18 months March 2011 witnessed a huge swing in sugar prices due to volatility in production estimates. Because of lower production and stock estimates, sugar price touched all time high price in January 2010 and then plummeted as the Government of India took stringent measures to control prices. Tracking the rising sugar prices, the cane prices had also been bid up, which did not decline with sugar prices.

The key operational figures are as follows:

Particulars	Unit	Sugar season		18 months Ended 31.03.2011
		2009-10	2010-11	
Cane Crush	Lac MT	30.35	28.58	58.21
Recovery	%	9.26	9.11	9.17
Sugar Production*	Lac MT	3.03	2.64	5.52

\*Includes sugar produced from imported raw sugar

The company had contracted for import of raw sugar 60,000 MT during the period to utilize production capacity. However, the domestic prices fell so sharply that we settled, the contracts at a loss. Cane availability in the seasons 2009-10 and 2010-11 was lower than heretofore.

The surplus power generated by the Cogen was exported to the State Grid under the Power Purchase Agreement.

The Company entered into a first time contract with the Oil Marketing Companies (OMC) to supply Ethanol. The distillery making Ethanol was stream lined and the Company is supplying Ethanol steadily to the OMC.

#### 2. CHLOR ALKALI DIVISION

The business performed satisfactorily during the period Oct 09 – March, 11, the plant capacity utilization was matched as per market requirement.

The prices, of caustic soda were volatile through out the period leading to swings in monthly contributions.

Power contributes a major portion of the input cost for producing Caustic Soda, and was sourced from the Punjab State Power Corporation Limited and through the Indian Energy exchange.

### JOINT VENTURE

**CERATIZIT INDIA PVT. LTD** (Formerly Siel Tizit Limited). During the financial year ended February 2011, Ceratizit recorded a turnover of 883.48 Mio INR which is 56% higher than that of the previous year (566.68 Mio INR). PAT was 104.24 Mio INR during the year which is 60% higher than that of the previous year (65.17 Mio INR).

### HOLDING COMPANY

In pursuance of a Scheme of Arrangement of amalgamation sanctioned by the Hon'ble High Court of Delhi vide its order dated 19.7.2010, the equity stake held by Usha International Limited (UIL) in Mawana Sugars Limited (MSL) has increased to 62.67%

Consequent to the above, MSL has become a subsidiary of UIL in terms of Section 4 (1)(b)(ii) of the Companies Act, 1956 w.e.f. 26.7.2010.

### SUBSIDIARY COMPANIES

The Company has five subsidiaries, viz. Siel Financial Services Limited, Transiel India Limited, SFSL Investments Limited, Siel Edible Oils Limited and Siel Industrial Estate Limited.

Transiel India Limited has exercised the option to exit under the "Easy Exit Scheme, 2011" of Govt. of India on 27.1.2011 and SFSL Investments Limited has ceased to be a subsidiary of the Company w.e.f. 31.1.2011.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to the subsidiaries is attached to the Accounts.

In terms of the General Circular No. 2/2011 dated 8.2.2011 issued by Central Government relating to directions under Section 212(8) of the Companies Act, 1956, the Board of Directors of the Company has granted its consent by way of a resolution for not attaching the copy of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiaries with the Balance Sheet of the Company.

These documents will be made available upon request by any member of the Company or of the subsidiaries interested in obtaining the same. The annual accounts of the subsidiary companies will also be available for inspection during business hours at the Registered Office of the Company. However, as directed by the Central Government, the financial data of the subsidiaries have been furnished under 'Details of Subsidiaries', forming part of the Annual Report. Further, pursuant to Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report includes financial information of its subsidiaries.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the accounting standard (AS-21) on consolidated financial statements read with accounting standard (AS-23) on accounting for investments in associate, the consolidated financial statements are attached, which form part of the Annual Report.

### DIRECTORS RETIRING BY ROTATION

Mr. A.K. Mehra and Prof. Dinesh Mohan, Directors retire by rotation and being eligible, offer themselves for re-appointment.

# Mawana Sugars Limited

## DIRECTORS' REPORT

### DEMISE OF A DIRECTOR

Mr. K.P. Singh, Whole Time Director of the Company regrettably expired on 20<sup>th</sup> April 2011 after a prolonged illness. The Company lost a visionary and a leader who had helped the company greatly in times of trouble.

Mr. K. P. Singh joined the company on 20<sup>th</sup> September 1982 as Project Adviser and rose to the level of Whole Time Director in 1992. He made immense contributions to the company particularly in times of acute crisis through his excellent net working and PR skills. He had held the image of the company always very high in the eyes of all concerned.

The Company express its thanks to Mr. Singh for all the needful contribution made to the Company over the years and pray for his departed soul to rest in peace.

### AUDITORS

M/s. A.F. Ferguson & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for reappointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### AUDITORS' REPORT

The observations of Auditors in their report read with the relevant notes to accounts are self-explanatory and therefore do not require further explanation.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS

A statement containing the necessary information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto as Annexure I and forms an integral part of this report.

### PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the particulars of employees are required to be furnished in statement to be annexed to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the report and accounts are being sent to all the Shareholders excluding the aforesaid Annexure.

The complete annual report including this statement shall be made available for inspection by any shareholder during working hours for a period of 21 days before the date of the Annual General Meeting. Any member interested in obtaining the copy of the statement may write to the Company at its Registered Office.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial period and of the loss of the company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions

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

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

### CORPORATE GOVERNANCE

A separate report on Corporate Governance is included/attached as part of the Annual Report and annexed hereto as Annexure II along with the Auditors' Certificate on its compliance.

The Management Discussion and Analysis Report forms part of this report and is annexed hereto as Annexure III.

### SHARE REGISTRY ACTIVITIES

In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2002 dated 27 December, 2002, your Company has transferred the work related to share registry to Mas Services Ltd., a registrar and share transfer agent registered with SEBI.

### INFORMATION UNDER LISTING AGREEMENT WITH STOCK EXCHANGES

#### DEMATERIALIZATION OF SHARES

The shares of the Company are traded in dematerialized form and are available for trading under the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd. (CDSL).

As on March 31, 2011, a total of 3,41,05,377 equity shares of the Company, which form 97.56% of the equity share capital, stand dematerialized.

#### LISTING OF SECURITIES OF COMPANY

The equity shares of your Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai.

The listing fee for the year 2011-2012 has been paid to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai.

#### INFORMATION UNDER LISTING AGREEMENT FOR GDRs

If the United Kingdom resident holders in the Company's shares or depository receipts representing the Company's shares wish to know whether they are able to obtain any relief from United Kingdom Taxation to which they are entitled in respect of their holdings of such securities, they should consult their tax advisors.

#### ACKNOWLEDGEMENTS

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by Central Government, State Governments, Banks, Financial Institutions, Dealers, Vendors and Foreign Collaborators of the Company. The Directors also wish to place on record their appreciation for the all-round co-operation and contribution made by the employees at all levels.

For & on behalf of the Board of Directors

Place : New Delhi  
Dated : 16.06.2011

(SIDDHARTH SHRIRAM)  
Chairman



## ANNEXURE - I TO DIRECTORS' REPORT

Information as required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### 1. CONSERVATION OF ENERGY:

#### a) Energy conservation measures taken

- a) Converting one set of quadruple effect evaporator to quintuple effect to reduce steam consumption
- b) Modification in power distribution system to utilize maximum live steam for power generation and reduce live steam bleeding to process
- c) Installation of mass flow meter.
- d) Installation of VFDs on F.D. Fans of 42 bar boilers
- e) Installation of VFD on mix juice pump.
- f) Installation of VFDs at cane conveying system, mixed juice pumps, deccated juice pupms, clear juice pumps and auxiliaries of 32 bar boilers
- g) Installation of temperature controller at cooling tower fans
- h) Installation of Thermo compressor at evaporator
- i) Replaced one no of 40 H.P. motor with 20 H.P. motor of HCL plant cooling tower fan.
- j) Replaced 100 H.P. cooling tower supply pump motor with 50 H.P motor of Evaporator house.

#### b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy

- a) Installation of VFDs at cane carriers and syrup pump to reduce power demand & improving plant automation & efficiencies as recommended by Confederation of Indian industries ( CII ) in energy audit
- b) Replacement of gland sealing rings & modifications in 3 MW power turbines to improve efficiencies
- c) Installation of VFDs on deficated juice pump, clear juice pump and rotary drier ID Fan
- d) Installation of Air Handling System (AHS) for mill DC drive control room and cogen VFD pannel room for effective temperature control and energy conservation
- e) Installation of separate lighting panel
- f) Modification in existing evaporator configuration for converting from quadruple to qunituple effect to have better efficiency in steam consumption

- g) Replacement of mill house juice pumps and motors by required capacity "energy efficient pumps and motors"
- h) Proposal of New Energy efficient screw compressor for chlorine liquefaction system.
- i) To install centrifuge for cleaning of furnace oil for boiler.
- j) To install solar water heater for canteen.

#### c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

- a) Decrease in specific steam consumption of 3 MW turbines by 0.5 Kg/kwh
- b) Reduction in process steam consumption
- c) Reduction in captive power consumption

#### d) Total energy consumption and energy consumption per unit of production.

- Energy Consumption
  - Sugar Production
  - Energy Consumption per MT Sugar.
- As per Form – A

### 2. TECHNOLOGY ABSORPTION:

#### a) Efforts made in technology absorption

As per Form – B

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

#### a) Activities relating to export initiatives taken to increase exports, development of new export markets for productions and services.

- The company exported Sugar of value Rs.316.11 Mn during last 18 months ended on 31 March, 2011.
- International market conditions were not favourable for export of caustic soda during the period and hence no export of caustic soda was done by the company.

#### b) Total foreign exchange used and earned

The information is given in notes to accounts.

# Mawana Sugars Limited

## ANNEXURE - I TO DIRECTORS' REPORT (Contd.)

**FORM-A**  
(See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

**A. POWER AND FUEL CONSUMPTION**

Sl. No.	PARTICULARS	Period ended 31.03.2011 (18 months)	Year ended 30.09.2009 (12 months)
<b>1.</b>	<b>ELECTRICITY</b>		
	<b>A) Purchased</b>		
	• Unit (KWH Lacs)	2,701.58	1,836.57
	• Total Amount (Rs. Million)	1,205.28	842.08
	• Rate / Unit (Rs.)	4.46	4.59
	<b>B) Own generation</b>		
	<b>(i) Through Diesel Generator</b>		
	• Unit (KWH Lacs)	3.12	3.69
	• Units per litre of Diesel Oil	2.90	2.90
	• Cost / Unit (Rs.)	13.53	12.10
	<b>(ii) Through steam turbine generator units (KWH Lacs) own generation by burning bagasse</b>	2,189.41	846.87
<b>2.</b>	<b>COAL</b>		
	<b>Used for steam/power generation</b>		
	• Quantity (MT)	Nil	Nil
	• Total Cost (Rs. Million)	Nil	Nil
	• Average Rate (Rs./MT)	Nil	Nil
<b>3</b>	<b>FURNACE OIL</b>		
	• Quantity (MT)	6,032	4,846
	• Total Cost (Rs. Million)	161.85	94.90
	• Average Rate (Rs./MT)	26,832	19,590
<b>4</b>	<b>OTHERS/INTERNAL GENERATION</b>	Nil	Nil

**B. CONSUMPTION PER UNIT OF PRODUCTION**

<b>1.</b>	<b>ELECTRICITY (KWH / MT)</b>		
	• Caustic Soda	2,672	2,613
	• Sugar	409	391

## ANNEXURE - I TO DIRECTORS' REPORT (Contd.)

**FORM-B**  
[See Rule 2]

**Form for disclosure of particulars with respect to Research & Development and Absorption**

### RESEARCH AND DEVELOPMENT

1	Specific areas in which R & D carried out by the Company	R&D Collaboration with Massachusetts Institute of Technology (MIT) - USA for	
		<ul style="list-style-type: none"> <li>a) Improving control on sugar crystal size</li> <li>b) Improving Water Conservation</li> <li>c) Improving Boiler Efficiency</li> <li>d) Reducing the impact on Evaporator Fouling</li> <li>e) Decreasing sugar dust formation</li> </ul>	
2	Benefits derived as a results of above R & D	<ul style="list-style-type: none"> <li>a) Improvement in Process Efficiency</li> <li>b) Improvement in Process Control</li> <li>c) Improvement in quality of Sugar</li> <li>d) Improvement in energy and water conservation</li> </ul>	
3	Future plan of action	<ul style="list-style-type: none"> <li>a) Reduction in sugar loss during season</li> <li>b) Further Technical R&amp;D collaboration with MIT for improvement in efficiencies, energy conservation and effective utilization of by-products</li> </ul>	
4	Expenditure on R&D	<b>Current Period</b> <b>01.10.09 – 31.03.11</b> <b>(18 Months)</b>	<b>Previous Year</b> <b>01.10.08 – 30.09.09</b> <b>(12 Months)</b>
	<ul style="list-style-type: none"> <li>• Capital ( Rs. Lacs)</li> <li>• Recurring (Rs. Lacs)</li> <li>• Total (Rs. Lacs)</li> <li>• Total R&amp;D Expenditure as a percentage of total turnover</li> </ul>	<ul style="list-style-type: none"> <li>9.61</li> <li>45.15</li> <li>54.76</li> <li>0.03%</li> </ul>	<ul style="list-style-type: none"> <li>0.00</li> <li>142.20</li> <li>142.20</li> <li>0.20%</li> </ul>

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1	Efforts, in brief, made towards technology absorption, adaptation and innovation.	<ul style="list-style-type: none"> <li>a) Re-Arrangement of Evaporator Bodies</li> <li>b) Installation of mono Verticle Crystallizer</li> <li>c) Modification in Sugar Grader</li> <li>d) Installation of Heat Recovery System at Sulpher Burner</li> <li>e) Installation Flash Recovery System at Evaporators</li> <li>f) Installation of TUFR at Mills</li> <li>g) Modifications in 19 MW condensing turbine by replacement of interstage sealing rings</li> <li>h) Clear juice heating by first vapour</li> <li>i) C Masecuite boiling by first vapour</li> <li>j) Modification in power distribution</li> </ul>	
2	Benefits derived as a result of the above efforts.e.g. product improvement, cost reduction, product development, import substitution etc.	<ul style="list-style-type: none"> <li>a) Reduction in molasses loss</li> <li>b) Better extraction in Milling.</li> <li>c) Reduction in Steam consumption</li> <li>d) Reduction in Chemical cost</li> <li>e) Improvement in TG Set efficiency</li> <li>f) Reduction in captive power consumption</li> </ul>	
3	In case of imported technology (Imported during financial year), following information may be furnished:-		
	<ul style="list-style-type: none"> <li>a) Technology imported</li> <li>b) Year of Import</li> <li>c) Has technology been fully absorbed?</li> <li>d) If not fully absorbed, areas where this has been not taken place, reasons therefore and future plans of action.</li> </ul>	<ul style="list-style-type: none"> <li>NIL</li> <li>Not Applicable</li> <li>Not Applicable</li> <li>Not Applicable</li> </ul>	

# Mawana Sugars Limited

## ANNEXURE - II TO DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2011

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

Good Corporate Governance is the adoption of best business practices which ensure that the Company operates within the regulatory framework. The adoption of such corporate practices ensures accountability of the persons in charge of the Company on one hand and brings benefits to investors, customers, creditors, employees and the society at large on the other. The Company believes in practicing good Corporate Governance and endeavours to improve on these aspects on an ongoing basis.

#### 2. Board of Directors

##### (i) Composition

Presently the Company has a broad-based Board consisting of 9 members. The Board comprises of 4 Executive Directors and 5 Non-Executive Directors. All the Non-Executive Directors are Independent Directors. The Board members possess the skills, experience and expertise necessary to guide the Company.

During the 18 months period ended March 31, 2011, 11 Board Meetings were held on 23.12.2009, 28.1.2010, 25.2.2010, 28.4.2010, 3.7.2010, 28.7.2010, 17.8.2010, 19.10.2010, 11.11.2010, 14.1.2011 & 11.2.2011. The Company placed before the Board all statutory and other important items recommended by the SEBI committee on Corporate Governance.

The composition of Board of Directors and their attendance at the Board Meetings held during the 18 months period ended March 31, 2011 and at the last Annual General Meeting and also the number of other directorship and membership/ chairmanship of Board committees are as follows:

Director	Category	No. of Board Meetings Attended (Total meetings held 11)	Attended last AGM	No. of outside Directorship held (excluding Private & Foreign Companies)	Committee Membership*	
					Member (excluding the Chairmanship)	Chairman
1	2	3	4	5	6	7
• Mr. Bedi R.S.	Independent Non-Executive	5	No	1	1	NIL
• Ms. Dutt Anuradha	Independent Non-Executive	NIL	No	NIL	NIL	NIL
• Mr. Goila N.K.	Independent Non-Executive	8	Yes	2	2	NIL
• Mr. Gupta Ravi Vira	Independent Non-Executive	9	Yes	6	4	2
• Mr. Kakria Sunil (Managing Director)	Executive	11	Yes	2	3	NIL
• Mr. Mehra A.K. (Whole Time Director)	Executive	10	Yes	4	4	NIL
• Mr. Mittal D.C.**	Independent Non-Executive	2	No	NIL	1	NIL
• Prof. Mohan Dinesh	Independent Non-Executive	8	Yes	1	NIL	2
• Mr. Shriram Siddharth (Chairman and Managing Director)	Executive and Promoter	10	Yes	5	1	3
• Mr. Singh K.P.*** (Whole Time Director)	Executive	NIL	No	NIL	NIL	NIL

\* Consists of Audit Committee and Shareholders/Investors Grievance/Share Transfer Committee

\*\* Ceased to be the Director w.e.f. 25.2.2010.

\*\*\* Deceased on 20.4.2011

#### 3. Audit Committee

##### (i) Terms of Reference

The Company has an Audit Committee which was constituted in 1992 (thereafter reconstituted from time to time) and since then is dealing with the matters prescribed by the Board of Directors. The Committee deals with accounting matters, financial reporting and internal controls. The power, role, delegation, responsibilities and terms of reference of the Audit Committee are as prescribed under Section 292 A of the Companies Act, 1956 and also as provided in Clause 49 of the Listing Agreements.

## ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

### CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2011

#### (ii) Composition

The Audit Sub-Committee comprises of 4 Independent Non-Executive Directors. All the Committee members have sound knowledge of finance and accounting.

The Chairman of the Committee had attended the last Annual General Meeting.

The Company Secretary acts as the Secretary of the Committee. The Head of Finance, Internal Auditors and Statutory Auditors attend the meetings of the Committee on the invitation of the Company.

During the 18 months period ended March 31, 2011, the Audit Committee met 7 times on 24.11.2009, 23.12.2009, 28.1.2010, 28.4.2010, 17.8.2010, 11.11.2010 & 11.2.2011. The composition of the Committee and their attendance at the Committee meetings held during the period are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 7)
• Mr. Bedi R.S. <sup>1</sup>	Non-Executive	Independent	1
• Mr. Goila N.K.	Non-Executive	Independent	4
• Mr. Gupta Ravi Vira <sup>2</sup>	Non-Executive	Independent	4
• Mr. Mittal D.C. <sup>3</sup>	Non-Executive	Independent	3
• Prof. Mohan Dinesh (Chairman)	Non-Executive	Independent	5

1. Appointed as Member of the Committee w.e.f. 16.8.2010.

2. Appointed as Member of the Committee w.e.f.25.2.2010.

3. Ceased to be a Member of the Committee w.e.f. 25.2.2010.

#### 4. Remuneration Committee

##### (i) Terms of Reference

The Committee reviews and approves the salaries, commission, service agreements and other employment conditions of the Executive Directors. The Committee takes into consideration the remuneration practice followed by other companies in the Industry.

##### (ii) Composition

All the members of the Remuneration Committee are Non-Executive Independent Directors.

During the 18 months period ended 31.3.2011, only 2 meetings of the Committee were held on 23.12.2009 and 11.2.2011.

The composition of the Remuneration Committee and their attendance at the Committee Meetings held during the 18 months period ended March 31, 2011 are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended(Total meetings held 2)
• Mr. Bedi R.S.	Non-Executive	Independent	NIL
• Mr. Goila N.K. (Chairman) <sup>1</sup>	Non-Executive	Independent	NIL
• Mr. Gupta Ravi Vira <sup>2</sup>	Non-Executive	Independent	1
• Mr. Mittal D.C. (Chairman) <sup>3</sup>	Non-Executive	Independent	1
• Prof. Mohan Dinesh	Non-Executive	Independent	2

1. Appointed as Member & Chairman of the Committee w.e.f. 25.2.2010.

2. Appointed as Member of the Committee w.e.f.11.2.2011.

3. Ceased to be a Member & Chairman of the Committee w.e.f. 25.2.2010.

The Chairman of the Remuneration Committee had attended the last Annual General Meeting.

##### (iii) Remuneration Policy

The Managing/Executive Directors are paid remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be.

# Mawana Sugars Limited

## ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

### CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2011

The Non-Executive Directors do not draw any remuneration from the Company except sitting fee of Rs.5,000/- for each meeting of the Board/ Committee thereof attended by them.

#### (iv) Details of Directors' Remuneration

The details of remuneration paid/provided to Directors are furnished below:

(A) The details of the remuneration to the Executive Directors provided as per accounts for the 18 months period ended March 31, 2011 is given below:

Sl. No.	Name	Salary and Allowances (Rs.)	Perquisites (Rs.)	Contribution to Provident and other Funds (Rs.)	Total (Rs.)
1.	Mr. Kakria Sunil	21742088*	1636621	1826946	25205655
2.	Mr. Mehra A.K.	11831895**	401893	919080	13152868
3.	Mr. Shriram Siddharth	7200000	1387217	1080000	9667217
4.	Mr. Singh K.P.	2160000	1023487	180000	3363487

\* including performance linked incentive of Rs.50 lacs.

\*\* including performance linked incentive of Rs.15 lacs.

1. Service contract is for 5 years.
2. Notice period is 6 calendar months for Sl.No.3 & 4 and 3 months for Sl.No.1.
3. Severance fee is payable in accordance with provisions of Section 318 of the Companies Act, 1956.
4. Directors' remuneration does not include contribution to gratuity fund and provision for compensated absence, since the same are paid/determined for the Company as a whole.

(B) The details of the sitting fees to the Non-Executive Directors provided as per accounts for the 18 months period ended March 31, 2011 are given below:

Sl. No.	Name	Sitting Fee (Rs.)
1.	Mr. Bedi R.S.	30000
2.	Ms. Dutt Anuradha	Nil
3.	Mr. Goila N.K.	65000
4.	Mr. Gupta Ravi Vira	80000
5.	Mr. Mittal D.C.	35000
6.	Prof. Mohan Dinesh	165000

The Company has not paid any fixed component and performance linked incentives to the Directors during the period.  
The Company does not have any Stock Option Scheme.

#### 5. Shareholders/Investors Grievance/Share Transfer Committee

##### (i) Terms of reference

The Company has a Board Committee namely 'Shareholders/Investors Grievance/ Share Transfer Committee' to look into various issues relating to shareholders including the redressal of shareholders complaints, share transfers/ transmission/issue of duplicate shares etc.

The meeting of this Committee is held frequently to ensure completion of share transfer work within the stipulated period. Besides this, Mr. Amit Khurana, the Company Secretary has been delegated the power to approve the registration of transfer of shares and other related matters upto 500 shares per case. The Company Secretary is also the Compliance Officer appointed under the relevant SEBI directions.

##### (ii) Composition

The Chairman of this Committee is a Non-Executive Independent Director.

During the 18 months period ended 31.3.2011, the Committee met 18 times on 30.10.2009, 30.11.2009, 31.12.2009, 29.1.2010, 26.2.2010, 29.3.2010, 28.4.2010, 31.5.2010, 29.6.2010, 28.7.2010, 30.8.2010, 27.9.2010, 26.10.2010, 25.11.2010, 30.12.2010, 31.1.2011, 28.2.2011 & 28.3.2011.

## ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

### CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2011

The composition of the Committee and their attendance at the Committee meetings held during the 18 months period ended March 31, 2011 are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 18)
• Mr. Kakria Sunil	Executive	Non-Independent	17
• Mr. Mehra A.K.	Executive	Non-Independent	14
• Prof. Mohan Dinesh (Chairman)	Non-Executive	Independent	18

The minutes of meetings of the above Committee are placed at the Board meeting held after the committee meetings.

During the period, 17 complaints were received from the shareholders. All complaints were replied/resolved to the satisfaction of the shareholders. No complaints are pending as at the end of the financial period.

#### 6. General Body Meetings

(i) The last three Annual General Meetings were held as under:

Financial Year	Location	Date	Time	Special Resolution Passed
2008-2009	Kamani Auditorium 1, Copernicus Marg New Delhi – 110001	25.02.2010	11.30 A.M.	- Increase in the monthly remuneration (CTC) of Mr. Sunil Kakria, Managing Director of the Company w.e.f. 1.10.2009. - Increase in the monthly remuneration (CTC) of Mr. A.K. Mehra, Whole Time Director of the Company w.e.f. 1.10.2009.
2007-2008 (18 months)	Kamani Auditorium 1, Copernicus Marg New Delhi – 110001	18.02.2009	11.00 A.M.	- Increase in the reimbursement of Medical expenses of Mr. K.P. Singh, Whole Time Director of the Company w.e.f. 1.4.2008. - Increase in the monthly remuneration (CTC) of Mr. Sunil Kakria, Managing Director of the Company w.e.f. 1.10.2008. - Increase in the monthly remuneration (CTC) of Mr. A.K. Mehra, Whole Time Director of the Company w.e.f. 1.10.2008.
2006-2007	Kamani Auditorium 1, Copernicus Marg New Delhi – 110001	20.09.2007	10.00 A.M.	- Re-appointment and payment of remuneration to Mr. K.P. Singh, Whole Time Director of the Company for a further period of 5 years w.e.f. 20.5.2007.

(ii) A Special Resolution was passed by the shareholders through Postal Ballot in the previous financial year ended 30.9.2009.

(iii) There is no item in the Notice for the forthcoming Annual General Meeting that is proposed to be passed through Postal Ballot.

#### 7. Disclosures

##### (i) Related Party Transactions

In terms of the Accounting Standard (AS) 18, "Related Party Disclosures" notified in the Companies (Accounting Standards) Rules, 2006, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the Note No.16 to Schedule 11 – Notes to Accounts of the Annual Report for the 18 months period ended March 31, 2011.

During the period, there were no transactions of material nature of the Company with the promoters, directors, management or their relatives, subsidiaries and other related parties covered under AS 18 that had potential conflict with the interest of the Company.

# Mawana Sugars Limited

## ANNEXURE-II TO DIRECTORS' REPORT (Contd.)

### CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2011

(ii) There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange or SEBI or any statutory authority on any matter related to the capital markets, during the last three years.

(iii) **Disclosure of Accounting Treatment**

The financial statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956 and are based on the historical cost convention.

(iv) **Insider Trading**

The Company has adopted the Code of Internal Procedures and Conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, to inter alia, prevent insider trading in the shares of the Company.

(v) **Code of Conduct**

The Company has adopted a Code of Conduct (Code) for the members of Board of Directors and Senior Management Personnel of the Company. The essence of the Code is to conduct the business of the Company in an honest and ethical manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage.

The Code has also been posted on the Company's Website.

(vi) **Subsidiary Companies**

- a) Transiel India Limited, a wholly owned subsidiary of the Company has exercised the option to exit under the Easy Exit Scheme 2011 announced by Govt. of India.
- b) SFSL Investments Limited, a wholly owned subsidiary of the Company has ceased to be a subsidiary of the Company w.e.f. 31.1.2011 as the entire shareholding of the Company has been sold to a third party for a nominal consideration with the stipulation that Company's assets and liabilities have been sold on 'as is where is basis'.
- c) The Minutes of the Board Meetings of unlisted subsidiary companies are regularly placed before the Board.

(vii) **Risk Management**

The Company has laid down Risk Management Policy to inform Board members about the risk assessment and minimization procedures.

(viii) **Shareholding of the Non-Executive Directors**

The shareholding of the Non-Executive Directors of the Company as on 31.3.2011 are as under:

Sl. No.	Name of the Director	No. of Equity Shares
1.	Prof. Dinesh Mohan	Nil
2.	Mr. N.K. Goila	Nil
3.	Mr. R.S. Bedi	Nil
4.	Mr. Ravi Vira Gupta	Nil
5.	Ms. Anuradha Dutt	Nil

### 8. Means of Communication

- (i) Half yearly reports of the Company are not sent to the individual shareholders of the Company.
- (ii) Quarterly results and annual results are published in prominent daily newspapers viz. The Financial Express and Jansatta. The results are sent to the stock exchanges on which the Company is listed in the prescribed format so as to enable the respective stock exchanges to put the same on their own Website. The results are also displayed on the Company's Website. The Notice of AGM along with the Annual Report is sent to the shareholders well in advance of the AGM. The stock exchanges are notified of any important developments that may materially effect the working of the Company. Disclosures with regard to shareholding pattern, change in major shareholdings etc., are also sent to the stock exchanges as required under SEBI Takeover Regulations and SEBI Prohibition of (Insider Trading) Regulations.
- (iii) The Company has its own website namely – [www.mawanasugars.com](http://www.mawanasugars.com)
- (iv) During the period no presentations were made to any institutional investors or analysts.
- (v) A Management Discussion and Analysis report, which forms a part of the Annual Report, is given by means of a separate Annexure and is attached to the Directors' Report.



## ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

### CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2011

#### 9. General Shareholders' Information

(i) Annual General Meeting is proposed to be held on 24.08.2011 at 11.30 A.M. at Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110001.

#### (ii) Financial Calendar for the year 2011-2012

Accounting year	April 1, 2011 to March 31, 2012
First Quarter results	Upto 14 <sup>th</sup> August, 2011
Second Quarter results	Upto 14 <sup>th</sup> November, 2011
Third Quarter results	Upto 14 <sup>th</sup> February, 2012
Fourth Quarter results/ Annual Results	Upto 15 <sup>th</sup> May, 2012 (Unaudited) or 30 <sup>th</sup> May, 2012 (Audited)

(iii) **Date of Book Closure:** 23.08.2011 to 24.08.2011 (both days inclusive)

#### (iv) Listing on Stock Exchanges:

The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd. (NSE), Mumbai.

Stock Code at BSE: 523371 and NSE: MAWANASUG

Listing fees upto the year 2011-2012 has been paid to BSE & NSE.

#### (v) Stock Market Data for the 18 months period ended March 31, 2011

Monthly High and Low quotation and volume of Company's Share on BSE/NSE and BSE Sensex/NSE Nifty are as under:

Month & Year	BSE			SENSEX		NSE			NIFTY	
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low
Oct-09	48.00	42.55	315537	17493.17	15805.20	47.90	42.80	161218	5181.95	4687.50
Nov-09	47.50	40.80	187213	17290.48	15330.56	47.45	40.75	136306	5138.00	4538.50
Dec-09	44.55	39.00	247809	17530.94	16577.78	44.40	38.40	185816	5221.85	4943.95
Jan-10	46.50	38.00	529234	17790.33	15982.08	46.85	37.70	507055	5310.85	4766.00
Feb-10	41.65	33.50	336790	16669.25	15651.99	41.70	33.70	305070	4992.00	4675.40
Mar-10	38.90	27.90	440125	17793.01	16438.45	39.15	27.55	446500	5329.55	4935.35
Apr-10	32.25	28.00	294743	18047.86	17276.80	32.90	27.00	252424	5399.65	5160.90
May-10	28.85	22.15	263418	17536.86	15960.15	28.70	22.45	182241	5278.70	4786.45
Jun-10	25.90	22.75	296568	17919.62	16318.39	26.00	22.65	253398	5366.75	4961.05
Jul-10	27.90	24.40	239120	18237.56	17395.58	27.85	24.00	199696	5477.50	5225.60
Aug-10	26.40	23.50	324550	18475.27	17819.99	25.90	23.70	172715	5549.80	5348.90
Sep-10	34.95	22.15	1412226	20267.98	18027.12	35.00	24.35	1798978	6073.50	5403.05
Oct-10	35.70	29.05	476789	20854.55	19768.96	37.00	25.50	676914	6284.10	5937.10
Nov-10	37.95	25.80	691211	21108.64	18954.82	37.50	23.55	779610	6338.50	5690.35
Dec-10	33.65	22.00	286533	20552.03	19074.57	32.20	22.50	365901	6147.30	5721.15
Jan-11	32.15	23.65	184366	20664.80	18038.48	32.15	23.35	247285	6181.05	5416.65
Feb-11	26.40	20.85	135544	18690.97	17295.62	26.00	20.15	175245	5599.25	5177.70
Mar-11	23.60	20.85	159198	19575.16	17792.17	25.10	20.85	249193	5872.00	5348.20
<b>TOTAL</b>			<b>6820974</b>					<b>7095565</b>		

#### (vi) Registrar and Transfer Agent

In compliance of SEBI requirements, Mas Services Limited has been appointed as the Registrar and Share Transfer Agent of the Company who handles share transfer work in Physical as well as in Electronic Form and other related activities at the following address:

Mas Services Limited  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II  
New Delhi - 110020  
Phone No.: 011-26387281-83  
Fax No. : 011-26387384  
Website : [www.masserv.com](http://www.masserv.com)  
E-mail : [info@masserv.com](mailto:info@masserv.com)

# Mawana Sugars Limited

## ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

### CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2011

(vii) **Share Transfer System**

All valid share transfers are registered and duly transferred share certificates are despatched within a period of 30 days from the date of receipt.

(viii) **Investors' Service**

The Company has a system of attending and redressing all investors' grievances/ correspondence within a period of 10 days from the date of receipt of the same.

No complaints/grievances are pending as on date.

(ix) **Distribution of shareholding as on March 31, 2011**

No. of Equity Shares held	Folios		Shares	
	Numbers	%	Numbers	%
Up to 500	58998	95.89	3120545	8.93
501-1000	1277	2.08	991885	2.84
1001-2000	638	1.04	938583	2.69
2001-3000	206	0.34	516708	1.48
3001-4000	97	0.16	342100	0.98
4001-5000	73	0.12	340856	0.97
5001-10000	116	0.18	826829	2.36
10001 and above	121	0.19	27879305	79.75
<b>TOTAL</b>	<b>61526</b>	<b>100.00</b>	<b>34956811</b>	<b>100.00</b>

(x) **Categories of shareholders as on March 31, 2011**

Sl. No.	Category	No. of Shares held	% of shareholding
1	Promoters' Holding	23060923	65.97
2	Non-Promoter shareholding		
(a)	Mutual Funds/ UTI/ Financial Institutions/ Banks/ Insurance Companies/FIIs etc.	927099	2.65
(b)	Bodies Corporate	2548108	7.29
(c)	Individuals	7853710	22.47
(d)	NRIs/OCBs/GDRs	566971	1.62
	<b>Total</b>	<b>34956811</b>	<b>100.00</b>

(xi) **Dematerialization of shares and liquidity**

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the Depository Systems in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2011, a total of 3,41,05,377 equity shares of the Company, which forms 97.56% of the equity share capital, stand dematerialized.

Under the depository system, the ISIN allotted to the Company's equity shares is INE636A01039.

(xii) **Outstanding GDRs**

Pursuant to an offer of Global Depository Receipts (GDRs) made by the Company in 1994 – 2,64,235 GDRs representing 2,62,435 underlying equity shares (excluding 1800 shares yet to be received by the Custodian of Depository Receipts from the shareholders) of the Company were outstanding as on March 31, 2011.

(xiii) **Plant Location:**

**Sugar Factories:**

- i) Mawana Sugar Works  
Mawana  
Distt. Meerut – 250402 (U.P.)
- ii) Titawi Sugar Complex  
Village & P.O. Titawi  
Distt. Muzaffarnagar - 251301 (U.P.)
- iii) Nanglamal Sugar Complex  
Garh Road, Village Nanglamal  
Distt. Meerut – 250001 (U.P.)

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## ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

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### CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2011

**Chemical Factory:**

Siel Chemical Complex  
Charatrapur, Vill. Khadauli/Sardargarh  
P.O. Box No.52  
Rajpura, Distt. Patiala  
Punjab –140401

(xiv) **Investors' correspondence may be addressed to:**

Mr. N.K. Rastogi  
Mas Services Limited  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II  
New Delhi - 110020  
Phone No. : 011-26387281-83  
Fax No. : 011-26387384  
Website : [www.masserv.com](http://www.masserv.com)  
E-mail : [info@masserv.com](mailto:info@masserv.com)

#### 10. Non-mandatory Clauses

The Company has not adopted any of the non-mandatory requirements except the remuneration committee as mentioned in Clause 2 of Annexure – 1D of Clause 49 of the Listing Agreement.

On behalf of the Board of Directors

**(SIDDHARTH SHRIRAM)**  
Chairman

Place : New Delhi  
Dated : 16.06.2011

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#### **DECLARATION**

I, Siddharth Shriram, the designated Chief Executive Officer (CEO) hereby declare that the Code of Conduct adopted by Mawana Sugars Limited for its Board Members and Senior Management Personnel has been duly complied by all Board Members and Senior Management Personnel of the Company.

**Siddharth Shriram**  
Chief Executive Officer

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### **AUDITORS' CERTIFICATE**

#### **TO THE MEMBERS OF MAWANA SUGARS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Mawana Sugars Limited for the 18 months period ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges.

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

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

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

**For A.F. FERGUSON & CO.**  
Chartered Accountants  
(Registration No. 112066 W)

Place : New Delhi  
Date : 16.06.2011

**MANJULA BANERJI**  
Partner  
Membership No. 086423

# Mawana Sugars Limited

## ANNEXURE - III TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### SUGAR BUSINESS

Season 2009-10 witnessed very high volatility in sugar prices. Sugar prices started increasing from September 2009 in anticipation of lower sugar production for the season 2009-10 and briefly reached an all time high Rs. 42 per kg in January 2010. The Central Govt. was very concerned on sharp increase in sugar prices and took various serious measures to control the price e.g.:

- 1) Stocks limits were imposed
- 2) Bulk consumers were brought into the gambit of stock limit
- 3) Future trading in sugar was banned
- 4) Export of sugar banned
- 5) Allowed import of duty free raw and white sugar
- 6) Weekly / fortnightly dispatch of sugar against Free Sale Quota
- 7) Increased levy sugar entitlement from 10% to 20%

As a result of above measures and due to an actual production of 18.7 Mn. MT against the earlier accepted estimates of 14.7 Mn MT, sugar prices started declining from February 2010 and came down by approx 30% from January 2010 to September 2010 to about Rs.30 per kg.

Sugar mills in UP procured cane at prices higher than the State Advised Price (SAP) of Rs.1650/MT in anticipation of lower cane availability to get maximum production. This resulted in to high cost of production and ultimately losses to all of the sugar Industry in UP.

#### Season 2010 -11

The sugar production for the season 2010-11 is expected to be around 24 Mn. MT against estimate of 25.50 Mn. MT. Sugar prices remained stable during the first half of the season and moved in the range of Rs. 28000 PMT. With the higher production than the estimated consumption of 22 Mn. Tonne, Govt. of India allowed export of 1.5 Mn. Tonne under Advance Licence System (ALS). Levy entitlement was also brought down to 10% again from 20% made applicable for season 2009-10 production. The State Government in UP increased the State Advise Price to Rs. 2050 / MT.

#### Outlook

India's sugar production for the season 2011-12 is estimated to rise to 24 Mn. Tonnes. Cane price for the last two seasons were highly remunerative to farmers and cane area is expected to improve in season 2011-12. However, lower yields and recovery is major concern in Western Uttar Pradesh. With the increase in production inventory level are likely to remain at the same level as of 2009-10, it is expected that the sugar price level would also remain stable in the range of 28000 per MT.

The Ethanol program is moving forward and the price of ethanol is likely to improve in the wake of higher cane prices and petroleum prices.

#### CHLOR ALKALI DIVISION

##### Industry Structure and Development

##### A) Products

The Chlor-Alkali is a heavy Chemical Industry manufacturing products, such as Caustic soda, Chlorine, Hydrogen and

Hydrochloric acid. These products are basic building blocks in the Chemical processing industry and are used in diverse industrial sectors, either as raw materials or intermediate or auxiliary chemicals. Some of the major industries where the Chlor-Alkali products are used are as under:

Chlor Alkali Products	Products Usage Industries
Caustic Soda	Aluminium, Pulp & Paper, Textile, Soap, Edible Oil Refineries, Dyes & Chemicals, Drugs & Drug Intermediates, Thermal Power Plants etc.
Chlorine	PVC, CPW, Pulp & Paper, Pesticides, Chloromethanes, Refrigerant Gases, Water purification, Stable Bleaching Powder, Aluminium Chloride, Chlorinated Solvents etc.
Hydrochloric Acid	Steel Pickling, Water Treatment, Effluent Treatment in Chemical Process Industries, Thermal Power Plants.
Hydrogen	Hydrogenated Vegetable Oils, Sorbitol, Stearic Acid, Pesticides, Filament Lamps, Picture tubes, Steel units, Power Plants (in Turbo cooling) etc.

The Chlor-Alkali sector plays an important role in the overall development of the economy. It contributes to the manufacturing sector and to the external trade of the country. The demand of Chlor-Alkali products has a direct co-relation to the overall GDP growth of the economy.

The Chlor-Alkali industry is thus a sector providing inputs to a large number of other end user industries and the demand of its products is linked to the performance of the end user products of these industries

##### B) Industry Size

In India, during the year 2009-10, there were a total of 36 Caustic Soda plants in operation. The Indian Chlor-Alkali industry added 0.28 Million TPA capacities in the year 2009-10. During the year, the domestic production was 2.33 Million MT Caustic Soda representing 73% utilization of the installed capacity of 3.2 Million MT. The industry recorded a production growth of 5.8%, while capacity growth was 9.5%. The total demand of Caustic Soda was 2.57 Million MT which included approximately 0.27 Million MT of imports. The overall consumption of Caustic Soda grew by 11.1%. The average capacity utilisation during the last five years has been 81%, with the lowest utilization (74%) in the year 2009-10 due to heavy Caustic Soda imports from US & other Countries. With the increase in the Chlorine demand in the USA, the production of Caustic Soda increased in US, resulting in heavy imports into India at very low prices. The domestic Industry however, could not benefit and gain from the Caustic Soda Demand growth of 11% during the year.

## ANNEXURE - III TO DIRECTORS' REPORT (Contd.)

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Year	2005-06	2006-07	2007-08	2008-09	2009-10
Capacity Utilisation	84.50%	86.70%	83.30%	76.70%	74.30%
Production (Million MT)	1.94	1.99	2.16	2.2	2.33

#### C) International Scenario

International Prices during 2010-11 exhibited consolidation phase from April-September across the globe and thereafter have increased and sustained at the levels. The prices have increased by 50-60% in USA owing to the increased demand from the consuming segments viz alumina, textile, pulp and paper. Similar trend has been witnessed in Europe and Asia. In China, demand from the major consuming sectors, such as, alumina, textile, pulp and paper is picking up steadily.

The impact on chlor-alkali production of the massive earthquake and tsunami that hit Northeastern Japan is severe and caused extensive damage to the infrastructure. Close to 30% of the production facilities have been affected. Due to the impact of tsunami, the consumers especially Australian markets have started looking towards China and US for sourcing their supplies.

With the global recession receding continuously, the international prices of Caustic soda are likely to remain buoyant during the coming year.

#### D) Outlook

The first 2 quarters of year 2011-12 on Indian market looks to be strong as there is less threat of imports coming in due to Japan disaster, where 30% of the production facilities got affected due to earth quake/tsunami.

The situation is likely to remain positive even in next quarters as end-user segments of Caustic Soda viz. Aluminum, Paper and Soaps are likely to exhibit positive growth in coming year.

Chlorine will remain under pressure due to surplus availability and volatility in demand by the end-user segments.

#### E) Risk and Concerns

- I) The increasing energy cost will remain a major cause of concern for the industry in the coming year which shall increase the cost of production drastically.

Chlorine prices in the North will remain under pressure, as demand is limited, with CPW and Paper as the only major segments utilizing Chlorine.

#### II) Power Scenario

Chlor Alkali is a Power intensive industry and any tariff increase and availability have direct impact on the performance of the Unit. Presently, Power is being sourced from Punjab State Power Corporation Ltd (PSPCL) as well as through Indian energy exchange under open access policy of the State Electricity Board.

During the year, PSPCL had increased basic tariff and electricity duty w.e.f. 01.04.2010. The total increase is about 8%, which had a significant impact on the input cost and profitability of the Unit.

However, this increase was partly offset through purchase of Power under the open access policy.

#### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Commensurate with the size and nature of its business, your company has proper systems of internal controls which ensure acceptable utilization of resources and reliable financial reporting. Your company has a well defined comprehensive organization structure, authority levels and internal rules and regulations.

Extensive use of SAP and other software systems have also resulted in strengthening the internal controls and accurate reporting of operational and financial data.

#### HUMAN RESOURCES

The H R vision of your company is committed to organizational excellence by inspiring and developing the potential of people and providing them opportunities for growth. Training and learning initiatives aim at upgrading the competencies and fostering a climate of creativity and innovation. Your company continuously evolves policies and processes to attract and retain its pool of technical and management resources through a friendly work environment that encourages individual and team initiatives.

Relations between the employees and management have remained cordial during the period of the report.

# Mawana Sugars Limited

## AUDITORS' REPORT

### To the Members of Mawana Sugars Limited

1. We have audited the attached Balance Sheet of **MAWANA SUGARS LIMITED** ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the eighteen months ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (v) without qualifying our opinion, we draw attention to note 17 of schedule 11 relating to accounting for sugar cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed

by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage;

- (vi) *various matters arisen/arising out of the reorganization arrangement of DCM Limited will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 14 of schedule 11. The effect of these on the accounts has not been determined by the Company;*

*The matter referred to in paragraph (vi) above, to the extent covered here above, was also subject matter of qualification in our audit report on the financial statements for the year ended September 30, 2009.*

- (vii) *Subject to our comment in paragraph (vi) above and their consequential effect which could not be determined, on the loss for the eighteen months ended March 31, 2011 and year ended September 30, 2009 and on the debit balance in profit and loss account as at March 31, 2011 and as at September 30, 2009, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- b. in the case of the Profit and Loss Account, of the loss of the Company for the eighteen months period ended on that date and
- c. in the case of the Cash Flow Statement, of the cash flows of the Company for the eighteen months period ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

**For A.F. FERGUSON & CO.**  
Chartered Accountants  
(Registration No. 112066 W)

**MANJULA BANERJI**  
Partner

Place : New Delhi  
Date : 30<sup>th</sup> May, 2011

Membership No. 086423

## AUDITORS' REPORT (Contd.)

### ANNEXURE TO THE AUDITORS' REPORT

#### (Referred to in paragraph '3' of our report of even date)

Having regard to the nature of the Company's business/activities/result, clauses (xiii) and (xiv) of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the period by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us the Company has during the period neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us and having regard to the view taken by the Company that the transactions, which are subjected to the provisions of sub-section (6) of section 299 of the Companies Act, 1956 ("the Act"), are not required to be entered in the register maintained in pursuance of section 301 of the Act, there were no transactions during the period that were required to be entered in this register. Notwithstanding the Company's view regarding the provisions of sub-section (6) of section 299 of the Act in respect of certain transactions, exceeding the value of Rs. 5 lakhs entered into during the period with parties listed under the provisions of sub-section (3) of section 301 of the Act, these have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the internal audit functions carried out during the period by the firms of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it and has generally been regular in depositing undisputed statutory dues including tax deducted at source with the appropriate authorities. We are informed that there are no undisputed statutory dues as at the end outstanding for a period of more than six months from the date they became payable.
  - (b) There are no disputed dues of wealth tax, cess and customs duty which have not been deposited on account of any dispute.

# Mawana Sugars Limited

## AUDITORS' REPORT (Contd.)

The details of dues of sales tax, income-tax, service tax and excise duty which have not been deposited as at March 31, 2011 on account of disputes are given below:

S. No	Name of the Statute	Nature of dues	Amount involved (Rs.Million)	Amount paid under protest (Rs.Million)	Period to which the amount relates (various years covering the period)#	Forum where dispute is pending
1	Sales Tax Laws	Sales tax	5.27 3.03 186.81	2.03 0.34 20.11	1986-87, 1989-90 1978-79,1979-80, 1987-88 and 1994-95 1976-77, 1977-78 , 1983-84 to 1996-97, 1998-99 to 200-01, 2003-04, 2004-05, 2006-07 and 2009-10	High Court Sales Tax Tribunal  Appellate Authority upto Commissioner's level
2	Income Tax Laws	Income Tax	0.85 0.86 509.72	0.55 0.74 -	1994-95 2001-02 1998-99, 2001-02, 2008-09, 2009-10	High Court Income-tax Appellate Tribunal Appellate Authority upto Commissioner's level
3	Central Excise Laws	Excise Duty	0.10 61.24 68.96	- - 40.13	1999-2000 to 2003-03 2000-01, 2005-06 to 2008-09  1991-82 to 1984-85, 1990-91 to 1992-93, 1994-95 to 1998-99, 2000-01, 2001-02 and 2005-06 to 2008-09	High Court Customs Excise and Service Tax Appellate Tribunal (CESTAT) Appellate Authority upto Commissioner's level
		Service Tax	0.05 0.23	0.02 -	2005-06,2006-07 2006-07 and 2008-09	Customs Excise and Service Tax Appellate Tribunal (CESTAT) Appellate Authority upto Commissioner's level

# Period in respect of income tax represents assessment year.

The following matters which have been excluded from the above table have been decided in favour of the Company but the department has preferred appeal at higher level:

S. No	Name of the Statute	Nature of dues	Amount involved (Rs. Million)	Period to which the amount relates	Forum where dispute is pending
1	Sales Tax Laws	Sales tax	3.13	2001-02	Supreme Court
2	Income Tax Laws	Income Tax (Tax Collected at Source)	0.55	2005-06 and 2006-07	High Court
3	Central Excise Laws	Excise Duty	69.13 0.21	1992-93 to 1997-98 1996-97	High Court Customs Excise and Service Tax Appellate Tribunal (CESTAT)

(x) According to the information and explanations given to us, without considering the items mentioned in paragraph 4(b) of our main report, the effect of which has not been determined and after considering the Capital Reserve of Rs. 991.46 million as part of free reserves for the purposes of computing net worth basis a legal opinion obtained by the Company in this regard (refer note 23 of schedule 11), the accumulated losses of the Company at the end of the financial period i.e. March 31, 2011 are less than

fifty percent of its net worth. The Company has not incurred cash losses in the financial period ended March 31, 2011 and had incurred cash losses in the immediately preceding financial year ended September 30, 2009.

(xi) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the year, has not defaulted in repayment of dues to financial institutions and has not issued debentures.



## AUDITORS' REPORT (Contd.)

The Company has defaulted in repayment of dues to banks during the period and Rs. 31.04 million remains unpaid as at March 31, 2011, which has been repaid subsequent to the period end:

(Rs. in million)

Lender	Amount	Period of delay (in days)
Banks	29.17	1 – 30
	3.28	31 – 60
	135.86	61 – 90

- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, the Company has not given any guarantees during the period for loans taken by others from banks or financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that short term funds of Rs. 755.60 million have been used to finance operating losses.
- (xvi) As the Company has not made any preferential allotment of shares during the period, paragraph 4(xviii) of the Order is not applicable.
- (xvii) As the Company has not issued any debentures during the period, paragraph 4 (xix) of the Order is not applicable.
- (xviii) As the Company has not raised any money by way of public issue during the period, paragraph 4(xx) of the Order, is not applicable.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

**For A.F. FERGUSON & CO.**  
*Chartered Accountants*  
 (Registration No. 112066 W)

**MANJULA BANERJI**  
 Partner  
 (Membership No. 086423)

Place : New Delhi  
 Date : 30<sup>th</sup> May, 2011

# Mawana Sugars Limited

## BALANCE SHEET AS AT MARCH 30, 2011

	Schedule	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	1	349.57	349.57
Reserves and surplus	2	2,591.63	2,591.63
		<u>2,941.20</u>	<u>2,941.20</u>
<b>Loan funds</b>			
Secured	3	8,241.45	6,943.52
Unsecured		39.33	52.01
		<u>8,280.78</u>	<u>6,995.53</u>
	<b>Total</b>	<u>11,221.98</u>	<u>9,936.73</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	4	10,569.22	10,942.21
Less: Depreciation		4,121.67	3,373.83
Net block		<u>6,447.55</u>	<u>7,568.38</u>
Capital work-in-progress		20.58	20.76
		<u>6,468.13</u>	<u>7,589.14</u>
<b>Investments</b>			
	5	317.47	277.47
<b>Current assets, loans and advances</b>			
Inventories	6	5,247.91	2,042.52
Sundry debtors		374.28	148.05
Cash and bank balances		142.56	128.53
Loans and advances		<u>697.22</u>	<u>699.34</u>
		<u>6,461.97</u>	<u>3,018.44</u>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	7	3,200.74	1,559.94
Provisions		166.93	144.25
		<u>3,094.30</u>	<u>1,314.25</u>
<b>Net current assets</b>			
		<u>1,342.08</u>	<u>755.87</u>
<b>Profit and loss Account</b>			
		<u>11,221.98</u>	<u>9,936.73</u>
<b>Notes to accounts</b>			
	11		

In terms of our report attached

**For A.F. Ferguson & Co.**  
Chartered Accountants

**MANJULA BANERJI**  
Partner

Date : 30 May, 2011  
Place : New Delhi

D.C. POPLI  
General Manager (Accounts)

SIDDHARTH SHRIRAM  
Chairman and Managing Director

SUNIL KAKRIA  
Managing Director

A.K. MEHRA  
Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

## PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2011

	Schedule	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
<b>Income</b>			
Gross Sales		16,967.60	7,153.13
Less : Excise duty		790.38	389.91
Net Sales		16,177.22	6,763.22
Other income	8	683.03	166.27
		<u>16,860.25</u>	<u>6,929.49</u>
<b>Expenditure</b>			
Manufacturing and other expenses	9	15,547.06	6,266.45
Interest	10	1,106.42	706.29
Depreciation	4	792.98	525.04
<b>(Loss) before tax</b>		<u>(586.21)</u>	<u>(568.29)</u>
Provision for taxation			
Fringe benefit tax		-	3.89
<b>(Loss) after tax</b>		<u>(586.21)</u>	<u>(572.18)</u>
Balance (loss) brought forward from previous year		<u>(755.87)</u>	<u>(183.69)</u>
<b>Balance carried to balance sheet</b>		<u>(1,342.08)</u>	<u>(755.87)</u>
Basic and diluted earnings per share (Rs.) (Face value Rs. 10 per share)		<u>(16.77)</u>	<u>(18.68)</u>
<b>Notes to accounts</b>	11		

*In terms of our report attached*

**For A.F. Ferguson & Co.**  
Chartered Accountants

**MANJULA BANERJI**  
Partner

Date : 30 May, 2011  
Place: New Delhi

D.C. POPLI  
General Manager (Accounts)

SIDDHARTH SHRIRAM  
Chairman and Managing Director

SUNIL KAKRIA  
Managing Director

A.K. MEHRA  
Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

# Mawana Sugars Limited

## CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2011

	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
<b>A. Cash flow from operating activities :</b>		
Net(Loss) before tax	(586.21)	(568.29)
Add : Depreciation	792.98	525.04
Interest expense	1,106.42	706.29
Provision for diminution value of investments	0.16	-
Loss on redemption of preference share	0.72	-
Loss on sale / write off of fixed assets	3.63	1.15
Less : Interest income	15.63	15.48
Excess provisions/ liabilities written back	8.54	16.09
Profit on sale of long term non-trade investment	-	60.10
Sale of Brands	60.00	-
Profit on sale of fixed assets	331.24	0.23
Provision for diminution value of long term non-trade investments written back	50.01	-
<b>Operating profit/(loss) before working capital changes</b>	<b>852.28</b>	<b>572.29</b>
Adjustments for :		
Decrease/(Increase) in trade / other receivables	(216.25)	123.22
Decrease/(Increase) in inventories	(3,205.39)	(711.06)
(Decrease)/Increase in trade / other payables	1,670.76	299.15
<b>Cash generated from operations</b>	<b>(898.60)</b>	<b>283.60</b>
Direct taxes (paid)/refund received	(13.97)	(2.76)
<b>Net cash inflow/(outflow) from operations</b>	<b>(912.57)</b>	<b>280.84</b>
<b>B. Cash flow from investing activities :</b>		
Purchase of fixed assets	(48.60)	(175.56)
Sale of fixed assets	704.23	0.74
Sale of Brands	60.00	-
Investments in a subsidiary company	(0.16)	-
Sale of long term non-trade Investment	0.01	60.60
Proceeds from redemption of preference share	9.28	-
Loans/advances to subsidiaries	(2.45)	-
Loans/advances from subsidiaries received back	0.62	0.69
Interest received	16.73	16.55
<b>Net cash inflow / (outflow) from investing activities</b>	<b>739.66</b>	<b>(96.98)</b>
<b>C. Cash flow from financing activities :</b>		
Proceeds from Issue of Equity shares	-	43.84
Premium on issue of Equity shares	-	116.16
Proceeds from long term borrowings- secured	530.58	546.29
Repayment of long term borrowings- secured	(1,952.79)	(517.23)
Proceeds from working capital borrowings	2,720.14	136.07
Proceeds from borrowings - unsecured	1.32	17.80
Repayment of borrowings - unsecured	(14.00)	(1.00)
Interest paid	(1,105.77)	(534.04)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>179.48</b>	<b>(192.11)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents</b>	<b>6.57</b>	<b>(8.25)</b>
<b>E. Cash and cash equivalents as at opening</b>		
Cash and bank balances	1 33.05	41.30
<b>F. Cash and cash equivalents as at closing</b>		
Cash and bank balances	39.62	33.05

1. Excludes balances with banks on margin accounts.

In terms of our report attached

For A.F. Ferguson & Co.  
Chartered Accountants

SIDDHARTH SHRIRAM  
Chairman and Managing Director

SUNIL KAKRIA  
Managing Director

A.K. MEHRA  
Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

MANJULA BANERJI  
Partner

Date : 30 May, 2011  
Place : New Delhi

D.C. POPLI  
General Manager (Accounts)

## SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF THE ACCOUNTS

### Schedule 1 : SHARE CAPITAL

	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>Authorised</b>		
- 175,000,000 Equity Shares of Rs. 10 each	1,750.00	1,750.00
	<b>1,750.00</b>	<b>1,750.00</b>
<b>Issued, subscribed and paid-up</b>		
- 34,956,811 Equity Shares of Rs. 10 each fully paid up	349.57	349.57
	<b>349.57</b>	<b>349.57</b>

#### Footnotes :

- Pursuant to the Scheme as indicated in note 2 of Schedule 11 on the record date, October 31, 2007, after cancellation of the cross holding, the Company had allotted one new equity share of Rs. 10 each fully paid up to the shareholders of erstwhile Mawana Sugars Limited (MSL) for every two equity shares of Rs. 10 each fully paid up held in erstwhile MSL and one new equity share of Rs. 10 each fully paid up to the shareholders of the Company for every three equity shares of Rs. 10 each fully paid up held in the Company. Accordingly 21,217,657 and 3,438,434 shares were issued to the shareholders of erstwhile MSL and the Company respectively.
- Nil (previous year 4,383,561) equity shares of Rs. 10 each fully paid up issued to the promoter of the Company.
- The Company has become a subsidiary of Usha International Limited (UIL) w.e.f. July 26, 2010 pursuant to a Scheme of Arrangement of Amalgamation of its promoters companies with UIL resulting into UIL holding 21,906,741 equity shares of the Company.

### Schedule 2 : RESERVES AND SURPLUS

	As at 30.09.2009 Rs. Million	Additions Rs. Million	Deductions Rs. Million	As at 31.03.2011 Rs. Million
Capital reserve	1,030.17 <sup>1</sup>	-	-	1,030.17
Share premium	1,473.74	-	-	1,473.74
Capital redemption reserve	87.72	-	-	87.72
	2,591.63			<b>2,591.63</b>

#### Footnotes :

- Includes Rs. 991.46 million, representing the extinguishment of the debts of erstwhile Mawana Sugars Limited (MSL), which got discharged pursuant to the surplus arising on sale of shares of Shivajimarg Properties Limited.

### Schedule 3 : LOANS

	As at 31.03.2011 Rs. Million	As at 31.03.2009 Rs. Million
<b>Secured</b>		
Banks		
Term loans	3,052.26	4,507.85
Cash credits/overdrafts	3,849.90	1,129.76
Funded Interest Term Loan	323.24	608.65
Other		0.94
Others		
Term loans	990.22	646.95
Funded Interest Term Loan	25.83	-
Interest accrued and due thereon	-	49.37
	<b>8,241.45</b>	<b>6,943.52</b>
<b>Unsecured</b>		
Deposit- Others	39.33	38.01
Loan from a Subsidiary company	-	14.00
	<b>39.33</b>	<b>52.01</b>
	<b>8,280.78</b>	<b>6,995.53</b>

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Footnotes :

#### SECURED

##### 1) Banks

- i) Term loans amounting to Rs. 2649.68 million (previous year Rs. 4038.65 million) and Funded Interest Term Loan amounting to Rs. 323.24 million (previous year Rs. 608.65 million) are secured by first pari-passu charge on all movable and immovable fixed assets of the Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Company.  
(Due within a year Rs. 716.25 million; (previous year Rs. 289.40 million))
- ii) Cash credit / overdraft amounting to Rs. 1903.62 million (previous year Rs. 1114.87 million) are secured by first pari-passu charge on the current assets of the Company and third pari-passu charge on the fixed assets of sugar units of the Company. This limit is also secured by second pari-passu charge on the fixed assets of chemical division of the company.
- iii) Above loans are also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the Chairman & Managing Director of the Company. Personal Guarantee shall be released after 25% of the repayment of the loans as per the CDR Restructuring Package.
- iv) Cash credit amounting to Rs. 58.70 million (previous year Rs. Nil) are secured by first pari-passu charge on the current assets and fixed assets of chemical division of the Company.
- v) Cash credit / overdraft amounting to Rs. 1887.58 million (previous year Rs. 14.89 million) are secured by pledge of sugar stocks with U.P. Co-operative Bank and District Co-operative Banks in the State of Uttar Pradesh.
- vi) Term Loans amounting to Rs. 402.58 million (previous year Rs. 469.20 million) availed under the “ Scheme for extending financial assistance to sugar undertakings,2007” of Government of India are secured by residual charge on fixed assets of the sugar units both present and future. These loans are further secured by personal guarantee of the Chairman & Managing Director of the Company.  
(Due within a year Rs.157.35 million; previous year Rs. 46.13 million).
- vii) Rs. Nil (previous year Rs. 0.94 million) relates to assets purchased under hire purchase/financing arrangement with a Bank and is secured by way of hypothecation of the specified assets.  
( Due with in a year Rs.Nil; previous year Rs. 0.69 million)

##### 2) Others

- i) Term Loan amounting to Rs. 313.50 million (previous year Rs. 400 million) and Funded Interest Term Loan amounting to Rs. 25.83 million (previous year Rs. Nil) is to be secured by first pari-passu charge on all movable and immovable fixed assets of the Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Company.  
(Due within a year Rs. 62.22 million; previous year Rs. 33.33 million).
- ii) Rs. 187.43 million (previous year Rs. 168.77 million) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Company's unit Mawana Sugar Works, situated at Mawana District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).  
(Due within a year Rs. 30.70 million; previous year Rs. 15.27 million).
- iii) Rs. 253.04 million (previous year Rs. Nil) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Company's unit Titawi Sugar Complex, situated at Titawi District Muzaffarnagar in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).  
(Due within a year Rs. Nil; previous year Rs. Nil).
- iv) Rs. 218.03 million (previous year Rs. 78.18 million) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Company's unit Nanglamal Sugar Complex, situated at Nanglamal District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).  
(Due within a year Rs. 19.55 million; previous year Rs. 15.85 million).
- v) Rs. 18.22 million (previous year Rs. Nil) from Government of India under Sugar Development Fund (SDF) is secured by bank guarantee in favour of Government of India.  
(Due within a year Rs. 6.08 million; previous year Rs. Nil).

## Schedules 1 TO 11 (Contd.)

### Schedule 4 : FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 30.09.2009	Additions <sup>2</sup>	Deductions	As at 31.03.2011	As at 30.09.2009	For the Period	Deductions	As at 31.03.2011	As at 31.03.2011	As at 30.09.2009
	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs. Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million
Land	283.24	-	27.89	255.35	-	-	-	-	255.35	283.24
Buildings	1,046.53	17.58	226.11	838.00	163.27	38.60	6.37	195.50	642.50	883.26
Plant and machinery	9,401.76	29.16	28.04	9,402.88	3,171.84	739.89	24.36	3,887.37	5,515.51	6,229.92
Furniture and fixtures	194.35	1.77	138.21	57.91	30.12	12.87	12.90	30.09	27.82	164.23
Vehicles	16.33	0.26	1.51	15.08	8.60	1.62	1.51	8.71	6.37	7.73
Current Period	10,942.21	48.77	421.76	10,569.22	3,373.83	792.98	45.14	4,121.67	6,447.55	
Previous year	10,482.54	469.72	10.05	10,942.21	2,857.18	525.04	8.39	3,373.83		7,568.38
Capital work-in-progress including capital advances									20.58	20.76
									6,468.13	7,589.14

#### Footnotes :

- Rs. 1.07 million (previous year Rs. 1.07 million ) received as advance against sale of land at Mawana will be adjusted after execution of conveyance deed.
- Additions to fixed assets include Rs.Nil (previous year Rs. 23.43 million) on account of borrowing cost capitalised during the period/year.

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Schedule 5 : INVESTMENTS

		As at 31.03.2011 Rs.Million	As at 30.09.2009 Rs.Million
<b>AT COST UNLESS OTHERWISE STATED</b>			
<b>Trade investments - Unquoted</b>			
Cerazitit India Private Limited 23,00,000 Equity shares of Rs.5 each fully paid-up	23.00 (11.85)	11.15	23.00 (11.85)
Less: provision for diminution in value			11.15
Capaxil Agencies Limited 5 Equity shares of Rs.1000 each fully paid-up	1	0.01	0.01
Agro Pumpsets & Implements Limited 10 Equity shares of Rs. 500 each fully paid-up	1	0.01	0.01
Mawana Co-operative Development Union Limited 2 Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)	1	#	#
Ramraj Co-operative Cane Development Union Limited 2 Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)	1	#	#
<b>Non-trade investments - Unquoted</b>			
Government securities(# Rs.4000)		#	#
<b>Investment in subsidiary companies</b>			
<b>Non-trade</b>			
<b>Quoted</b>			
Siel Financial Services Limited 10,613,382 (previous year 9,011,982) Equity shares of Rs.10 each fully paid-up	203.13 (203.13)	-	202.97 (202.97)
Less: Provision for diminution in value			-
<b>Unquoted</b>			
Siel Financial Services Limited 7,30,000, 5 % Preference shares of Rs.100 each fully paid-up	73.00 (73.00)	-	73.00 (73.00)
Less : Provision for diminution in value			-
Siel Industrial Estate Limited 27,500,000 Equity shares of Rs.10 each fully paid-up	275.00	275.00	275.00
Less : Provision for diminution in value	-	275.00	(50.00)
SFSL Investments Limited Nil (previous year 1,50,00,000) Equity shares of Rs.10 each fully paid-up	2	-	150.00
Less: Provision for diminution in value	-	-	(150.00)
Transiel India Limited 50,00,007 (previous year 50,00,007) Equity shares of Rs.10 each fully paid-up	3	50.00	50.00
Less: Provision for diminution in value	-	-	(50.00)
Nil (previous year 10,00,000) 15% Preference shares of Rs.100 each fully paid-up	-	-	100.00
Less: Provision for diminution in value	-	-	(90.00)
Siel Edible Oils Limited 3,130,000 Equity shares of Rs. 10 each fully paid up		31.30	31.30
		<b>317.47</b>	<b>277.47</b>
<b>Aggregate value of investments</b>			
Quoted		-	-
(Market Value Rs. Nil (Previous year Rs. Nil))			
Unquoted		<b>317.47</b>	<b>277.47</b>
		<b>317.47</b>	<b>277.47</b>

#### Footnotes:

All investments are long term investments.

1 Represent investments transferred from DCM Limited under the Scheme of Arrangement and are pending endorsement in the name of the Company.

2 SFSL Investments Limited has ceased to be a subsidiary of the company w.e.f. January 31, 2011

3 Transiel India Limited has exercised the option to exit under the Easy Exit Scheme 2011 announced by the Government of India and the application is pending for consideration with Government of India.

#### Addition:

1,601,400 (previous year Nil) Equity shares of Rs. 10 each fully paid up of Siel Financial Services Limited.

#### Deletions:

15,000,000 (previous year Nil) Equity shares of Rs. 10 each fully paid up of SFSL Investments Limited.

1,000,000 (previous year Nil) Preference shares of Rs. 100 each fully paid up of Transiel India Limited.



## Schedules 1 TO 11 (Contd.)

### Schedule 6 : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>Current assets</b>		
<b>Inventories</b>		
Stores and spares (at cost or under)	207.67	203.64
Stock in trade (At lower of cost or net realisable value)		
Raw materials, components etc.	47.46	455.81
Work-in-progress	136.33	39.69
Finished goods	4,856.45	1,343.38
	<u>5,247.91</u>	<u>2,042.52</u>
<b>Sundry debtors</b>		
<b>Secured</b>		
Over six months - good	2.88	0.07
Other debts - good	45.20	35.14
<b>Unsecured</b>		
Over six months - good	21.36	3.08
- doubtful	100.84	100.84
Other debts - good <sup>1</sup>	304.84	109.76
	<u>475.12</u>	<u>248.89</u>
Less: Provision for doubtful debts	<u>100.84</u>	<u>100.84</u>
	<u>374.28</u>	<u>148.05</u>
<b>Cash and bank balances</b>		
Cash in hand	1.52	1.37
Cheques on hand	-	2.31
With scheduled banks on current accounts <sup>2</sup>	26.44	21.68
deposit accounts	11.66	7.69
margin accounts	101.13	92.57
Interest accrued on deposits and margin money	1.81	2.91
	<u>142.56</u>	<u>128.53</u>
<b>Loans and advances</b>		
Unsecured and considered good unless otherwise stated		
Loans and advances to subsidiary companies <sup>3</sup>		
Considered good	2.45	-
Considered doubtful	36.59	152.38
Advances recoverable in cash or in kind or for value to be received		
Considered good * <sup>4</sup>	400.68	261.61
Considered doubtful	118.06	2.89
Taxation	271.92	257.95
With customs/excise authorities	22.17	179.78
	<u>851.87</u>	<u>854.61</u>
Less : Provision for doubtful advances	<u>154.65</u>	<u>155.27</u>
	<u>697.22</u>	<u>699.34</u>
	<u>6,461.97</u>	<u>3,018.44</u>

#### Footnotes:

- 1 Includes Rs. 20.41 million (previous year Rs. 13.74 million) due from Siel Edible Oils Limited, a company under the same management. Maximum amount due during the period Rs. 34.97 million (previous year Rs. 21.97 million).
- 2 Includes Rs. 0.09 million (previous year Rs. 0.09 million) refundable to shareholders being the excess application money / excess call money received.
- 3 Dues from subsidiaries represent non interest bearing loans / advances which can be recalled on demand:
  - a) Loans / advances to Siel Financial Services Limited Rs. 36.59 million and considered doubtful of recovery (given prior to insertion of section 372 A on October 31, 1998) (previous year Rs. 36.59 million). Maximum amount due during the period Rs. 36.59 million (previous year Rs. 36.59 million).
  - b) Loans/ advances to SFSL Investments Limited, a wholly owned subsidiary (ceased to be subsidiary w.e.f. January 31, 2011) Rs. 115.17 million (previous year Rs. 115.79 million) and considered doubtful of recovery. Maximum amount due during the period Rs. 115.79 million (previous year Rs. 115.79 million).
  - c) Advances to Siel Edible Oils Limited Rs. 2.45 (previous year Rs. Nil) Maximum amount due during the period Rs. 11.06 million (previous year Rs. 4.21 million)
- 4 Rs. 10.15 million (previous year Rs. Nil) due from the directors of the Company (refer note 10 of Schedule 11). Maximum amount due during the period Rs. 10.15 million (previous year Rs. Nil).

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Schedule 7: CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>Current liabilities</b>		
Sundry creditors <sup>1,2</sup>		
- Dues of other than micro and small enterprises	3,015.88	1,377.21
- Dues of micro and small enterprises	3.95	2.47
Interest accrued but not due on loans	180.91	180.26
	<u>3,200.74</u>	<u>1,559.94</u>
<b>Provisions</b>		
- Employees compensated absences	26.32	23.29
- Provision for Gratuity	94.70	75.05
- Provision for taxation	45.91	45.91
	<u>166.93</u>	<u>144.25</u>
	<b>3,367.67</b>	<b>1,704.19</b>

#### Footnotes :

- 1 Sundry creditors do not include any amounts outstanding as at March 31, 2011 which are required to be credited to the Investor Education and Protection Fund.
- 2 a) Includes Rs. 0.09 million (previous year Rs. 0.09 million) refundable to shareholders being the excess application money/ excess call money received.
- b) Includes Rs. Nil (previous year Rs. 9.01 million) due to subsidiaries.

### Schedule 8 : OTHER INCOME

	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
Interest received on deposits etc. (Gross) <sup>1</sup>	15.63	15.48
Excess provisions/liabilities written back <sup>2</sup>	8.54	16.09
Profit on sale of fixed assets	331.24	0.23
Profit on sale of long term non-trade investment	-	60.10
Exchange gain	26.14	0.65
Rent received <sup>3</sup>	79.90	28.18
Provision for diminution in value of long term non trade investment written back	50.01	-
Export benefits	0.03	-
Miscellaneous <sup>4</sup>	171.54	45.54
	<u>683.03</u>	<u>166.27</u>

#### Footnotes :

- 1 Income tax deducted at source Rs. 1.56 million (previous year Rs.1.57 million).
- 2 Includes Rs. 0.62 million (previous year Rs. Nil) provision for doubtful debts/advances no longer required written back.
- 3 Income tax deducted at source Rs. 7.99 million (previous year Rs. 5.72 million).
- 4 - Income tax deducted at source Rs. 3.16 million (previous year Rs. 0.93 million)  
- Includes Rs. 60.00 million (previous year Rs.Nil) for sale of 'MAWANA' brand and other related trade marks, copyrights along with associated goodwill to Usha International Limited.  
- Includes Rs. 49.95 million (previous year Rs. 11.47 million) for services rendered.

## Schedules 1 TO 11 (Contd.)

### Schedule 9 : EXPENDITURE

	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
<b>Manufacturing and other expenses</b>		
Raw materials consumed	14,770.62	3,956.37
Stores,spares and components	1,040.17	557.25
Jobs on contract	125.27	81.68
Power and fuel	1,220.62	873.77
Repairs - buildings	13.83	11.73
- plant and machinery	83.81	63.78
- others	34.74	41.56
Salaries,wages,bonus etc.	925.26	558.84
Provident and other funds	93.72	43.57
Welfare	62.38	34.93
Rent	24.36	12.70
Insurance	18.91	13.62
Rates and taxes	8.52	26.36
Legal and professional fee	30.54	13.55
Lease Rent	15.98	10.51
Exchange Fluctuation	0.08	6.75
Auditors' remuneration		
As auditors		
- Audit fee	2.50	1.80
- Out-of-pocket expenses	0.08	0.05
In other capacity		
- For limited review of unaudited financial results	3.65	2.10
- For verification of statements and other reports	2.77	2.93
Provision for diminution in value of long term non trade investments	0.16	
Loss on sale of long term non trade investments	149.99	-
Less: Charged against Provisions	149.99	-
Loss on redemption of long term non trade investments	90.72	-
Less: Charged against Provisions	90.00	-
Loss on sale/ write off of fixed assets	3.63	1.15
Freight outwards	42.04	5.65
Cash discount	35.49	19.87
Loss on Derivatives	-	46.27
Loss on cancellation of raw sugar contracts	223.82	-
Miscellaneous	228.49	152.20
	19,012.16	6,538.99
Increase/(Decrease) in excise duty provision on stocks	144.61	8.43
(Increase)/Decrease of finished goods and process stocks		
Closing stocks		
- Work-in-progress	136.33	39.69
- Finished goods	4,856.45	1,343.38
	4,992.78	1,383.07
Opening stocks		
- Work-in-progress	39.69	40.11
- Finished goods	1,343.38	1,061.99
	1,383.07	1,102.10
	(3,609.71)	(280.97)
	15,547.06	6,266.45

### Schedule 10 : INTEREST

	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
On loans for fixed period	654.69	516.24
Others	451.73	190.05
	1,106.42	706.29

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956 and are based on the historical cost convention. The significant accounting policies followed are stated below:

(a) Fixed assets:

Fixed assets are stated at cost of acquisition/ construction less accumulated depreciation. The cost includes all pre-operative expenses relating to construction period in the case of new projects and expansion of existing factories.

(b) Depreciation:

- i. The Company follows the straight-line method of depreciation (SLM).
- ii. The rates of depreciation charged on all fixed assets are those specified in Schedule XIV to the Companies Act, 1956.
- iii. On assets sold/discarded during the period/year, depreciation is provided up to the date of sale/ discard.
- iv. Depreciation is calculated on a pro-rata basis from the date of acquisition/ installation of the asset and in case of assets costing up to Rs. 5,000 each such asset is fully depreciated in the period/year of purchase.

(c) Investments:

Long term investments valued at cost unless there is a decline in value other than temporary.

(d) Inventories:

Stores and spares are valued at cost or under.

Raw materials, components, work-in-progress and finished goods are valued at lower of cost and net realisable value.

Cost of inventory is ascertained on the 'weighted average' basis. Further, in respect of manufactured inventories i.e. process stocks and finished goods, an appropriate share of manufacturing expenses is included on absorption costing basis including excise duty.

(e) Revenue recognition:

Sale of goods is recognised at the point of despatch of finished goods to customers. Sales are inclusive of excise duty and exclusive of sales tax.

Income from Certified Emission Reductions (CER) is recognized as income on sale of CER's.

(f) Research and development expenditure:

Revenue expenditure on research and development is expensed out under the respective heads of account in the period/year in which it is incurred.

(g) Employee benefits:

Company's contribution paid/payable during the period/year to provident fund, superannuation fund and employees' state insurance corporation are recognised in the profit and loss. For the provident fund trusts administrated by the Company, the Company is liable to meet the shortfall, if any, in payment of interest at the rates prescribed by the Central Government, such shortfall is recognised in the year of actual payment. Provision for gratuity and compensated absences are determined on an actuarial basis at the end of period/year and are charged to revenue each period/year.

(h) Income-tax:

Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of being reversal in one or more subsequent periods. Deferred Tax assets are recognised on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred asset can be realized.

(i) Foreign exchange transactions:

Transactions in foreign currency are recorded on initial recognition at the exchange rates prevailing at the time of the transaction.

Monetary items (i.e. receivables, payables, loans etc) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognised as income/expense in the period/year in which they arise.

In case of forward contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of the contract. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognised as income/expense during the period/year.

(j) Share/Debenture issue expenses and premium on redemption of debentures/ redeemable cumulative preference shares are written-off against share premium account.

(k) Pre-operative expenses:

Pre-operative expenses, pending allocation represents indirect expenditure incurred during the construction period which will be allocated to capital/ revenue on commissioning of the project.

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

(l) Operating Lease:

Operating Lease receipts and payments are recognized as income or expense in the profit and loss account on a straight - line basis over the lease term.

(m) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2. Pursuant to the Scheme of Arrangement for Amalgamation (the "Scheme") of the erstwhile Mawana Sugars Limited (MSL) with the Company under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of Delhi vide its Order dated September 11, 2007 which became effective on October 15, 2007 on filing of the certified copy of the Order of the High Court in the Office of Registrar of Companies, NCT Delhi & Haryana, all the properties, assets, both movable and immovable, liabilities including contingent liabilities and reserves of erstwhile MSL have without further act or deed, been transferred to and vested in the Company at their book values, as a going concern with effect from the appointed date i.e. October 1, 2006. Subsequently, the name of the Company has been changed to Mawana Sugars Limited w.e.f. January 4, 2008.

(Rs. in million)

	As at March 31, 2011	As at September 30, 2009
3 Capital commitments (net of advances)	1.41	0.63
4. Contingent liabilities :		
a) Claims against the Company not acknowledged as debts in respect of*:-		
- Income Tax	629.22	149.40
- Sales Tax	78.24	81.04
- Excise Duty/ Service Tax	99.01	64.88
- License fee for railway siding	-	60.68
- Others	69.27	70.84

\*All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position of the Company.

- b) Guarantee given to bank for repayment of financial facilities provided to a wholly owned subsidiary **70.00** 70.00  
Dues outstanding **34.88** 23.05
- c) The Company has provided bank guarantees aggregating Rs. 78.18 million (Previous year Rs. 78.18 million) to Tecumseh Products India Limited (TPIL), to whom it had sold the compressor business in a previous year, for any loss, damage, claim, action, suit etc., arising from various representations /breach of representations including for contingent liabilities existing as at March 31, 1997, or prior to March 31, 1997, which TPIL may eventually be liable to pay, against which demands in respect of sales tax, income tax and central excise matters aggregating Rs. 52.32 million (Previous year Rs. 52.32 million) have been received. These demands are presently under various stages of appeal.
- d) During the period, the Company has given a counter indemnity/guarantee in favour of existing directors of Transiel India Limited to protect their interest against any loss/ future liabilities that may arise after the name of the said subsidiary has been struck off under the Easy Exit Scheme, 2011.
5. The Company had contracted for import of 60000 MT of Raw Sugar. Due to adverse international and domestic market conditions and resultant falling prices, the Company has exited from these contracts in July, 2010 incurring a loss of Rs. 223.82 million (previous year Rs. NIL).
6. Research and development expenses amounting to Rs. 11.57 million (previous year Rs. 14.22 million) have been charged to the respective revenue accounts.
7. Accounting for taxes on income:-

In accordance with the Accounting Standard (AS) 22 'Accounting for Taxes on Income', notified in the Companies (Accounting Standards) Rules, 2006, deferred tax assets and liabilities have been recognized on the basis of projections after considering unabsorbed depreciation and timing differences which will be reversed against future taxes in accordance with AS-22. Accordingly, deferred tax assets have been recognized only to the extent of deferred tax liability, the details of which are as under:

(Rs. in million)

Particulars	As at March 31, 2011	As at September 30, 2009
	(DTL) / DTA	(DTL) / DTA
Accelerated depreciation	(1217.04)	(1315.30)
Expenses deductible on payment	310.04	250.60
Others	187.09	255.96
Unabsorbed depreciation only to the extent of Deferred tax liability	719.91	808.74
Net Amount	-	-

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

8. Sales are net of commission of Rs. 48.12 million (previous year Rs. 31.90 million).
9. The Company had imported plant and machinery in previous years under EPCG Scheme. An export obligation ('EO') amounting to USD 91.68 million was placed on the Company which was to be fulfilled in a period of 8 years starting from April 1997. Subsequently, the said EO was refixed at USD 73.74 million and the EO period was extended to 30.3.2007 in terms of the Foreign Trade Policy Handbook of Procedure (HBP) 2002-2007.  
The balance unfulfilled EO as at March 31, 2011 is USD 7.84 million.  
The said EO period was further extended upto 30.3.2009 on payment of 50% duty payable in proportionate to unfulfilled export obligation amounting to Rs. 16.68 million and the EPCG License has been duly endorsed by Director General of foreign Trade (DGFT) extending the EO fulfillment period upto 30.3.2009.  
To fulfill the remaining EO, the Company applied to obtain a release order from Directorate of Sugar to export sugar. Directorate of Sugar vide its letter dated 20.3.2009 has informed the Company that it is not possible to issue release orders for export of sugar and the request of the Company will be considered when the sugar situation improves in the country.  
By letter dated 29.9.2009 the DGFT has informed the Company that having regard to the provision of Public Notice No.26 dated 3.6.2008 the extension in export obligation period equivalent to the duration of ban is automatic without composition fee in respect of EPCG authorization issued prior to imposition of ban on such product.  
By letter dated May 5, 2011 the DGFT has extended the EO period 765 days w.e.f. April 19, 2011.  
Subsequent to March 31, 2011, the Company has received the release orders for export of 5922.5 MT sugar on April 26, 2011.  
The Company is in process of export of sugar to meet the unfulfilled export obligation.

10. Directors' Remuneration \*

(Rs. in million)

	18 Months ended 31.03.2011	Year ended 30.09.2009
Salaries and Allowances	42.93	26.13
Contribution to provident and other funds	4.01	2.45
Value of perquisites	4.45	1.49
Directors fees	0.37	0.21

\* Does not include contribution to gratuity fund and provision for compensated absence, since the same are paid/ determined for the Company as a whole.

The Company has sought approval of the Central Government for excess remuneration paid to the Managing Director/ Whole Time Director amounting to Rs. 6.72 million which had been declined by the Central Government.

Pursuant thereto, the Company has made a fresh application seeking approval of the Central Government for the aforesaid remuneration and additional remuneration amounting to Rs. 6.72 million and Rs. 3.42 million respectively. Pending approvals of the Central Government, the excess remuneration paid has been shown under Schedule 6 - Loans and Advances.

Further Rs. 3.42 million is also subject to approval of the shareholders in the general meeting.

11. Employee Benefits:

Disclosures required under Accounting Standard (AS)-15 "Employees Benefits" notified in the Companies (Accounting Standards) Rules, 2006, are as under:

i) Defined Contribution Plan and amount recognized in profit and loss account.

(Rs. in Million)

	18 Months ended March 31,2011	Year ended September 30,2009
◆ Employers contribution to provident fund	59.94	31.71
◆ Employers contribution to superannuation fund	-	0.47
◆ Employees State Insurance Corporation	1.70	0.19

ii) Defined Benefits Plans

Gratuity and Compensated absences -In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done and details of the same are given below:

(Rs. in Million)

	Gratuity (Funded) <sup>®</sup>		Compensated absence	
	Current Period	Previous Year	Current Period	Previous Year
<b>A. Change in the Present value of obligation</b>				
Present value of obligation as at the beginning of the period/year	116.55	109.52	23.29	21.39
Current service cost	8.30	7.75	5.52	3.87
Interest cost	13.99	8.76	2.79	1.71
Benefits paid	(1.12)	(0.40)	(20.07)	(8.41)
Actuarial loss/ (gain)	5.17	(9.08)	14.79	4.73
Present value of obligation as at the end of the period/year	142.89	116.55	26.32	23.29

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

(Rs. in Million)

	Gratuity (Funded) <sup>@</sup>		Compensated absence	
	Current Period	Previous Year	Current Period	Previous Year
<b>B. Change in the fair value of plan asset</b>				
Fair value of plan assets as at the beginning of the period/year	41.50	37.74	-	-
Expected return on plan assets	6.16	3.36	-	-
Contribution by the Company	1.65	0.80	-	-
Benefits paid	(1.12)	(0.40)	-	-
Actuarial gain/(loss)	-	-	-	-
Fair value of plan assets as at the end of the period/year #	48.19	41.50	-	-
<b>C. Amount recognised in the balance sheet (A - B)</b>	<b>94.70</b>	<b>75.05</b>	<b>26.32</b>	<b>23.29</b>
<b>D. Expenses recognised in the Profit and loss account</b>				
Current service cost	8.30	7.75	5.52	3.87
Interest cost	13.99	8.76	2.79	1.71
Expected Return on plan Assets	6.16	3.36	-	-
Actuarial loss/ (gain)	5.17	(9.08)	14.79	4.73
Net Cost	21.30	4.07	23.10	10.31
<b>E. Actuarial Assumptions</b>				
Discount Rate (Per annum)	8.00%	8.00%	8.00%	8.00%
Future Salary increase	5.00%	5.00%	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.40%	-	-
Mortality table	LIC (1994-96) duly modified			

@ Rs. 94.70 Million (Previous year Rs. 75.05 million) has not been funded.

# The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of investments maintained by LIC are not made available to the Company and therefore has not been disclosed.

#### Net Asset/(Liabilities) recognized in the Balance Sheet

As on	31.03.2011	30.09.2009	30.09.2008	31.03.2007	31.03.2006
Present Value of obligation	142.89	116.55	109.52	96.60	46.21
Fair value of plan assets	48.19	41.50	37.74	32.96	12.32
Net Assets/(liability)	94.70	75.05	71.78	63.64	33.89

#### Experience on actuarial gain/(loss) for Benefit obligation and plan assets

Period/year ended	31.03.2011	30.09.2009	30.09.2008	31.03.2007	31.03.2006
On Present Value of obligation	5.17	(9.08)	(8.77)	*	*
On plan assets	-	-	-	*	*

\* the details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120 (n)(ii) of AS - 15 (Revised) on "Employees Benefits" are not available in the valuation report and hence, are not furnished.

#### 12. Segment reporting

##### A. Business Segment

Based on the guiding principles given in Accounting Standard (AS) 17 "Segment Reporting" notified in the Companies (Accounting Standards) Rules, 2006, - the Company's business Segment includes Sugar, Power, Chemical and Other (Distillery).

##### B. Geographical Segment

Since the Company's activities/operations are primarily within the country and considering the nature of products/services it deals in, the risk and returns are same and as such there is only one geographical segment.

##### C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 1 above, the accounting policies in relation to segment accounting are as under:

##### a) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to the segments.

##### b) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

##### c) Inter segment revenues:

Inter segment revenues between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

#### D. Information about business segments

PARTICULARS	Sugar		Power		Chemicals		Others		Unallocated		Elimination		Total	
	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>SEGMENT REVENUE</b>														
External Sales (Net of excise duty)	12,557.93	4,940.36	860.61	211.48	2,096.78	1,535.29	661.90	76.09	-	-	-	-	16,177.22	6,763.22
Inter segment revenue	3,319.99	1,192.96	3,952.83	1,344.34	10.81	7.68	0.54	1.50	-	-	(7,283.17)	(2,546.48)	-	-
Other income	59.52	27.43	2.85	0.03	2.54	2.53	0.05	0.40	618.07	135.88	-	-	683.03	166.27
<b>Total revenue</b>	<b>15,936.44</b>	<b>6,160.75</b>	<b>4,816.29</b>	<b>1,555.85</b>	<b>2,110.13</b>	<b>1,545.50</b>	<b>662.49</b>	<b>77.99</b>	<b>618.07</b>	<b>135.88</b>	<b>(7,283.17)</b>	<b>(2,546.48)</b>	<b>16,860.25</b>	<b>6,929.49</b>
<b>RESULTS</b>														
Segment results	(873.51)	127.84	1,235.65	221.45	(111.19)	(0.73)	80.63	0.81	-	-	-	-	331.58	349.37
Unallocated income/expenses (net of income/expenses)	-	-	-	-	-	-	-	-	173.00	(226.85)	-	-	173.00	(226.85)
<b>Operating Profit/(loss)</b>	<b>(873.51)</b>	<b>127.84</b>	<b>1,235.65</b>	<b>221.45</b>	<b>(111.19)</b>	<b>(0.73)</b>	<b>80.63</b>	<b>0.81</b>	<b>173.00</b>	<b>(226.85)</b>	<b>-</b>	<b>-</b>	<b>504.58</b>	<b>122.52</b>
Interest expense	-	-	-	-	-	-	-	-	1,106.42	706.29	-	-	1,106.42	706.29
Interest income	-	-	-	-	-	-	-	-	15.63	15.48	-	-	15.63	15.48
<b>Net Profit/(Loss) before tax</b>	<b>(873.51)</b>	<b>127.84</b>	<b>1,235.65</b>	<b>221.45</b>	<b>(111.19)</b>	<b>(0.73)</b>	<b>80.63</b>	<b>0.81</b>	<b>(917.79)</b>	<b>(917.66)</b>	<b>-</b>	<b>-</b>	<b>(586.21)</b>	<b>(586.29)</b>
Current Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax benefit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	3.89	-	-	-	3.89
<b>Net Profit/(Loss) after tax</b>	<b>(873.51)</b>	<b>127.84</b>	<b>1,235.65</b>	<b>221.45</b>	<b>(111.19)</b>	<b>(0.73)</b>	<b>80.63</b>	<b>0.81</b>	<b>(917.79)</b>	<b>(921.55)</b>	<b>-</b>	<b>-</b>	<b>(586.21)</b>	<b>(572.18)</b>
<b>OTHER INFORMATION</b>														
<b>A. ASSETS</b>														
Segment assets	8,024.94	5,051.22	2,328.52	2,476.14	1,217.04	1,339.36	699.43	792.21	977.64	1,226.12	-	-	12,269.93	9,656.93
Unallocated assets	-	-	-	-	-	-	-	-	1,342.08	755.87	-	-	1,342.08	755.87
Debit balance in profit and loss account	-	-	-	-	-	-	-	-	2,319.72	1,981.99	-	-	14,589.65	11,640.92
<b>Total Assets</b>	<b>8,024.94</b>	<b>5,051.22</b>	<b>2,328.52</b>	<b>2,476.14</b>	<b>1,217.04</b>	<b>1,339.36</b>	<b>699.43</b>	<b>792.21</b>	<b>2,319.72</b>	<b>1,981.99</b>	<b>-</b>	<b>-</b>	<b>14,589.65</b>	<b>11,640.92</b>
<b>B. LIABILITIES</b>														
Segment liabilities	2,479.48	696.12	217.77	338.62	121.07	166.41	64.05	20.49	2,941.20	2,941.20	-	-	2,882.37	1,221.64
Share capital/reserves and surplus	-	-	-	-	10.07	10.72	-	-	8,241.95	6,958.03	-	-	2,941.20	2,941.20
Secured and unsecured loans	26.76	26.78	-	-	-	-	-	-	485.30	482.55	-	-	8,280.78	6,995.53
Unallocated liabilities	-	-	-	-	-	-	-	-	11,668.45	10,381.78	-	-	485.30	482.55
<b>Total Liabilities</b>	<b>2,506.24</b>	<b>722.90</b>	<b>217.77</b>	<b>338.62</b>	<b>131.14</b>	<b>177.13</b>	<b>64.05</b>	<b>20.49</b>	<b>11,668.45</b>	<b>10,381.78</b>	<b>-</b>	<b>-</b>	<b>14,589.65</b>	<b>11,640.92</b>
<b>C. OTHERS</b>														
Capital expenditure	14.69	71.81	-	5.07	4.30	8.36	-	12.29	0.45	123.57	-	-	-	-
Depreciation	322.91	216.66	239.92	159.78	172.33	114.96	38.84	25.25	18.98	8.39	-	-	-	-



## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

13. Based on the information available with the Company, the principle amount and interest due to Micro and Small Enterprise as defined under "The Micro, Small and Medium Enterprises Development Act, 2006 (Act) is Rs. 3.68 million (previous year Rs. 2.20 million) and Rs. 0.27 million (previous year Rs. 0.27) respectively.
14. There are various issues relating to sales tax, income tax etc. arisen / arising out of the reorganisation arrangement of DCM Limited which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited and memorandum of understanding between all the companies involved as and when the liabilities/benefits are fully determined.

In the opinion of the management, having regard to the current status of the assessment proceedings at various stages the effect of these matters on the accounts could not be determined at this stage.

15. Earning per share

		18 Months ended March 31, 2011	Year ended September 30, 2009
(Loss) after tax	Rs. Million	(586.21)	(572.18)
Weighted average number of equity shares outstanding.	No.	34,956,811	30,633,299
Basic and diluted earnings per share in rupees(face value-Rs.10 per share)	Rs.	(16.77)	(18.68)

16. Related party disclosures under Accounting Standard 18

Name of related party and nature of related party relationship

**Holding Company:**

Usha International Limited w.e.f. July 26, 2010 (Enterprises over which key management personnel have significant influence up to July 25, 2010)

**Subsidiaries:**

Siel Financial Services Limited,  
 Transiel India Limited (up to January 27, 2011),  
 Siel Industrial Estate Limited,  
 Siel Edible Oils Limited,  
 SFSL Investments Limited (up to January 31, 2011)

**Key Management Personnel:**

Mr. Siddharth Shriram - Chairman and Managing Director  
 Mr. K.P. Singh - Whole Time Director (deceased on April 20, 2011)  
 Mr. A. K. Mehra - Whole Time Director  
 Mr. Sunil Kakria - Managing Director

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

#### Details of Related Party Transactions:

	18 Months ended March 31,2011 Rs. Million	Year ended September 30,2009 Rs. Million
<b>A) Holding Company</b>		
<b>Usha International Limited</b>		
Sale of fixed assets	704.00	29.45
Sale of 'MAWANA' brand and other related trade marks copyrights along with associated goodwill.	60.00	-
Expenses recovered	11.83	0.74
Expenses reimbursed	2.87	0.27
Miscellaneous Purchases	37.87	0.08
Sale of Nil (previous year 50,000) Equity shares of Rs. 10 each of Siel Holding Limited	-	60.60
Rent Received	32.72	2.88
Rent Paid	4.23	-
Miscellaneous income	3.87	2.92
Royalty	0.01	-
Security Deposit received	7.33	5.75
Security Deposit paid	6.78	-
Issue of Nil (previous year 4383561) equity shares of Rs.10/-each fully paid up at a premium of Rs. 26.50 per share on preferential basis	-	160.00
<b>Balances outstanding included under :</b>		
Loans and advances / Debtors	76.77	3.24
Sundry Creditors / Loans and advances taken	11.39	5.75
<b>B) Subsidiaries</b>		
<b>Siel Edible Oils Limited</b>		
Sales	323.52	109.60
Interest received	0.82	-
Expenses reimbursed	9.26	2.84
Expenses recovered	1.00	3.13
Miscellaneous purchases	-	0.11
Rent received	3.72	-
Commission received	18.21	-
Guarantee given by the Company	-	70.00
Commission paid	-	2.95
<b>Transiel India Limited</b>		
Payment made on behalf of Transiel	-	0.15
Expenses recovered	0.01	-
Redemption of 1,000,000 (previous year Nil) preference shares of Rs. 100 each fully paid up	9.28	-
<b>Siel Industrial Estate Limited</b>		
Loan taken by the Company	1.00	15.00
Interest on loan taken	0.74	0.52
Repayment of Loan	15.00	1.00
<b>SFSL Investments Limited</b>		
Purchase of 1,601,400 (previous year Nil) Equity shares of Rs. 10 each of Siel Financial Services Limited	0.16	-
<b>Siel Financial Services Limited</b>		
Expenses recovered	0.06	-
<b>Balances outstanding included under :</b>		
Loans and advances ##	39.04	152.38
Sundry Creditors	-	9.01
Guarantee given by the Company	70.00	70.00
Debtors	20.41	13.74
Loan from Subsidiary	-	14.00
<b>C) Key Management personnel and their relatives</b>		
<b>Remuneration to key management personnel:</b>		
Mr. Siddharth Shriram	9.67	5.79
Mr. A.K. Mehra	13.15	8.11
Mr. K.P.Singh	3.36	2.19
Mr. Sunil Kakria	25.21	13.98
<b>Balances outstanding included under :</b>		
Loans and advances	10.15	-

## Includes Rs. 36.59 Million (previous period Rs. 152.38 Million) provided for as doubtful advances.

@ The Company has become a subsidiary of Usha International Limited (UIL) w.e.f. July 26, 2010 pursuant to a Scheme of Arrangement of Amalgamation of its promoters companies with UIL resulting into UIL holding 21,906,741 equity shares of the Company.

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

17. The accounts for the period ended March 31, 2011 have been prepared after considering sugar cane purchase price @ Rs. 110 per quintal as an interim measure for paying the price of sugar cane to sugar cane grower in accordance with the Order of Hon'ble Supreme Court dated September 8, 2008 in case No. 18681 of 2008 for sugar season 2007-08 filed by the Company. Necessary adjustments will be made by the Company in accordance with the final order of the Hon'ble Court in this matter.
18. The following are particulars of disputed dues on accounts of sales tax, income-tax, service tax and excise duty matters as at March 31, 2011 that have not been deposited by the Company:

S. No	Name of the Statute	Nature of dues	Amount involved (Rs.Million)	Amount paid under protest (Rs.Million)	Period to which the amount relates (various years covering the period)#	Forum where dispute is pending
1.	Sales Tax Laws	Sales tax	5.27	2.03	1986-87, 1989-90	High Court
			3.03	0.34	1978-79, 1979-80, 1987-88 and 1994-95	Sales Tax Tribunal
			186.21	20.11	1976-77, 1977-78, 1983-84 to 1996-97, 1998-99 TO 2000-01, 2003-04, 2004-05, 2006-07 and 2009-10	Appellate Authority upto Commissioner's level
2.	Income Tax Laws	Income Tax	0.85	0.55	1994-95	High Court
			0.86	0.74	2001-02	Income-tax Appellate Tribunal
			509.72	-	1998-99, 2001-02, 2008-09-2009-10	Appellate Authority upto Commissioner's level
3.	Central Excise Laws	Excise Duty	0.10	-	1999-2000 to 2002-03,	High Court
			61.24	-	2000-01, 2005-06 to 2008-09	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
			68.96	40.13	1981-82 to 1984-85, 1990-91 to 1992-93, 1994-95 to 1998-99, 2000-01, 2001-02 and 2005-06 to 2008-09	Appellate Authority upto Commissioner's level
			0.05	0.02	2005-06 to 2006-07	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
		0.23	-	2006-07 and 2008-09	Appellate Authority upto Commissioner's level	
		Service Tax				

# Period in respect of income tax represents assessment year.

The following matters which have been excluded from the above table have been decided in favour of the Company but the department has preferred appeal at higher level:

S. No	Name of the Statute	Nature of dues	Amount involved (Rs. Million)	Period to which the amount relates	Forum where dispute is pending
1.	Sales Tax Laws	Sales tax	3.13	2001-02	Supreme Court
2	Income Tax Laws	Income Tax (Tax Collected at Source)	0.55	2005-06 and 2006-07	High Court
3	Central Excise Laws	Excise Duty	69.13	1992-93 to 1997-98	High Court
			0.21	1996-97	Customs Excise and Service Tax Appellate Tribunal (CESTAT)

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

19. Foreign currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	As at March 31, 2011		As at September 30, 2009	
	Amount in foreign currency (million)	Amount in (Rs./ million)	Amount in foreign currency (million)	Amount in (Rs./ million)
Sundry Creditors	0.05 GBP	4.04	0.05 GBP	3.74
Sundry Creditors	4.48 US \$	200.07	10.33 US \$	497.37

20. Operating lease:

a) As lessor

During the year September 30, 2009 the Company had entered into lease arrangements for renting a building for a period of three years with a lock-in period of 2 years, which was renewable as per the terms of the Lease agreement. The Company has sold the said property in the current period. The necessary disclosures relating to previous year is given as under.

i) Disclosure in respect of assets given on operating lease

	Rupees in million	
	Current Period	Previous Year
Gross carrying amount of asset	-	118.30
Accumulated depreciation	-	0.97
Depreciation for the year	-	0.97

ii) Future minimum lease receivable:

	Rupees in million	
	Current Period	Previous Year
Not later than one year	-	44.85
Later than one year and not later than five years	-	16.97

b) As lessee

Lease rentals charge to revenue for right to use the following assets:

	Rupees in million	
	Current Period	Previous Year
Chlorine cylinders	15.98	10.51
Office Premises, Residential Flats etc.	24.36	12.70

The agreements have been executed for a period upto 9 years with a renewal/termination clause.

i) Future minimum lease payable:

	(Rs. in million)	
	Current Period	Previous Year
Not later than one year	13.55	-
Later than one year and not later than five years	10.16	-

21. The current financial period is for a period of eighteen months from October 1, 2009 to March 31, 2011 whereas the corresponding previous year figures are for a period of twelve months from October 1, 2008 to September 30, 2009.

Therefore, the corresponding figures of previous year are not directly comparable with those of current period.

22. The Company has facilitated Agri loans from Punjab National Bank (Bank) to the farmers who supply sugarcane to the Company. These loans were distributed to the farmers through an Escrow Account operated by the Company. The Company had facilitated repayment of loans by the farmers to the Bank against the payments to be made to them against supply of sugarcane to the Company. A sum of Rs. Nil and Rs. 1.04 million has been lying in Escrow Account as on March 31, 2011 and September 30, 2009 respectively.

23. The Company has been legally advised that the "capital reserve" to the extent of Rs. 991.46 million, as depicted under Schedule 2- Reserve and Surplus, pertaining to the profits earned by formerly Siel Limited from sale of shares of Shivajimarg Properties Limited during the year ended 31st March, 2006, which formed part of capital reserve in the books of the erstwhile Mawana Sugars Limited and subsequently, became a part of capital reserve in the books of the Company, pursuant to merger of erstwhile Mawana Sugars Limited with the Company, is to be considered as part of "free reserves" for the purposes of computing "net worth" under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA").

24. Previous year figures have been regrouped wherever necessary.

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

#### 24A Financial information of Subsidiary Companies are as under:

	Siel Industrial Estate Limited		Siel Financial Services Limited		SFSL Investments Limited #		Transiel India Limited ##		Siel Edible Oils Limited	
	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million	As at 27.01.2011 Rs. Million	As at 30.09.2009 Rs. Million	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
Share Capital	275.00	275.00	186.23	186.23	-	150.00	50.00	150.00	31.30	31.30
Reserves & Surplus	-	-	5.05	5.05	-	-	90.72	-	-	-
Total Assets *	275.00	275.00	243.57	243.57	-	265.79	140.72	150.00	73.14	61.74
Total Liabilities	275.00	275.00	243.57	243.57	-	265.79	140.72	150.00	73.14	61.74
Investment	-	-	0.02	0.02	-	-	-	-	-	-
	<b>18 Months ended</b>	<b>Year ended</b>	<b>18 Months ended</b>	<b>Year ended</b>	<b>For the period ended</b>	<b>Year ended</b>	<b>For the period ended</b>	<b>Year ended</b>	<b>18 Months ended</b>	<b>Year ended</b>
	<b>31.03.2011</b>	<b>30.09.2009</b>	<b>31.03.2011</b>	<b>30.09.2009</b>	<b>31.01.2011</b>	<b>30.09.2009</b>	<b>27.01.2011</b>	<b>30.09.2009</b>	<b>31.03.2011</b>	<b>30.09.2009</b>
	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>
Turnover	4.56	3.23	0.34	0.51	40.25	0.03	0.19	1.34	1,234.83	541.12
Profit / (Loss) before taxation	25.38	1.12	(0.97)	(0.34)	(1.93)	(0.05)	0.07	1.25	2.97	6.47
Provision for taxation	5.51	0.27	-	0.39	-	-	0.03	0.15	-	0.24
Profit / (Loss) after taxation	19.87	0.84	(0.97)	(0.73)	(1.93)	(0.05)	0.04	1.10	2.97	6.23
Proposed dividend	-	-	-	-	-	-	-	-	-	-
* Net of Current Liabilities	0.28	3.69	1.58	22.52	-	0.04	-	0.03	32.92	32.10
* Includes debit balance of Profit & Loss A/c	28.57	48.44	201.46	200.50	265.18	263.25	140.72	140.76	20.25	22.86

# Ceased to be subsidiary from January 31, 2011.

## On January 27, 2011, Transiel India Limited has exercised the option to exit under the Easy Exit Scheme 2011 announced by the Government of India and the application is pending for consideration with Government of India. Accordingly accounts of TIL has been considered upto January 27, 2011.

# Mawana Sugars Limited

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

#### 25. STATEMENT OF ADDITIONAL INFORMATION

##### (i) PARTICULARS OF CAPACITY AND PRODUCTION

PARTICULARS	UNIT	CAPACITY				PRODUCTION		
		LICENSED		INSTALLED		18 Months Ended	Year ended	
		As at 31.03.2011	As at 30.09.2009	As at 31.03.2011	As at 30.09.2009			
Sugar	Cane Crushing	#	#	29,500	29,500	M.T.	552,487 *	203,806
	M.T. per day							
Caustic soda	M.T.per annum	132,000	132,000	82,500	82,500	M.T.	86,720	59,136
Caustic flakes	M.T.per annum	33,000	33,000	33,000	33,000	M.T.	4,813	10,753
Chlorine (dry and liquid)	M.T.per annum	116,600	116,600	73,095	73,095	M.T.	82,716	56,280
Hydrogen	M.T.per annum	2,100	2,100	2,063	2,063	M.T.	2,334	1,588
Hydrochloric acid	M.T.per annum	#	#	66,000	66,000	M.T.	50,205	35,804
Stable bleaching powder	M.T.per annum	#	#	18,000	18,000	M.T.	13,405	11,155
Sodium hypochlorite	M.T.per annum	#	#	23,100	23,100	M.T.	18,692	12,459
Absolute/ Industrial Alcohol ##	B.L. per annum	36,000,000	36,000,000	36,000,000	36,000,000	B.L.	21,422,332	12,025,672

# No licence required.

## Licenced and Installed Capacity based upon 300 days working

\* After adjustment of 34 MT (Previous year Nil) loss due to fire.

#### Notes:

- The licensed capacity, in some cases, has been given on the basis of Letters of Intent.
- Installed capacity is as certified by Management of the Company and relied upon by the auditors being a technical matter.
- Production figures representing gross production are inclusive of internal consumption.

##### (ii) PARTICULARS OF STOCKS AND SALES

PARTICULARS	UNIT	STOCKS								SALES *			
		Opening Stock				Closing Stock				18 Months ended		Period ended	
		As at 01.10.2009		As at 01.10.2008		As at 31.03.2011		As at 30.09.2009		31.03.2011		30.09.2009	
	Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million	
Sugar	M.T.	43,788.95	930.31	61,145.00	1,019.51	167,878.99	4,570.76	43,788.95	930.31	428,396.75	12,362.19	221,161.25	4,786.61
Caustic soda	M.T.	495.26	6.95	690.66	10.74	122.25	1.82	495.26	6.95	82,279.00	1,460.00	48,578.21	1,115.56
Caustic flakes	M.T.	119.10	2.21	285.05	6.06	3.50	0.08	119.10	2.21	4,334.00	89.75	10,588.15	271.11
Chlorine (dry and liquid)	M.T.	629.90	3.22	357.90	0.93	328.04	1.97	629.90	3.22	61,245.00	370.55	39,739.44	78.59
Hydrochloric acid	M.T.	355.46	0.89	269.61	0.56	275.37	0.50	355.46	0.89	42,633.09	96.46	30,578.15	31.39
Hydrogen	M.T.	-	-	-	-	-	-	-	-	570.44	85.28	293.18	41.49
Stable bleaching powder	M.T.	378.05	4.17	251.73	2.26	50.00	0.51	378.05	4.17	13,733.05	141.63	11,028.68	100.81
Sodium hypochlorite	M.T.	59.60	0.19	45.37	0.14	75.47	0.22	59.60	0.19	18,676.13	51.71	12,444.77	39.13
Industrial Alcohol	B.L.	9,820,175.60	240.91	324,447.80	5.64	4,262,090	87.31	9,820,175.60	240.91	26,980,420	699.40	2,525,700	69.02
Others			154.53		16.15		193.28		154.53		1,610.63		619.42
<b>TOTAL</b>			<b>1,343.38</b>		<b>1,061.99</b>		<b>4,856.45</b>		<b>1,343.38</b>		<b>16,967.60</b>		<b>7,153.13</b>

\*Excludes for own use, claims, samples, write offs, etc.

## Schedules 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO ACCOUNTS (Contd.)

#### (iii) PARTICULARS OF RAW MATERIALS CONSUMED

Raw Materials	UNIT	18 Months ended 31.03.2011		Year ended 30.09.2009	
		Quantity	Value Rs.Million	Quantity	Value Rs.Million
Sugar cane	M.T.	5,821,021.00	13,988.05	2,304,523.61	3,664.04
Raw Sugar	M.T.	22,634.20	449.71	-	-
Salt	M.T.	146,267.41	287.00	102,461.19	232.30
Quick Lime	M.T.	8,060.50	37.49	3,856.94	16.49
Lime Stone	M.T.	3,413.00	3.06	7,480.72	6.81
Others			5.31		36.73
<b>TOTAL</b>			<b>14,770.62</b>		<b>3,956.37</b>

#### (iv) OTHER ADDITIONAL INFORMATION

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
	Rs. Million	%	Rs. Million	%
(a) Value of imports on C.I.F. basis				
- Raw Materials			401.99	
- Stores,spares and components	53.76		56.05	
- Capital goods	0.85		15.53	
(b) Expenditure in foreign currency				
- Travel etc.	0.80		2.72	
- Technical consultancy fees	10.28		0.32	
- Others	232.82		19.32	
(c) Earnings in Foreign Exchange				
- Miscellaneous Receipts	80.93		0.08	
- Export on FOB basis	316.11		6.68	
(d) Value of Imported/Indigenous Raw materials, stores and spares and components consumed				
Imported	650.05	4.11	53.76	1.19
Indigenous	15,160.74	95.89	4,459.86	98.81
<b>TOTAL</b>	<b>15,810.79</b>	<b>100.00</b>	<b>4,513.62</b>	<b>100.00</b>

Signature to Schedule 1 to 11

SIDDHARTH SHRIRAM  
Chairman and Managing Director

SUNIL KAKRIA  
Managing Director

A.K. MEHRA  
Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

Date : 30 May, 2011  
Place : New Delhi

D.C. POPLI  
General Manager (Accounts)

# Mawana Sugars Limited

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

S.No.	NAME OF THE SUBSIDIARY	SIEL INDUSTRIAL ESTATE LIMITED	TRANSIEL INDIA LIMITED	SIEL FINANCIAL SERVICES LIMITED	SIEL EDIBLE OILS LIMITED
1.	Financial year of the subsidiary	March 31, 2011	January 27, 2011#	March 31, 2011	March 31, 2011
2.	Extent of holding company's interest in the subsidiary				
	- Number of shares	27,500,000 Equity shares of Rs. 10 each fully paid-up	5,000,007 Equity shares of Rs. 10 each fully paid-up	10,613,382 Equity shares of Rs.10 each fully paid-up 730,000 Preference shares of Rs.100 each fully paid-up	3,130,000 Equity shares of Rs.10 each fully paid-up
	- % holding (equity)	100%	100%	93.56% @	100%
	- % holding (preference)	-	-	100%	-
3.	Net aggregate amount of subsidiary's profits/losses so far as they concern members of the holding company and not dealt with in the holding company's accounts.				
	i) For subsidiary's financial year	Rs. 19.87 million	Rs.0.04 million	(-) Rs. 0.97 million	Rs. 3.61 million
	ii) For subsidiary's previous financial years since it became subsidiary	(-) Rs. 28.57 million	(-) Rs.140.72 million	(-) Rs.201.46 million	(-) Rs. 18.40 million
4.	Net aggregate amount of subsidiary's profits/losses so far as they concern members of the holding company and dealt with in the holding company's accounts.				
	i) For subsidiary's financial year	-	-	-	-
	ii) For subsidiary's previous financial year since it became subsidiary	-	-	-	-
5.	Change in the interest of holding company between the end of subsidiary's financial year and the end of holding company's financial year.	-	-	-	-
6.	Material changes between the end of subsidiary's financial year and the end of holding company's financial year.				
	i) Fixed assets	-	-	-	-
	ii) Investments	-	-	-	-
	iii) Monies lent by the subsidiary	-	-	-	-
	iv) Monies borrowed by the subsidiary other than for meeting current liabilities.	-	-	-	-
7.	Additional information				
	i) Paid up capital	Rs. 275.00 million	Rs. 50.00 million	Rs. 186.23 million	Rs. 31.30 million
	ii) Reserves	Rs. (28.57) million	Rs. (50.00) million	Rs. (196.41) million	Rs. (18.40) million
	iii) Total Assets	Rs. 246.71 million	-	Rs. 43.68 million	Rs.87.65 million
	iv) Total liabilities	Rs.0.28 million	-	Rs. 53.86 million	Rs. 74.75 million
	v) Miscellaneous Expenditure (To the extent not written off or adjusted)	-	-	-	-



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

vi) Details of investments (Except in case of investments in subsidiaries)	-	-	200 GOI 2012 bonds (7.40%) Rs.23542/-	-
			295700 equity shares of Rs 10/- each MSD Industrial Limited Costing Rs 10,822,620/- *	
			100,000 equity shares of Rs 10/- each of Deluxe Fabrics limited Costing Rs 1,000,000/- *	
			54 equity shares of Rs 10/- each of SFSL Investments Limited Costing Rs 540/- *	
vii) Turnover	Rs. 4.56 million	Rs. 0.19 million	Rs. 0.34 million	Rs.1234.83 million
viii) Profit before taxation	Rs. 25.38 million	Rs. 0.07 million	Rs. (0.97) million	Rs. 2.97 million
ix) Provision for taxation	Rs. 5.51 million	Rs. 0.03 million	-	Rs.(0.64) million
x) Profit after taxation	Rs. 19.87 million	Rs. 0.04 million	Rs. (0.97) million	Rs. 3.61 million
xi) Proposed dividend	-	-	-	-

# On January 27, 2011, Transiel India Limited has exercised the option to exit under the Easy Exit Scheme 2011 announced by the Government of India and the application is pending for consideration with Government of India. Accordingly accounts of TIL has been considered upto January 27, 2011.

@ Nil (Previous year 1,601,400 equity shares (14.12%)) are held by SFSL Investments Limited a wholly owned subsidiary (Ceased to be subsidiary w.e.f. January 31, 2011) of Mawana Sugars Limited.

\* These investments are fully provided in the books of accounts.

SIDDHARTH SHRIRAM  
Chairman and Managing Director

SUNIL KAKRIA  
Managing Director

A.K. MEHRA  
Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

Date : 30 May, 2011  
Place: New Delhi

D.C. POPLI  
General Manager (Accounts)

# Mawana Sugars Limited

## Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

### 1. REGISTRATION DETAILS

Registration No.         State Code

Balance Sheet Date

### 2. CAPITAL RAISED DURING THE YEAR (Amount in Rs.Thousands)

Public Issue           - Right Issue           -

Bonus Issue           - Private Placement           -

### 3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.Thousands)

Total Liabilities          Total Assets

#### SOURCES OF FUNDS

Paid up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

#### APPLICATION OF FUNDS

Net Fixed Assets

Capital work-in-progress

Investments

Net Current Assets

Accumulated Losses

### 4. PERFORMANCE OF THE COMPANY (Amount in Rs.Thousands)

Turnover          Total Expenditure

Profit before Tax         Profit after Tax

Earning per Share (Rs.)        Dividend Rate (%)           -

### 5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

(As per monetary terms)

Product Description	Item Code No. (ITC Code)
Cane Sugar	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/>
Sodium hydroxide (Caustic soda)	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/>

SIDDHARTH SHRIRAM  
Chairman and Managing Director

SUNIL KAKRIA  
Managing Director

A.K. MEHRA  
Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

Date : 30 May, 2011  
Place : New Delhi

D.C. POPLI  
General Manager (Accounts)

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## REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF MAWANA SUGARS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAWANA SUGARS LIMITED AND ITS SUBSIDIARIES

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1. We have audited the attached Consolidated Balance Sheet of Mawana Sugars Limited ("the Company") and its subsidiaries (the Company, its subsidiaries constitute "the Group"), as at March 31, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the eighteen months period ended on that date, both annexed thereto. These consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of subsidiaries, viz., SFSL Investments Limited (up to January 31, 2011), Transiel India Limited (up to January 27, 2011), Siel Industrial Estate Limited, Siel Financial Services Limited and Siel Edible Oils Limited, whose financial statements reflect total assets of Rs. 47.01 million as at March 31, 2011 and total revenues of Rs. 866.42 million and cash flows amounting to Rs. 5.75 million for the eighteen months period ended on that date as considered in consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" notified in the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Group included in the consolidated financial statements.

5. Without qualifying our opinion, we draw attention to note 18 of schedule 11 relating to accounting for sugar cane purchase liability

for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.

6. *Various matters arisen/arising out of the reorganization arrangement of DCM Limited will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 15. The effect of these on the accounts has not been determined by the Company.*

*The matter referred to in paragraph 6 above, to the extent covered here above, was also subject matter of qualification in our audit report on the financial statements for the year ended September 30, 2009.*

On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiaries and other financial information of the components and *subject to our comments in paragraph 6 above*, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:-

- i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;
- ii) in the case of the consolidated profit and loss account, of the loss of the Group for the eighteen months period ended on that date; and
- iii) in the case of the consolidated cash flow statement, of the cash flows of the Group for the eighteen months period ended on that date.

**For A.F. FERGUSON & CO.**  
Chartered Accountants  
(Registration No. 112066 W)

**MANJULA BANERJI**  
Partner  
(Membership No. 086423)

Place : New Delhi  
Date : 30<sup>th</sup> May, 22011

# Mawana Sugars Limited

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	1	349.57	349.57
Reserves and surplus	2	2,596.17	2,596.17
		<u>2,945.74</u>	<u>2,945.74</u>
<b>Loan funds</b>			
Secured	3	8,276.33	6,966.57
Unsecured		61.99	45.40
		<u>8,338.32</u>	<u>7,011.97</u>
<b>Total</b>		<u>11,284.06</u>	<u>9,957.71</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	4	10,718.88	11,190.63
Less: Depreciation		4,270.47	3,603.63
Net block		6,448.41	7,587.00
Capital work-in-progress		20.58	20.76
		<u>6,468.99</u>	<u>7,607.76</u>
Less: lease equalisation/ adjustment		-	4.08
		<u>6,468.99</u>	<u>7,603.68</u>
<b>Investments</b>			
	5	11.20	11.20
<b>Current assets, loans and advances</b>			
Inventories	6	5,501.24	2,270.13
Sundry debtors		392.07	171.81
Cash and bank balances		157.00	137.41
Loans and advances		764.08	761.68
		<u>6,814.39</u>	<u>3,341.03</u>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	7	3,208.44	1,590.92
Provisions		171.10	148.90
		<u>3,434.85</u>	<u>1,601.21</u>
<b>Net current assets</b>			
		<u>3,434.85</u>	<u>1,601.21</u>
<b>Profit and loss account</b>			
		<u>1,369.02</u>	<u>741.62</u>
<b>Total</b>		<u>11,284.06</u>	<u>9,957.71</u>
<b>Notes to consolidated accounts</b>			
	11		

In terms of our report attached

For A.F. Ferguson & Co.  
Chartered Accountants

MANJULA BANERJI  
Partner

Date : 30 May, 2011  
Place : New Delhi

D.C. POPLI  
General Manager (Accounts)

SIDDHARTH SHRIRAM  
Chairman and Managing Director

SUNIL KAKRIA  
Managing Director

A.K. MEHRA  
Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2011

	Schedule	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
<b>Income</b>			
Gross Sales		17,881.11	7,584.26
Less : Excise duty		790.38	389.91
Net Sales		17,090.73	7,194.35
Other income	8	635.94	171.15
		<u>17,726.67</u>	<u>7,365.50</u>
<b>Expenditure</b>			
Manufacturing and other expenses	9	16,443.42	6,694.33
Interest	10	1,111.96	707.67
Depreciation	4	796.32	532.42
Less : Lease equalisation reserve adjustment		3.17	6.34
Miscellaneous expenditure written off		-	0.66
		<u>18,348.53</u>	<u>7,928.74</u>
<b>(Loss) before tax</b>		<b>(621.86)</b>	<b>(563.24)</b>
<b>Provision for tax</b>			
Current tax		5.54	0.81
Fringe Benefit tax		-	4.13
		<u>(627.40)</u>	<u>(568.18)</u>
Balance of (loss) brought forward from previous year		<u>(741.62)</u>	<u>(173.44)</u>
<b>Balance carried to balance sheet</b>		<b><u>(1,369.02)</u></b>	<b><u>(741.62)</u></b>
Basic and diluted earnings per share (Rs.) (Face value Rs. 10 per share)		<b>(17.95)</b>	<b>(18.55)</b>
<b>Notes to consolidated accounts</b>	11		

In terms of our report attached

**For A.F. Ferguson & Co.**  
Chartered Accountants

**MANJULA BANERJI**  
Partner

Date : 30 May, 2011  
Place : New Delhi

D.C. POPLI  
General Manager (Accounts)

SIDDHARTH SHRIRAM  
Chairman and Managing Director

SUNIL KAKRIA  
Managing Director

A.K. MEHRA  
Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

# Mawana Sugars Limited

## CONSOLIDATED CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2011

	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
<b>A. Cash flow from operating activities :</b>		
Net(Loss) before tax	(621.86)	(563.24)
Add : Depreciation	793.15	526.08
Interest expense	1,111.96	707.67
Provision for doubtful debts/advances	16.07	-
Loss on sale / write off of fixed assets	3.63	1.39
Preliminary/ Miscellaneous expenditure expenses written off	-	0.66
Less : Interest income	18.46	16.58
Excess provision/liabilities written back	8.57	16.18
Profit on disposal of a subsidiary company	0.01	-
Profit on sale of long term non-trade investment	-	60.10
Sale of Brands	60.00	-
Profit on sale of fixed assets	331.24	0.23
<b>Operating profit before working capital changes</b>	<b>884.67</b>	<b>579.47</b>
Adjustments for :		
Decrease/(Increase) in trade / other receivables	(237.14)	122.89
Decrease/(Increase) in inventories	(3,231.11)	(731.67)
(Decrease)/Increase in trade / other payables	1,647.90	303.75
<b>Cash generated from operations</b>	<b>(935.68)</b>	<b>274.44</b>
Direct taxes (paid)/refund received	(16.13)	(4.30)
<b>Net cash inflow / (outflow) from operations</b>	<b>(951.81)</b>	<b>270.14</b>
<b>B. Cash flow from investing activities :</b>		
Purchase of fixed assets	(49.50)	(177.96)
Sale of fixed assets	718.65	2.93
Sale of Brands	60.00	-
Disposal of a subsidiary company	0.01	-
Sale of long term non-trade Investment	-	60.60
Interest received	19.93	17.27
<b>Net cash inflow / (outflow) from investing activities</b>	<b>749.09</b>	<b>(97.16)</b>
<b>C. Cash flow from financing activities :</b>		
Proceeds from Issue of Equity shares	-	43.84
Premium on issue of Equity shares	-	116.16
Proceeds from long term borrowings- secured	530.58	546.29
Repayment of long term borrowings- secured	(1,952.79)	(517.23)
Proceeds from working capital borrowings	2,731.97	143.05
Proceeds of borrowings - unsecured	16.41	2.51
Interest paid	(1,111.13)	(535.19)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>215.04</b>	<b>(200.57)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents</b>	<b>12.32</b>	<b>(27.59)</b>

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## CONSOLIDATED CASH FLOW STATEMENT (Contd.)

		<b>18 Months ended</b>	Year ended
		<b>31.03.2011</b>	30.09.2009
		<b>Rs. Million</b>	Rs. Million
<b>E. Cash and cash equivalents as at opening</b>			
Cash and bank balances	1	<b>41.47</b>	69.06
<b>F. Cash and cash equivalents as at closing</b>			
Cash and bank balances	1	<b>53.79</b>	41.47

<sup>1</sup> Excludes balances with banks on margin accounts.

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*In terms of our report attached*

**For A.F. Ferguson & Co.**  
Chartered Accountants

**MANJULA BANERJI**  
Partner

Date : 30 May, 2011  
Place : New Delhi

D.C. POPLI  
General Manager (Accounts)

SIDDHARTH SHRIRAM  
Chairman and Managing Director

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Whole Time Director

DINESH MOHAN  
N.K. GOILA  
Directors

# Mawana Sugars Limited

## SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS

### Schedule 1 : SHARE CAPITAL

	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>Authorised</b>		
175,000,000 Equity Shares of Rs. 10 each	1,750.00	1,750.00
	<b>1,750.00</b>	<b>1,750.00</b>
<b>Issued, subscribed and paid-up</b>		
34,956,811 Equity Shares of Rs. 10 each fully paid up	349.57	349.57
	<b>349.57</b>	<b>349.57</b>

#### Footnotes :

- 1 Pursuant to the Scheme as indicated in note 3 of Schedule 11 on the record date, October 31, 2007, after cancellation of the cross holding, the Parent Company had allotted one new equity share of Rs. 10 each fully paid up to the shareholders of erstwhile Mawana Sugars Limited (MSL) for every two equity shares of Rs. 10 each fully paid up held in erstwhile MSL and one new equity share of Rs. 10 each fully paid up to the shareholders of the Parent Company for every three equity shares of Rs. 10 each fully paid up held in the Parent Company. Accordingly 21,217,657 and 3,438,434 shares were issued to the shareholders of erstwhile MSL and the Parent Company respectively.
- 2 Nil (previous year 4,383,561) equity shares of Rs. 10 each fully paid up issued to the promoter of the Parent Company.
- 3 The Parent Company has become a subsidiary of Usha International Limited (UIL) w.e.f. July 26, 2010 pursuant to a Scheme of Arrangement of Amalgamation of its promoters companies with UIL resulting into UIL holding 21,906,741 equity shares of the Parent Company.

### Schedule 2 : RESERVES AND SURPLUS

	As at 30.09.2009 Rs. Million	Additions Rs. Million	Deductions Rs. Million	As at 31.03.2011 Rs. Million
Capital Reserve	1,030.17 <sup>1</sup>	-	-	1,030.17
Share premium	1,473.74	-	-	1,473.74
Capital redemption reserve	87.72	-	-	87.72
Reserve Fund <sup>2</sup>	4.54	-	-	4.54
	2,596.17	-	-	2,596.17

#### Footnotes :

- 1 Includes Rs. 991.46 million, representing the extinguishment of the debts of erstwhile Mawana Sugars Limited (MSL), which got discharged pursuant to the surplus arising on sale of shares of Shivajimarg Properties Limited.
- 2 Maintained pursuant to Section 45-1C of the Reserve Bank Of India (Amendment) Act, 1997



## SCHEDULES 1 TO 11 (Contd.)

### Schedule 3 : LOANS

	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>Secured</b>		
<b>Banks</b>		
Term Loans	3,052.26	4,507.85
Cash credits/ overdrafts	3,884.78	1,152.81
Funded Interest term loan	323.24	608.65
Other	-	0.94
<b>Others</b>		
Term Loans	990.22	646.95
Funded Interest Term Loan	25.83	-
Interest accrued and due thereon	-	49.37
	<b>8,276.33</b>	<b>6,966.57</b>
<b>Unsecured</b>		
Deposit- Others	61.58	45.17
Interest accrued and due thereon	0.41	0.23
	<b>61.99</b>	<b>45.40</b>
	<b>8,338.32</b>	<b>7,011.97</b>

#### Footnotes :

#### SECURED

##### 1) Banks

- i) Term loans amounting to Rs. 2649.68 million (previous year Rs. 4038.65 million) and Funded Interest Term Loan amounting to Rs. 323.24 million (previous year Rs. 608.65 million) are secured by first pari-passu charge on all movable and immovable fixed assets of the Parent Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Parent Company.  
(Due within a year Rs. 716.25 million; (previous year Rs. 289.40 million))
- ii) Cash credit / overdraft amounting to Rs. 1903.62 million (previous year Rs. 1114.87 million) are secured by first pari-passu charge on the current assets of the Parent Company and third pari-passu charge on the fixed assets of sugar units of the Parent Company. This limit is also secured by second pari-passu charge on the fixed assets of chemical division of the Parent Company.
- iii) Above loans are also secured by corporate guarantee issued by SIEL Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the Chairman & Managing Director of the Parent Company. Personal Guarantee shall be released after 25% of the repayment of the loans as per the CDR Restructuring Package.
- iv) Cash credit amounting to Rs. 58.70 million (previous year Rs. Nil) are secured by first pari-passu charge on the current assets and fixed assets of chemical division of the Parent Company.
- v) Cash credit / overdraft amounting to Rs. 1887.58 million (previous year Rs. 14.89 million) are secured by pledge of sugar stocks with U.P. Co-operative Bank and District Co-operative Banks in the state of Uttar Pradesh.
- vi) Term Loans amounting to Rs. 402.58 million (previous year Rs. 469.20 million) availed under the "Scheme for extending financial assistance to sugar undertakings, 2007" of Government of India are secured by residual charge on fixed assets of the sugar units of the Parent Company both present and future. These loans are further secured by personal guarantee of the Chairman & Managing Director of the Parent Company.  
(Due within a year Rs.157.35 million; previous year Rs. 46.13 million).
- vii) Cash credit over draft of Rs.34.88 million (previous year Rs. 23.05 million) have been secured by hypothecation of current assets ( present and future ) including entire stocks, book debt, loans & advances and first charge on all movable and immovable properties both present and future of SIEL Edible Oils Limited and have been further secured by corporate guarantee from the Parent Company.
- viii) Nil (previous year Rs. 0.94 million) relates to assets purchased under hire purchase/financing arrangement with a Bank and is secured by way of hypothecation of the specified assets.  
( Due with in a year Rs.Nil; previous year Rs. 0.69 million)

##### 2) Others

- i) Term Loan amounting to Rs. 313.50 million (previous year Rs. 400 million) and Funded Interest Term Loan amounting to Rs. 25.83 million (previous year Rs. Nil) is to be secured by first pari-passu charge on all movable and immovable fixed assets of the Parent Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Parent Company.  
(Due within a year Rs. 62.22 million; previous year Rs. 33.33 million).
- ii) Rs. 187.43 million (previous year Rs. 168.77 million) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Mawana Sugar Works, situated at Mawana District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).  
(Due within a year Rs. 30.70 million; previous year Rs. 15.27 million).
- iii) Rs. 253.04 million (previous year Rs. Nil) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Titawi Sugar Complex, situated at Titawi District Muzaffarnagar in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).  
(Due within a year Rs. Nil; previous year Rs. Nil).
- iv) Rs. 218.03 million (previous year Rs. 78.18 million) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Nanglamal Sugar Complex, situated at Nanglamal District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).  
(Due within a year Rs. 19.55 million; previous year Rs. 15.85 million).
- v) Rs. 18.22 million (previous year Rs. Nil) from Government of India under Sugar Development Fund (SDF) is secured by bank guarantee in favour of Government of India.  
(Due within a year Rs. 6.08 million; previous year Rs. Nil).



## SCHEDULES 1 TO 11 (Contd.)

### Schedule 5 : INVESTMENTS

		As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>AT COST UNLESS OTHERWISE STATED</b>			
<b>Trade Investments - Unquoted</b>			
— Ceratizit India Private Limited			
2,300,000 Equity shares of Rs. 5 each fully paid-up	23.00		23.00
Less: Provision for diminution in value	<u>(11.85)</u>	11.15	<u>(11.85)</u> 11.15
— Capaxil Agencies Limited	1		
5 Equity shares of Rs.1000 each fully paid-up		0.01	0.01
— Agro Pumpsets and Implements Limited			
10 Equity shares of Rs. 500 each fully paid-up		0.01	0.01
— Mawana Co-operative Development Union Limited	1		
2 Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)		#	#
— Ramraj Co-operative Cane Development Union Limited	1		
2 Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)		#	#
<b>Non trade investments - Unquoted</b>			
— Government securities		0.03	0.03
— SFSL Investments Limited			
54 (previous year Nil) Equity shares of Rs.10 each fully paid-up (# Rs. 540)	#		-
Less : Provision for diminution in value (# Rs. 540)	<u>#</u>	-	<u>-</u> -
— MSD Industrial Enterprises Limited			
295,700 Equity Shares of Rs. 10 each fully paid- up	10.82		10.82
Less : Provision for diminution in value	<u>(10.82)</u>	-	<u>(10.82)</u> -
— Deluxe Fabrics Limited			
100,000 Equity Shares of Rs.10 each fully paid- up	1.00		1.00
Less: Provision for diminution in value	<u>(1.00)</u>	-	<u>(1.00)</u> -
— Transiel India Limited	2		
50,00,007 (previous year Nil) Equity shares of Rs.10 each fully paid-up	50.00		
Less : Provision for diminution in value	<u>(50.00)</u>	-	<u>-</u> -
		<u>11.20</u>	<u>11.20</u>
<b>Aggregate value of investments</b>			
Quoted (Market value Rs. Nil; previous year Rs. Nil)		-	-
Unquoted		11.20	11.20
		<u>11.20</u>	<u>11.20</u>

#### Footnotes:

All investments are long term investments.

- 1 Represent investments transferred from DCM Limited under the Scheme of Arrangement and are pending endorsement in the name of the Parent Company.
- 2 Transiel India Limited has exercised the option to exit under the Easy Exit Scheme 2011 announced by the Government of India and the application is pending for consideration with Government of India.

# Mawana Sugars Limited

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 6 : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>Current assets</b>		
<b>Inventories</b>		
Stores and spares (at cost or under)	207.67	203.64
Stock in trade (At lower of cost and net realisable value)		
Shares (refer schedule 6A)	0.02	0.02
Raw materials, components etc.	47.46	455.81
Work-in-progress	136.33	39.69
Finished goods	4,887.64	1,371.34
Land	222.12	199.63
	<u>5,501.24</u>	<u>2,270.13</u>
<b>Sundry debtors</b>		
<b>Secured</b>		
Over six months - good	2.89	0.08
Other debts - good	46.14	37.15
<b>Unsecured</b>		
Over six months - good	24.52	13.12
- doubtful	128.62	128.24
Other debts - good	318.52	121.46
	<u>520.69</u>	<u>300.05</u>
Less: Provision for doubtful debts	128.62	128.24
	<u>392.07</u>	<u>171.81</u>
<b>Cash and bank balances</b>		
Cash in hand	1.58	1.42
Cheques on hand	-	2.31
With scheduled banks on		
current accounts	35.52	24.04
deposit accounts	16.69	13.70
margin accounts	101.38	92.64
Interest accrued on deposits and margin money	1.83	3.30
	<u>157.00</u>	<u>137.41</u>
<b>Loans and advances</b>		
Unsecured and considered good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received		
Considered good <sup>2</sup>	428.50	278.82
Considered doubtful	119.04	3.87
Inter corporate deposit		
Considered doubtful	9.25	9.25
Taxation	313.41	303.08
With customs/excise authorities	22.17	179.78
	<u>892.37</u>	<u>774.80</u>
Less : Provision for doubtful advances	128.29	13.12
	<u>764.08</u>	<u>761.68</u>
	<u>6,814.39</u>	<u>3,341.03</u>

#### Footnotes:

1 Includes Rs. 0.09 million (previous year Rs. 0.09 million) refundable to shareholders being the excess application money / excess call money received.

2 Rs. 10.15 million (previous year Rs. Nil) due from the directors of the Company (refer note 12 of Schedule 11). Maximum amount due during the period Rs. 10.15 million (previous year Rs. Nil).

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 6A : STOCK IN TRADE: SHARES

	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>Stock in trade</b>		
(at lower of cost or market price/break -up value)		
<b>Quoted</b>		
<b>Equity shares of Rs.10 each fully paid-up</b>		
100 Equity shares of Nagarjuna Fertilisers and Chemicals Limited (# Rs. 2820, ## Rs. 1780)	#	##
300 Equity shares of Spice Net Limited (formerly Modi Olivetti Limited) (#Rs.4470)	#	##
80 Equity shares of Asian Hotels Limited	<u>0.02</u>	<u>0.02</u>
	<u>0.02</u>	<u>0.02</u>
Aggregate value of shares held as stock- in - trade Quoted (market value Rs. 21058 previous year - Rs. 20018)		

### Schedule 7 : CURRENT LIABILITIES AND PROVISIONS

	As at 31.03.2011 Rs. Million	As at 30.09.2009 Rs. Million
<b>Current liabilities</b>		
Sundry creditors <sup>1,2</sup>		
- Dues of other than micro and small enterprises	3,023.58	1,408.19
-Dues of micro and small enterprises	3.95	2.47
Interest accrued but not due on loans	<u>180.91</u>	<u>180.26</u>
	<u>3,208.44</u>	<u>1,590.92</u>
<b>Provisions</b>		
Employees compensated absences	26.82	23.89
Provision for Gratuity	97.26	77.73
Provision for taxation	<u>47.02</u>	<u>47.28</u>
	<u>171.10</u>	<u>148.90</u>
	<u>3,379.54</u>	<u>1,739.82</u>

#### Footnotes :

- 1 Sundry creditors include Rs. 0.02 million (previous year Rs. 0.04 million) outstanding as at March 31, 2011 which are required to be credited to the Investor Education and Protection Fund.
- 2 Includes Rs. 0.09 million (previous period Rs. 0.09 million) refundable to shareholders being the excess application money/ excess call money received.

# Mawana Sugars Limited

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 8 : OTHER INCOME

		18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
Interest received on deposits etc (Gross)	1	18.46	16.58
Dividend on long term non- trade investments (# Rs.123, ## Rs. 1725)		#	##
Excess provisions / liabilities written back	2	8.57	16.18
Profit on sale of long term non-trade investment		-	60.10
Profit on sale of fixed assets		331.24	0.23
Exchange gain		26.14	2.75
Rent received	3	79.90	28.18
Profit on disposal of a subsidiary company		0.01	-
Export benefits		0.03	-
Miscellaneous	4	171.59	47.13
		<b>635.94</b>	<b>171.15</b>

#### Footnotes:

- 1 Income tax deducted at source Rs. 1.86 million (previous year Rs.1.68 million).
- 2 Includes Rs.0.62 million (previous year Rs Nil) provision for doubtful debts/advances no longer required written back.
- 3 Income tax deducted at source Rs.7.99 million (previous year Rs. 5.72 million).
- 4 - Income tax deducted at source Rs. 3.16 million (previous period Rs. 0.93 million)
  - Includes Rs. 60.00 million (previous year Rs. Nil) for sale of 'MAWANA' brand and other related trade marks, copyrights along with associated goodwill to Usha International Limited.
  - Includes Rs. 49.95 million (previous year Rs.11.47 million) for services rendered.

### Schedule 9 : EXPENDITURE

		18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
<b>Manufacturing and other expenses</b>			
Purchases-finished goods		814.34	399.41
Raw materials consumed		14,770.62	3,956.37
Stores, spares and components		1,040.17	557.25
Jobs on contract		125.27	81.68
Power and fuel		1,220.62	873.77
Repairs - Buildings		13.83	11.73
- Plant and machinery		83.81	63.78
- Others		36.96	43.05
Salaries, wages, bonus etc.		951.24	573.02
Provident and other funds		94.84	44.37
Welfare		63.92	35.48
Rent		30.17	14.50
Insurance		19.26	13.92
Rates and taxes		10.56	27.55
Legal and professional fee		32.67	15.68
Lease Rent		15.98	10.51
Exchange fluctuation		0.08	6.75
Auditors' remuneration <sup>1</sup>			
As auditors			
- Audit fee		2.76	1.93
- Out of pocket expenses		0.08	0.05

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 9 : EXPENDITURE (Contd.)

	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
In other capacity		
- For limited reviews of unaudited financial results	3.65	2.10
- For verification of statements and other reports	2.89	2.98
Provision for doubtful debts / advances	16.07	-
Loss on sale/write off of fixed assets	3.63	1.39
Freight outwards	65.48	17.71
Cash Discount	35.49	19.87
Commission paid	1.97	1.35
Loss on derivatives	-	46.27
Loss on cancellation of raw sugar contracts	223.82	-
Miscellaneous	254.07	164.99
	<u>19,934.25</u>	<u>6,987.46</u>
Increase/ (decrease) in excise duty provision on stocks	144.61	8.43
Movements of finished goods and process stocks		
Opening stocks		
Work-in-progress	39.69	40.11
Finished goods	1,371.34	1,069.36
Land	199.63	199.63
	<u>1,610.66</u>	<u>1,309.10</u>
Less: Closing stocks		
Work-in-progress	136.34	39.69
Finished goods	4,887.64	1,371.34
Land	222.12	199.63
	<u>5,246.10</u>	<u>1,610.66</u>
	<b>(3,635.44)</b>	<b>(301.56)</b>
	<u>16,443.42</u>	<u>6,694.33</u>

#### Footnote:

1. Includes remuneration of Auditors of Parent Company and it's subsidiaries

### Schedule 10 : INTEREST

	18 Months ended 31.03.2011 Rs. Million	Year ended 30.09.2009 Rs. Million
On loans for fixed period	654.69	516.24
Others	457.27	191.43
	<u>1,111.96</u>	<u>707.67</u>

# Mawana Sugars Limited

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2011

#### 1. BASIS OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" notified in the Companies (Accounting Standards) Rules, 2006.

- i. The subsidiaries (which along with Mawana Sugars Limited (MSL), the Parent Company, constitute the Group) considered in the preparation of these consolidated financial statements are:

Name	Country of Incorporation	Percentage of voting power, as at March 31, 2011	Percentage of voting power, as at September 30, 2009
Siel Industrial Estate Limited (SIEL-IE)	India	100.00	100.00
Siel Financial Services Limited (SFSL)	India	93.56	93.56*
SFSL Investments Limited (SFSL I)#	India	-	100.00
Transiel India Limited (TIL)##	India	100.00	100.00
Siel Edible Oils Limited (SEOL)	India	100.00	100.00

\* Includes Nil (Previous year 14.12%) held by SFSLI, a wholly owned subsidiary.

# Ceased to be subsidiary from January 31, 2011.

## On January 27, 2011, Transiel India Limited has exercised the option to exit under the Easy Exit Scheme 2011 announced by the Government of India and the application is pending for consideration with Government of India. Accordingly accounts of TIL has been considered upto January 27, 2011.

- ii. These consolidated financial statements are based, in so far as they relate to amounts included in respect of the subsidiaries, on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21 by each of the aforesaid subsidiaries.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with applicable accounting standards and are based on the historical cost convention. The significant accounting policies followed are stated below:

##### i. Fixed assets

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation. The cost includes all pre-operative expenses relating to construction period in the case of new projects and expansion of existing factories.

##### ii. Depreciation

a) The Group follows the straight-line method of depreciation (SLM).

b) The rates of depreciation charged on all fixed assets are those specified in Schedule XIV to the Companies Act, 1956, except for trademarks, which are depreciated over remaining life of Trade Mark as assessed by the Company.

c) On assets sold/discarded during the period/year, depreciation is provided up to the date of sale/discard.

d) Depreciation is calculated on a pro-rata basis from the month of acquisition/installation of the asset and in case of assets costing upto Rs.5000 each, such asset is fully depreciated in the year of purchase.

##### e) Leased fixed assets

I. Lease fixed assets are 'depreciated' by a method derived from the Guidance Note on "Accounting for Leases" issued by the Institute of Chartered Accountants of India under which 100 % of the cost of the asset is depreciated over the primary lease period. As per this method, the interest rate implicit in the lease is calculated for each of the leases to arrive at the amount of principal recovery during the primary lease period. The depreciation in excess of minimum depreciation prescribed in Schedule XIV to the Companies Act, 1956, on the straight-line method is shown as lease equalisation charge.

II. Leased fixed assets, wherein the lease rentals are classified as non performing asset, depreciation is being charged on the straight -line method at the rates prescribed in the Schedule XIV to the Companies Act, 1956, with effect from the date on which the lease rentals have been classified as non performing assets and not over the primary lease period as indicated in (I) above.

##### iii. Investments

Long term investments valued at cost unless there is a decline in value other than temporary.

##### iv. Inventories

Stores and spares are valued at cost or under.

Raw materials, components, work-in-progress and finished goods are valued at the lower of cost and net realisable value.

Cost of inventory is ascertained on the weighted average basis. Further, in respect of manufactured inventories, i.e., process stocks and finished goods, an appropriate share of manufacturing expenses is included on absorption costing basis.



## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

Finished goods purchased for resale are valued at cost or net realisable value, whichever is lower.

Stock in trade - shares, debentures and other securities are valued at lower of cost and market price / break-up value determined for each category of stock in trade. The cost is ascertained on the basis of annual weighted average purchase price.

Stock of land is valued at lower of cost and estimated realisable value.

v. Revenue recognition

a. Sale of goods is recognised at the point of dispatch of finished goods to customers. Sales are inclusive of excise duty and exclusive of sales tax.

Income from Certified Emission Reductions (CER) is recognized as income on sale of CER's.

b. Lease rentals income is accrued as per the terms and conditions of the agreements entered into with the lessees.

c. Income from the non-performing assets is recognised in accordance with the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India on January 31, 1998 and as amended from time to time.

Further, provision for non-performing assets viz, investments, fixed assets, current assets and loans and advances is made in accordance with the said guidelines and are reduced against such assets.

d. Income from sale of land is recognised on receipt of full consideration from customers.

vi. Employee benefits

Group's contribution paid/payable during the period/year to provident fund, superannuation fund and employees' state insurance corporation are recognised in the profit and loss. For the Provident fund trusts administrated by the Parent Company, the Parent Company is liable to meet the shortfall, if any, in payment of interest at the rates prescribed by the Central Government, such shortfall is recognised in the year of actual payment. Provision for gratuity and compensated absences are determined on an actuarial basis at the end of period/year is charged to revenue each period/year.

vii. Income Tax

Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of being reversal in one or more subsequent periods. Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred asset can be realized.

viii. Foreign exchange transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rates prevailing at the time of the transaction.

Monetary items (i.e. receivables, payables, loans etc) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognised as income/ expense in the year in which they arise.

In case of forward contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of the contract. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognised as income/expense during the period/year.

ix. Share/Debenture issue expenses and premium on redemption of debentures/redeemable cumulative preference shares are written-off against share premium account.

x. Pre - operative expenses :

Pre - operative expenses, pending allocation represents indirect expenditure incurred during the construction period which will be allocated to capital/revenue on commissioning of the project.

xi. Operating Lease

Operating Lease receipts and payments are recognized as income or expense in the profit and loss accounts on a straight - line basis over the lease term.

xii. Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

# Mawana Sugars Limited

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

3. Pursuant to the Scheme of Arrangement for Amalgamation (the "Scheme") of the erstwhile Mawana Sugars Limited (MSL), with the Parent Company under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of Delhi vide its Order dated September 11, 2007 which became effective on October 15, 2007 on filing of the certified copy of the Order of the High Court in the Office of Registrar of Companies, NCT Delhi & Haryana, all the properties, assets, both movable and immovable, liabilities including contingent liabilities and reserves of erstwhile MSL have without further act or deed, been transferred to and vested in the Parent Company at their book values, as a going concern with effect from the appointed date i.e. October 1, 2006. Subsequently, the name of the Parent Company has been changed to Mawana Sugars Limited w.e.f. January 4, 2008.

	<b>As at March 31, 2011 Rs. Million</b>	<b>As at September 30, 2009 Rs. Million</b>
4. Capital commitments (net of advances)	1.41	0.63
5. Contingent liabilities :		
a) Claims against the Company not acknowledged as debts in respect of:-		
- Income Tax	671.47	190.28
- Sales Tax	78.24	81.04
- Excise Duty/Service Tax	99.01	64.88
- License fee for railway siding	-	60.68
- Others	69.27	70.84

\*All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position of the Parent Company/ its subsidiaries.

- |   |      |      |
|---|------|------|
| b) Bank Guarantee issued  | 0.05 | 0.05 |
| c) The Parent Company has provided bank guarantees aggregating Rs. 78.18 million (Previous year Rs. 78.18 million) to Tecumseh Products India Limited (TPIL), to whom it had sold the compressor business in a previous year, for any loss, damage, claim, action, suit etc., arising from various representations / breach of representations including for contingent liabilities existing as at March 31, 1997, or prior to March 31, 1997, which TPIL may eventually be liable to pay, against which demands in respect of sales tax, income tax and central excise matters aggregating Rs. 52.32 million (Previous year Rs. 52.32 million) have been received. These demands are presently under various stages of appeal. |      |      |
| d) During the period, the Parent Company has given a counter indemnity/guarantee in favour of existing directors of Transiel India Limited to protect their interest against any loss/ future liabilities that may arise after the name of the said subsidiary has been struck off under the Easy Exit Scheme, 2011.  |      |      |
6. The Parent Company had contracted for import of 60000 MT of Raw Sugar. Due to adverse international and domestic market conditions and resultant falling prices, the Parent Company has exited from these contracts in July,2010 incurring a loss of Rs. 223.82 million (previous year Rs. Nil).
7. Research and development expenses amounting to Rs. 11.57 million (previous year Rs.14.22 million) have been charged to the respective revenue accounts.
8. Accounting for taxes on income:-

In accordance with the Accounting Standard (AS) 22 'Accounting for Taxes on Income', notified in the Companies (Accounting Standards) Rules, 2006, deferred tax assets and liabilities have been recognized on the basis of projections after considering unabsorbed depreciation and timing differences which will be reversed against future taxes in accordance with AS-22. Accordingly, deferred tax assets have been recognized only to the extent of deferred tax liability, the details of which are as under:

(Rs. in million)

Particulars	As at March 31, 2011	As at September 30, 2009
	(DTL) / DTA	(DTL) / DTA
Accelerated depreciation	(1217.04)	(1315.30)
Expenses deductible on payment	310.04	250.60
Others	187.09	255.96
Unabsorbed depreciation only to the extent of Deferred tax liability	719.91	808.74
Net Amount	-	-

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

9. Sales are net of commission of Rs. 29.91 million (previous period Rs. 28.95 million).

10. The Parent Company had imported plant and machinery in previous years under EPCG Scheme. An export obligation ('EO') amounting to USD 91.68 million was placed on the Parent Company which was to be fulfilled in a period of 8 years starting from April 1997. Subsequently, the said EO was refixed at USD 73.74 million and the EO period was extended to 30.3.2007 in terms of the Foreign Trade Policy Handbook of Procedure (HBP) 2002-2007.

The balance unfulfilled EO as at March 31, 2011 is USD 7.84 million.

The said EO period was further extended upto 30.3.2009 on payment of 50% duty payable in proportionate to unfulfilled export obligation amounting to Rs. 16.68 million and the EPCG License has been duly endorsed by Director General of foreign Trade (DGFT) extending the EO fulfillment period upto 30.3.2009.

To fulfill the remaining EO, the Parent Company applied to obtain a release order from Directorate of Sugar to export sugar. Directorate of Sugar vide its letter dated 20.3.2009 has informed the Parent Company that it is not possible to issue release orders for export of sugar and the request of the Parent Company will be considered when the sugar situation improves in the country.

By letter dated 29.9.2009 the DGFT has informed the Parent Company that having regard to the provision of Public Notice No.26 dated 3.6.2008 the extension in export obligation period equivalent to the duration of ban is automatic without composition fee in respect of EPCG authorization issued prior to imposition of ban on such product.

By letter dated May 5, 2011 the DGFT has extended the EO period 765 days w.e.f. April 19, 2011.

Subsequent to March 31, 2011, the Parent Company has received the release orders for export of 5922.5 MT sugar on April 26, 2011. The Parent Company is in process of export of sugar to meet the unfulfilled export obligation.

11. Employee Benefits:

Disclosures required under Accounting Standard - 15 "Employees Benefits" notified in the Companies (Accounting Standards) Rules, 2006, are as under:

i) Defined Contribution Plan and amount recognized in profit and loss account.

(Rs. In Million)

	18 Months ended March 31, 2011	Year ended September 30, 2009
• Employers contribution to provident fund	60.50	31.97
• Employers contribution to superannuation fund	0.45	1.00
• Employees State Insurance Corporation.	1.74	0.19

ii) Defined Benefits Plans

Gratuity and Compensated absences -In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done and details of the same are given below:

(Rs. in Million)

	Gratuity (Funded)@		Compensated absence	
	Current Period	Previous Year	Current Period	Previous Year
<b>A. Change in the Present value of obligation</b>				
Present value of obligation as at the beginning of the period/year	119.23	109.72	23.89	21.60
Current service cost	8.44	10.37	5.57	4.26
Interest cost	14.20	8.86	2.85	1.73
Benefits paid	(1.51)	(0.85)	(20.32)	(8.41)
Actuarial loss/ (gain)	5.09	(8.87)	14.83	4.71
Present value of obligation as at the end of the period/year	145.45	119.23	26.82	23.89
<b>B. Change in the fair value of plan asset</b>				
Fair value of plan assets as at the beginning of the period/year	41.50	37.74	-	-
Expected return on plan assets	6.16	3.36	-	-
Contribution by the Company	1.65	0.80	-	-
Benefits paid	(1.12)	(0.40)	-	-
Actuarial gain/(loss)	-	-	-	-
Fair value of plan assets as at the end of the period/year #	48.19	41.50	-	-
<b>C. Amount recognized in the balance sheet (A - B)</b>	<b>97.26</b>	<b>77.73</b>	<b>26.82</b>	<b>23.89</b>

# Mawana Sugars Limited

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

(Rs. in Million)

	Gratuity (Funded)@		Compensated absences	
	Current Period	Previous Year	Current Period	Previous Year
<b>D. Expenses recognized in the Profit and loss account</b>				
Current service cost	8.44	10.37	5.57	4.26
Interest cost	14.20	8.86	2.85	1.73
Expected Return on plan Assets	6.16	3.36	-	-
Actuarial loss/ (gain)	5.09	(8.87)	14.83	4.71
Net Cost	21.57	7.00	23.25	10.70
<b>E. Actuarial Assumptions</b>				
Discount Rate (Per annum)	8.00%	8.00%	8.00%	8.00%
Future Salary increase	5.00%	5.00%	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.40%	-	-
Mortality table	LIC (1994-96) duly modified			

@ Rs. 97.26 Million (Previous year Rs. 77.73 million) has not been funded.

# The plan assets are maintained with Life Insurance Corporation of India Gratuity Scheme. The details of investments maintained by LIC are not made available to the Parent Company and therefore has not been disclosed.

#### Net Asset/(Liabilities) recognized in the Balance Sheet

As on	31.03.2011	30.09.2009	30.09.2008	31.03.2007	31.03.2006
Present Value of obligation	145.45	119.23	109.72	96.60	46.21
Fair value of plan assets	48.19	41.50	37.74	32.96	12.32
Net Assets/(liability)	97.26	77.73	71.98	63.64	33.89

#### Experience on actuarial gain/(loss) for Benefit obligation and plan assets

Period/year ended	31.03.2011	30.09.2009	30.09.2008	31.03.2007	31.03.2006
On Present Value of obligation	5.09	(8.87)	(9.05)	*	*
On plan assets	-	-	-	*	*

\* the details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120 (n)(ii) of AS - 15 (Revised) on "Employees Benefits" are not available in the valuation report and hence, are not furnished.

#### 12. Directors' Remuneration\*

(Rs. in Million)

	18 Months ended March 31, 2011	Year ended September 30, 2009
Salaries and Allowances	42.93	26.13
Contribution to provident and other funds	4.01	2.45
Value of perquisites	4.45	1.49
Directors fees	0.37	0.21

\* Does not include contribution to gratuity fund and provision for compensated absence, since the same are paid/ determined for the Parent Company as a whole.

The Parent Company has sought approval of the Central Government for excess remuneration paid to the Managing Director/ Whole Time Director amounting to Rs. 6.72 million which has been declined by the Central Government.

Pursuant thereto, the Parent Company has made a fresh application seeking approval of the Central Government for the aforesaid remuneration and additional remuneration amounting to Rs. 6.72 million and Rs. 3.42 million respectively. Pending approvals of the Central Government, the excess remuneration paid has been shown under Schedule 6 - Loans and Advances.

Further Rs. 3.42 million is also subject to approval of the shareholders in the general meeting.

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## SCHEDULES 1 TO 11 (Contd.)

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### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

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13. Segment reporting

A. Business Segment

Based on the guiding principles given in Accounting Standard (AS) 17 "Segment Reporting" notified in the Companies (Accounting Standards) Rules, 2006, the Group's business Segment includes Sugar, Power, Chemical, Edible oils (trading of edible oils and soaps) and Others.

B. Geographical Segment

Since the Group activities/operations are primarily within the country and considering the nature of products/services it deals in, the risk and returns are same and as such there is only one geographical segment.

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 2 above, the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

c) Inter segment revenues:

Inter segment revenues between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

# Mawana Sugars Limited

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

D. Information about business segments

PARTICULARS	Sugar		Power		Chemicals		Edible oils		Others		Unallocated		Elimination		Total	
	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year	This Period	Previous Year
	As at 31.03.2011	As at 30.09.2009	As at 31.03.2011	As at 30.09.2009	As at 31.03.2011	As at 30.09.2009	As at 31.03.2011	As at 30.09.2009	As at 31.03.2011	As at 30.09.2009	As at 31.03.2011	As at 30.09.2009	As at 31.03.2011	As at 30.09.2009	As at 31.03.2011	As at 30.09.2009
<b>SEGMENT REVENUE</b>																
External sales #	12,557.93	4,937.43	860.61	211.48	2,096.78	1,535.29	913.51	434.07	661.90	76.08	-	-	-	-	17,090.73	7,194.35
Inter-Segment revenue	3,318.99	1,190.01	3,952.83	1,344.34	10.81	7.68	-	3.05	0.54	2.03	-	-	(7,283.17)	(2,547.11)	-	-
Other income	59.52	27.43	2.85	0.03	2.54	2.53	0.05	0.28	0.09	5.00	570.89	135.88	-	-	635.94	171.15
<b>Total revenue</b>	<b>15,936.44</b>	<b>6,154.87</b>	<b>4,816.29</b>	<b>1,555.85</b>	<b>2,110.13</b>	<b>1,545.50</b>	<b>913.56</b>	<b>437.40</b>	<b>662.53</b>	<b>83.11</b>	<b>570.89</b>	<b>135.88</b>	<b>(7,283.17)</b>	<b>(2,547.11)</b>	<b>17,726.67</b>	<b>7,365.50</b>
<b>RESULTS</b>																
Segment results	(873.51)	124.50	1,235.65	221.45	(111.19)	(0.73)	8.50	8.35	100.36	1.17	111.83	(226.89)	-	-	359.81	354.74
Unallocated income / (expenses)	-	-	-	-	-	-	-	-	-	-	111.83	(226.89)	-	-	111.83	(226.89)
<b>Operating profit</b>	<b>(873.51)</b>	<b>124.50</b>	<b>1,235.65</b>	<b>221.45</b>	<b>(111.19)</b>	<b>(0.73)</b>	<b>8.50</b>	<b>8.35</b>	<b>100.36</b>	<b>1.17</b>	<b>111.83</b>	<b>(226.89)</b>	<b>-</b>	<b>-</b>	<b>471.64</b>	<b>127.85</b>
Interest expense	-	-	-	-	-	-	-	-	-	-	1,111.96	707.67	-	-	1,111.96	707.67
Interest income	-	-	-	-	-	-	-	-	-	-	18.46	16.58	-	-	18.46	16.58
<b>Net Profit/(Loss) before tax</b>	<b>(873.51)</b>	<b>124.50</b>	<b>1,235.65</b>	<b>221.45</b>	<b>(111.19)</b>	<b>(0.73)</b>	<b>8.50</b>	<b>8.35</b>	<b>100.36</b>	<b>1.17</b>	<b>(981.67)</b>	<b>(917.98)</b>	<b>-</b>	<b>-</b>	<b>(621.86)</b>	<b>(563.24)</b>
Current Tax	-	-	-	-	-	-	-	-	-	-	5.54	0.81	-	-	5.54	0.81
Deferred tax benefit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	-	-	4.13	-	-	-	4.13
<b>Net Profit/(Loss) after tax</b>	<b>(873.51)</b>	<b>124.50</b>	<b>1,235.65</b>	<b>221.45</b>	<b>(111.19)</b>	<b>(0.73)</b>	<b>8.50</b>	<b>8.35</b>	<b>100.36</b>	<b>1.17</b>	<b>(987.21)</b>	<b>(922.92)</b>	<b>-</b>	<b>-</b>	<b>(627.40)</b>	<b>(568.18)</b>
<b>OTHER INFORMATION</b>																
<b>A. ASSETS</b>																
Segment assets	8,024.94	5,057.87	2,328.52	2,476.14	1,217.04	1,339.36	86.44	64.92	989.82	1,099.80	647.82	917.82	-	-	12,646.76	10,038.09
Unallocated assets	-	-	-	-	-	-	-	-	-	-	1,369.02	741.62	-	-	647.82	917.82
Debit balance in profit and loss account	-	-	-	-	-	-	-	-	-	-	2,016.84	1,659.44	-	-	1,369.02	741.62
<b>Total assets</b>	<b>8,024.94</b>	<b>5,057.87</b>	<b>2,328.52</b>	<b>2,476.14</b>	<b>1,217.04</b>	<b>1,339.36</b>	<b>86.44</b>	<b>64.92</b>	<b>989.82</b>	<b>1,099.80</b>	<b>2,016.84</b>	<b>1,659.44</b>	<b>-</b>	<b>-</b>	<b>14,663.60</b>	<b>11,697.53</b>
<b>B. LIABILITIES</b>																
Segment liabilities	2,479.48	696.12	217.77	338.62	121.07	166.41	32.92	32.10	86.89	46.77	-	-	-	-	2,938.13	1,280.02
Share capital/reserves and surplus	-	-	-	-	-	-	-	-	-	-	2,945.74	2,945.74	-	-	2,945.74	2,945.74
Secured and unsecured loans	28.76	26.78	-	-	10.07	10.72	-	-	8,299.49	6,974.47	-	-	-	-	8,338.32	7,011.97
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	441.41	459.80	-	-	441.41	459.80
<b>Total liabilities</b>	<b>2,508.24</b>	<b>722.90</b>	<b>217.77</b>	<b>338.62</b>	<b>131.14</b>	<b>177.13</b>	<b>32.92</b>	<b>32.10</b>	<b>86.89</b>	<b>46.77</b>	<b>11,686.64</b>	<b>10,380.01</b>	<b>-</b>	<b>-</b>	<b>14,663.60</b>	<b>11,697.53</b>
<b>C. OTHERS</b>																
Capital expenditure	14.69	71.81	-	61.34	4.30	8.36	-	-	-	12.29	0.45	123.57	-	-	-	-
Depreciation	322.91	216.66	239.92	159.78	172.33	114.96	1.11	1.28	38.88	24.99	18.96	8.40	-	-	-	-
Non cash expenses other than depreciation	-	-	-	-	-	-	-	0.66	-	-	-	-	-	-	-	-

# Net of excise duty

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

14. Based on the information available with the Parent Company, the principle amount and interest due to Micro and Small Enterprise as defined under "The Micro, Small and Medium Enterprises Development Act, 2006 (Act) is Rs. 3.68 million (previous year Rs. 2.20 million) and Rs. 0.27 million (previous year Rs. 0.27 million) respectively.
15. There are various issues relating to sales tax, income tax etc. arisen / arising out of the reorganisation arrangement of DCM Limited which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited and memorandum of understanding between all the companies involved as and when the liabilities/benefits are fully determined.

In the opinion of the management, having regard to the current status of the assessment proceedings at various stages the effect of these matters on the accounts of the Parent Company could not be determined at this stage.

16. Earnings per share:

		18 Months ended March 31, 2011	Year ended September 30, 2009
(Loss) after tax	Rs. Million	(627.40)	(568.18)
Weighted average number of equity shares outstanding.	No.	34,956,811	30,633,299
Basic and diluted earnings per share in rupees(face value-Rs.10 per share)	Rs.	(17.95)	(18.55)

17. Related party disclosures under Accounting Standard 18  
Name of related party and nature of related party relationship

#### Holding Company:

Usha International Limited w.e.f. July 26, 2010 (Enterprises over which key management personnel have significant influence up to July 25, 2010)

#### Key Management Personnel and their relatives:

Mr. Siddharth Shriram - Chairman and Managing Director

Mr. K.P. Singh - Whole Time Director (deceased on April 20, 2011)

Mr. A. K. Mehra - Whole Time Director

Mr. Sunil Kakria - Managing Director

Details of Related Party transactions :

	18 Months ended March 31, 2011 (Rs. Million)	Year ended September 30, 2009 (Rs. Million)
<b>A) Holding Company</b>		
<b>Usha International Limited®</b>		
Sale of fixed assets	704.00	29.45
Sale of 'MAWANA' brand and other related trade marks copyrights along with associated goodwill.	60.00	-
Expenses recovered	11.83	0.74
Expenses reimbursed	2.87	0.27
Miscellaneous Purchases	37.87	0.08
Sale of Nil (previous year 50,000) Equity shares of Rs. 10 each of Siel Holding Limited		60.60
Rent Received	32.72	2.88
Rent Paid	4.23	-
Miscellaneous income	3.87	2.92
Royalty	0.01	-
Security Deposit received	7.33	5.75
Security Deposit paid	6.78	-
Issue of Nil (previous year 4383561) equity shares of Rs.10/-each fully paid up at a premium of Rs. 26.50 per share on preferential basis	-	160.00
<b>Balances outstanding included under :</b>		
Loans and advances / Debtors	76.77	3.24
Sundry Creditors / Loans and advances taken	11.39	5.75

# Mawana Sugars Limited

## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

	18 Months ended March 31, 2011 (Rs. Million)	Year ended September 30, 2009 (Rs. Million)
<b>B) Key Management personnel and their relatives</b>		
<b>Remuneration to key management personnel :</b>		
Mr. Siddharth Shriram	9.67	5.79
Mr. A.K. Mehra	13.15	8.11
Mr. K.P. Singh	3.36	2.19
Mr. Sunil Kakria	25.21	13.98
<b>Balances outstanding included under :</b>		
Loans and advances	10.15	-

@ The Parent Company has become a subsidiary of Usha International Limited (UIL) w.e.f. July 26, 2010 pursuant to a Scheme of Arrangement of Amalgamation of its promoters companies with UIL resulting into UIL holding 21,906,741 equity shares of the Parent Company.

18. The accounts for the period ended March 31, 2011 have been prepared after considering sugar cane purchase price @ Rs. 110 per quintal as an interim measure for paying the price of sugar cane to sugar cane grower in accordance with the Order of Hon'ble Supreme Court dated September 8, 2008 in case No. 18681 of 2008 for sugar season 2007-08 filed by the Parent Company. Necessary adjustments will be made by the Parent Company in accordance with the final order of the Hon'ble Court in this matter.
19. Foreign currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	As at March 31, 2011		As at September 30, 2009	
	Amount in foreign currency (million)	Amount in (Rs./ million)	Amount in foreign currency (million)	Amount in (Rs./ million)
Sundry Creditors	0.05 GBP	4.04	0.05 GBP	3.74
Sundry Creditors	4.483 US \$	200.07	10.33 US \$	497.37

20. SFSL has severely curtailed its operations due to paucity of funds and adverse market conditions. The management is negotiating with certain parties for realising some of the assets and is hopeful of generating funds for this business. In view of the above, the accounts of SFSL have been prepared on a going concern basis.
21. SIEL-IE is in the process of setting up an Industrial Estate in Rajpura, Distt. Patiala (Punjab) pursuant to the Parent Company's signing an MOU with the State Government of Punjab. The Parent Company vide its letter dated February 27, 1995 had assigned the principal MOU to SIEL-IE to develop the industrial estate. In terms of the MOU, the Punjab Government would be acquiring the land and transferring it to SIEL-IE. As at the close of the period, SIEL-IE has taken possession of 597.11 acres (Previous year 597.11 acres) of land, which has been conveyed in the name of SIEL-IE (298.46 acres of land has been transferred to vide conveyance deed dated May 26, 2000 and 298.65 acres of land transferred vide conveyance deed dated November 06, 2007). As at the end of the period, the area under litigation stands reduced to 58.01 acres against which SIEL-IE has deposited an amount of Rs.13.28 million (previous year Rs. 13.28 million) which has been shown as recoverable under 'Loans and Advances' .

The Additional District Judge, Patiala has, vide order dated 12.11.2005 enhanced an amount of Rs. 30,000/- per acre in the basic land price compensation. Further, compensation for Abadi Land, Loss of income, Superstructures, trees etc. has also been granted. SIEL-IE has filed an appeal against the above order in the Punjab and Haryana High Court in April, 2006 which is pending.

The Collector, Land Acquisition has confirmed total liability of Rs. 71.60 million towards the said enhancement and the SIEL-IE has deposited this entire enhanced amount with the Additional District Judge, Patiala. Suitable adjustment entries in this regard have been made in the books of account of the SIEL-IE.

22. The State Government of Punjab had taken a decision that the development of the Industrial Estate should take place under the provisions of The Punjab Apartment and Property Regulation Act, 1995. In terms of the provisions of the said Act, Siel Industrial Estate Limited was required to furnish bank guarantees (BG's) against internal development works and pay external development charges (EDC) for external development works to be carried out by Punjab Urban Development Authority (PUDA). However, as per the provisions of the Memorandum of Understanding (MOU) between the Parent Company and Government of Punjab, all development works had to be carried out by the developers and not by or through PUDA. SIEL-IE, accordingly, represented to the Government that the MOU itself was a guarantee and there was, therefore, no need to furnish BG's and also since PUDA has not undertaken to carry out any development works in the area, EDC should also not be charged. This position was accepted in a meeting held under the chairmanship of the State Chief Secretary on July 17, 2002 and



## SCHEDULES 1 TO 11 (Contd.)

### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

this was further approved by the Empowered Committee (ref. Order Inc.1/EC/SIEL/2002 dated January 3, 2003) under the chairmanship of the Hon'ble Chief Minister of Punjab, in terms of which it was agreed that these exemptions were for the Estate as a whole and therefore, the BG's already furnished will be returned and the EDC amounts already paid would be refunded. Accordingly, a notification dated 12th February, 2004 was issued by Govt. of Punjab, Department of Housing & Urban Development, Chandigarh exempting SIEL-IE from all the provisions of the Punjab Apartment & Property Regulation Act, 1995 subject to the condition that the exemption shall extend only in respect of the land for which the licence has already been granted by the Competent Authority under the above Act. SIEL-IE has approached the Govt. of Punjab for issuance of a fresh notification exempting the entire land because as per the decision of the empowered committee, SIEL-IE was given exemption from the said Act for the entire land. During the year 2004-05, the Govt. of Punjab has issued the desired notification, exempting SIEL-IE from submission of BGs against internal development works and payment of external development charges (EDC) for external development works, for the entire land. Accordingly, the BGs of Rs. 4.36 million and EDC of Rs. 1.59 million have been received back from PUDA.

23. In case of SIEL-IE, out of 455.32 acres (Previous year 456.82 acres) of land in stock at the close of the year, 161.45 acres (Previous year 161.45 acres) of land is earmarked for roads, open spaces, green belts and public spaces in terms of the Government of Punjab regulations, which is required to be transferred back to the Government of Punjab at a later date, free of cost. Consequently, the entire cost of such land has been apportioned over the land available for sale.

As per accounting policy of SIEL-IE, inventories are valued at lower of cost or estimated realizable value. During the year 2008-09, as the estimated realizable value of the land was lower i.e. Rs 0.44 million/ acre, SIEL-IE valued its inventories at estimated realizable value i.e Rs 199.63 million (Cost Rs. 222.85 million), which is inclusive of enhanced compensation as per the Order of Additional District Judge, Patiala referred to in note 22 above). In the current period, in view of the current prevailing market condition, the value indicated by the valuer is higher than the cost, hence, the Company valued its inventories at cost.

24. Operating lease:

- a) As lessor

During the year September 30, 2009 the Parent Company had entered into lease arrangements for renting a building for a period of three years with a lock-in period of 2 years, which was renewable as per the terms of Lease agreements. The company has sold the said property in the current period. The necessary disclosure related to previous year is given as under.

- i) Disclosure in respect of assets given on operating lease

	Rupees in million	
	Current Period	Previous Year
Gross carrying amount of asset	-	118.30
Accumulated depreciation	-	0.97
Depreciation for the year	-	0.97

- ii) Future minimum lease receivable:

	Rupees in million	
	Current Period	Previous Year
Not later than one year	-	44.85
Later than one year and not later than five years	-	16.97

- b) As lessee

- i) Lease rentals charge to revenue for right to use the following assets:

	Rupees in million	
	Current Period	Previous Year
Chlorine cylinders	15.98	10.51
Office Premises, Residential Flats etc.	24.36	12.70

The agreements have been executed for a period upto 9 years with a renewal/termination clause.

- ii) Future minimum lease payable:

	(Rs. in million)	
	Current Period	Previous Year
Not later than one year	13.55	-
Later than one year and not later than five years	10.16	-

# Mawana Sugars Limited

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## SCHEDULES 1 TO 11 (Contd.)

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### Schedule 11 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

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25. The Parent Company has facilitated Agri loan from Punjab National Bank (Bank) to the farmers who supply sugarcane to the Parent Company. Such loan has to be distributed to the farmers through an Escrow Account to be operated by the Parent Company and the Parent Company has to facilitate repayment of loan by the farmers to the Bank against the payment to be made to them against supply of sugarcane to the Parent Company. A sum of Rs. Nil and Rs. 1.04 million has been lying in Escrow Account as on 31.03.2011 and 30.09.2009 respectively.
26. The current financial period is for a period of eighteen months from October 1, 2009 to March 31, 2011 whereas the corresponding previous year figures are for a period of twelve months from October 1, 2008 to September 30, 2009.  
Therefore, the corresponding figures of previous year are not directly comparable with those of current period
27. Previous year figures have been regrouped wherever necessary.

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*Signatures to Schedules 1 to 11*

SIDDHARTH SHRIRAM  
*Chairman and Managing Director*

SUNIL KAKRIA  
*Managing Director*

A.K. MEHRA  
*Whole Time Director*

DINESH MOHAN  
N.K. GOILA  
*Directors*

Date : 30 May, 2011  
Place: New Delhi

D.C. POPLI  
*General Manager (Accounts)*

# Mawana Sugars Limited

REGD. OFFICE: 5<sup>th</sup> Floor, Kirti Mahal, 19, Rajendra Place, New Delhi-110125



## ADMISSION SLIP

PLEASE COMPLETE THE ADMISSION SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING

<b>Folio no./DP ID/Client ID</b>	<b>No. of Share(s)</b>
<b>Name and address</b>	

I HEREBY RECORD MY PRESENCE AT THE 48<sup>th</sup> ANNUAL GENERAL MEETING OF MAWANA SUGARS LIMITED ON WEDNESDAY, THE 24<sup>th</sup> AUGUST, 2011 AT 11.30 A.M. AT KAMANI AUDITORIUM, 1, COPERNICUS MARG, NEW DELHI-110001.

SIGNATURE OF THE SHAREHOLDER/PROXY:

- Notes:
- Shareholders who come to attend the meeting are requested to bring their copies of the Annual Report with them.
  - Shareholders having any queries on accounts are requested to send them 10 days in advance of the date of Annual General Meeting to the Company to enable it to collect the relevant information.
  - This Admission Slip is valid only in case shares are held on the date of this AGM.
  - **No duplicate attendance slip will be issued at the attendance counter. If required, same may be obtained from the Registered Office of the Company before the date of the meeting.**

-----Please tear here-----

# Mawana Sugars Limited

REGD. OFFICE: 5<sup>th</sup> Floor, Kirti Mahal, 19, Rajendra Place, New Delhi-110125



## PROXY FORM

L.F. No. \_\_\_\_\_ No. of Shares Held \_\_\_\_\_

DP.Id	Client Id.
-------	------------

I/We.....  
of.....  
(write full address)  
being a member/members of Mawana Sugars Limited appoint Mr./Mrs. ....  
.....of.....  
(write full address)  
.....or failing him/her Mr./Mrs. ....  
of.....as my/our proxy  
(write full address)

to attend and vote for me/us on my/our behalf at the 48<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 24<sup>th</sup> August, 2011 and at any adjournment thereof.

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

Signature.....

Affix Revenue Stamp
---------------------------

- Notes:
- The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of the meeting.
  - Please mark the envelope 'MSL PROXY'.

# Book-Post

To,



*If undelivered, please return to :*

## **Mawana Sugars Limited**

Regd. Office: 5th Floor, Kirti Mahal, 19, Rajendra Place, New Delhi-110 125

Phone: 011-25739103; Fax: 011-25743659

E-mail: [corporate@mawanasugars.com](mailto:corporate@mawanasugars.com)

Website: [www.mawanasugars.com](http://www.mawanasugars.com)