

49th ANNUAL REPORT

2011-2012
(18 Months)



MAWANA SUGARS LIMITED

Mawana Sugars Limited

BOARD OF DIRECTORS

Mr. Bedi R.S.

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*

COMPANY SECRETARY

Mr.Naveen Jain

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

E-mail :- info@masserv.com

NOTICE

Notice is hereby given that the 49th Annual General Meeting of the members of Mawana Sugars Limited will be held as scheduled below:

Day : Wednesday
Date : 19.12.2012
Time : 10.30 A.M.
Place : FICCI Auditorium,
Federation House,
Tansen Marg,
New Delhi - 110001

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 30th September, 2012 (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. Ravi Vira Gupta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. N.K. Goila, 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, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded for the ratification/approval of the following remuneration paid/to be paid to Mr. Sunil Kakria, Managing Director of the Company during the period from 1.7.2011 to 7.1.2013:
 1. Basic Salary : Rs.5,67,621/- per month
 2. Special Allowance : Rs.3,92,878/- 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.77,500/- p.m. as per the rules of the Company.
 9. Use of Car : The Company shall provide a Company leased Honda CR-V(2.4AT) Car upto a lease value of Rs.69,543/- per month. If the incumbent goes in for a higher model Car, the difference between the lease value of Honda CR-V Car and the higher model Car shall be adjusted against the Special Allowance.
 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. Performance Based Incentive : Performance Based Incentive varying from 0 (zero) to Rs.1,00,00,000/- (Rupees One Crore only) per annum payable to Managing Director based on the achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof.
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, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded for the ratification/approval of the following remuneration paid to Mr. A.K. Mehra, Whole Time Director of the Company during the previous period from 1.7.2011 to 14.10.2012:

Mawana Sugars Limited

NOTICE (Contd.)

1. Basic Salary : Rs.2,91,015/- per month
 2. Special Allowance : Rs.3,47,682/- per month
 3. Housing Electricity and Water : 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. Performance Based Incentive : Performance Based Incentive varying from 0 (zero) to Rs.15,00,000/- (Rupees Fifteen lacs only) per annum payable to Whole Time Director based on the achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof.
7. 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, 269, 309, 310 read with 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 re-appointment of Mr. Siddharth Shriram, Managing Director of the Company for a period of 5 years and payment of the remuneration for a period of 3 years w.e.f. 15.10.2012 as under:
1. Basic Salary : Rs.3,00,000/- per month.
 2. Provident Fund : As per the rules of the Company.
 3. Gratuity : As per the rules of the Company.
 4. Superannuation : As per the rules of the Company.
 5. Medical Reimbursement : Rs.37,500/- per month incurred for self and family as per the rules of the Company.
 6. House Rent Allowance : Rs.1,00,000/- per month.
 7. Leave Travel Allowance : Rs.25,000/- per month as per the rules of the Company.

Other Benefits:

1. Commission : 1% of net profits of the Company per annum, calculated in accordance with Section 349 & 350 of the Companies Act, 1956.
 2. Club Fee : Membership fee of two clubs subject to a maximum of Rs.3500/- p.m. Entry Fee and monthly subscription to be borne by the company.
 3. Personal Accident Insurance : Premium not exceeding Rs. 10,000/- per annum.
 4. Telephone : Actual expenses for telephones at residence and mobile phone. All personal long distance calls is borne by the employee.
 5. Gas/Electricity/Water : On actual, subject to a maximum of Rs. 40,000/- per month.
 6. Facility of Company car : All the running and maintenance expenses including drivers' salary shall be borne by the Company subject to a maximum of Rs. 25,000/- per month. A sum of Rs. 1000/- per month will be recovered from Mr. Siddharth Shriram for personal use of car.
 7. Entertainment expenses : Reimbursement of actual entertainment expenses incurred for the business purposes.
 8. Leave Encashment : Leave and Leave encashment as per leave rules of the company.
8. 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, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded to the re-appointment of Mr. A.K. Mehra, Whole Time Director of the Company for a period of 5 years and payment of the remuneration for a period of 3 years w.e.f. 15.10.2012 as under:
1. Basic Salary : Rs.3,40,000/- per month.
 2. Provident Fund : As per the rules of the Company.
 3. Gratuity : As per the rules of the Company.
 4. Superannuation Fund : As per the rules of the Company.
 5. Medical Reimbursement : Rs.3,000/- per month incurred for self and family as per the rules of the Company.
 6. House Rent allowance : Rs.40,000/- per month.
 7. Special Allowance : Rs.3,91,451/- per month

NOTICE (Contd.)

Other Benefits:

1. Leave and encashment : As per the leave rules of the Company.
2. Telephone : Actual expenses for one landline and one mobile phone shall be borne by the Company. However, all the personal STD/ISD call charges are not reimbursable.
3. Use of Car : Fully maintained company leased car (Honda CRV or equivalent) with actual running expenses. In the event of Mr. A.K. Mehra opting for a higher value car, the differential monthly lease rental will be adjusted from his special allowance.
4. Performance Based Incentive : 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.

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

(Naveen Jain)
Company Secretary

Place: New Delhi
Dated: 23.11.2012

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 17.12.2012 to 19.12.2012 (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 Limited
T-34, 2nd Floor, Okhla Industrial Area, Phase-II
New Delhi - 110020
Phone No. : 011-26387281-83
Fax No. : 011-26387384
Website : www.masserv.com
E-mail : 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 Sl.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.

Mawana Sugars Limited

NOTICE (Contd.)

INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. GENERAL INFORMATION

1. *Nature of Industry:* The Company is engaged in the business of manufacturing and selling of Chlor-Caustic at its unit Siel Chemical Complex, Rajpura, Punjab, producing Sugar and related by products from Sugar Cane at its units situated at Mawana Sugar Works, Titawi Sugar Complex, Nanglamal Sugar Complex and co-generation of Power and production of Ethanol.

2. *Date or expected date of commencement of commercial production:* -

The Company is an existing company and is into manufacturing operations since long.

3. *In case of new companies, expected date of commencement of activities as per the project approved by financial institutions appearing in the prospectus:* Not Applicable

4. *Financial performance based on given indicators:*

As per the Audited Accounts of the Company for the financial period ended September 30, 2012, the performance of the Company is as under:

Financial performance

Particulars	Amount (Rs./Lacs)
- Turnover	169787
- Net Profit (PAT)	(8033)
- Effective Capital	29412

5. *Export performance and net foreign exchange collaborations:*

- The Company exported 600 MT Caustic Soda Flakes to Nepal during the financial period ended 30.9.2012.
- The Company exported 26802 Tons of Refined Sugar to various countries during the financial period ended 30.9.2012.

6. *Foreign investments or collaborators, if any:* None

II. INFORMATION ABOUT THE APPOINTEE

1. *Background details:* Detailed information about Mr. Siddharth Shriram, Managing Director and Mr. A.K. Mehra, Whole Time Director are same as mentioned in Sl.No.4 below.

2. *Past Remuneration:*

- i) Mr. Siddharth Shriram - Rs.96,67,217/- (18 months)
- ii) Mr. A.K. Mehra - Rs.1,31,52,868/- (18 months)

3. *Recognition or awards:* None

4. *Job profile and their suitability:*

Mr. Siddharth Shriram, is a renowned Industrialist of the Country. He hails from Shriram family. He has experience in the fields of Management, Business Planning, Finance etc. He is overall responsible for the operations and affairs of the Company under the superintendance, control and direction of the Board of Directors.

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 39 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 Sugar and Chemical business of Mawana Sugars Limited.

5. *Remuneration proposed:* Given in respective Item No. 7 & 8 of the Notice of AGM.

6. *Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:* The remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level personnel in other companies and the size of the Company and the responsibilities of Mr. Siddharth Shriram and Mr. A.K. Mehra.

7. *Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:* Besides the remuneration proposed the Managing Director and Whole Time Director does not have any other pecuniary relationship with the Company and its managerial personnel.

III. OTHER INFORMATION

1. *Reasons of loss or inadequate profits :*

During the current period, the Company's financials were adversely affected by low sugar prices, lower than expected recoveries of sugar from cane, high sugar cane prices and consequential under recovery of cost of production, which has significantly affected the entire Sugar Industry

NOTICE (Contd.)

in Uttar Pradesh. Higher finance costs were also added to the significant operating/ cash losses.

2. Steps taken or proposed to be taken for improvement :

The Company has already initiated various steps including Corporate Debt Restructuring etc. The State/Central Governments are seized of the problems of the sugar industry and are considering long term solutions including decontrol of the Sugar Industry.

3. Expected increase in productivity and profits in measurable terms :

Decontrol of the sugar sector will lead to a 50 per cent increase in the profitability of sugar mills and the cane growers would be stable income due to higher share of realization from sugar and by-products, accordingly to a study by CRISIL.

Sugar decontrol would also improve Companies' cash flows, reduce their working capital requirements and thereby strengthen their credit risk profiles.

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. Ravi Vira Gupta
Age : 75 years
Qualifications : IAS (Retired)
No. of shares held in the Company : Nil
Expertise : Mr. Ravi Vira Gupta is a retired IAS Officer and has held various positions at various levels in Govt. of Madhya Pradesh as well as Government of India. He was Secretary to the Govt. of India in the Ministry of Food as well as Secretary, Banking in the Ministry of Finance. He also served as Dy. Governor with the Reserve Bank of India. Mr. Ravi Vira Gupta is Director on the Board of some Companies and is also actively connected with various institutions promoting education and culture.

Outside Directorships

- : **Director**
- Goodyear India Limited
 - DCM Engineering Limited
 - Delhi Safe Deposit Co. Limited
 - Honda Siel Power Products Ltd.
 - Seshasayee Paper & Board Ltd.
 - Rana Holdings Ltd.

Chairmanship/Membership of the Board Committees:

Mawana Sugars Limited	- Audit Sub-Committee	- Member
	- Remuneration Committee	- Member
	- Banking, Finance and Investment Committee	- Member
	- Disposal of Company's Undertaking of its Chemical Business-SCC	- Member
	- To explore and analyze various options with regard to development of land of Siel Industrial Estate Ltd.	- Member
Seshasayee Paper & Board Ltd.	- Audit Committee	- Chairman
Goodyear India Limited	- Audit Committee	- Chairman
	- Investors Grievance Committee	- Member
DCM Engineering Ltd.	- Audit Committee	- Member
Honda Siel Power Products Ltd.	- Audit Committee	- Member

2. **Name** : Mr. N. K. Goila
Age : 66 years
Qualifications : - B. Tech (Mechanical Engg.) from IIT Delhi (with Distinction)
- MBA from Faculty of Management Studies, University of Delhi
No. of shares held in the Company : Nil

Mawana Sugars Limited

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Expertise	: Mr. N. K. Goila is associated with the group for more than 44 years. He has worked in various areas of management and has made significant contribution to a Japanies joint ventures of the company. Presently he is Director of Mawana Sugar Ltd.
Outside Directorships	: Director <ul style="list-style-type: none">- Mawana Sugars Limited- Usha International Limited- Siel Industrial Estate Limited
Chairmanship/Membership of the Board Committees	:
Usha International Limited	- Audit committee - Member
Mawana Sugars Limited	- Remuneration Committee - Chairman
	- Audit Sub-Committee - Member
	- Banking, Finance and Investments Committee - Member
3. Name	: Mr. Siddharth Shriram
Age	: 67 years
Qualifications	: Graduate from St. Stephens College, Delhi University. M.Sc. in Management from MIT USA as a Sloan Fellow
No. of shares held in the Company	: 25,224 equity shares
Expertise/Employment Record	:
1967-1968	: Management Trainee
1968-1977	: Various positions culminating in Managing Director of Shriram Refrigeration Industries Ltd.
1978-1984	: Employed with Citibank in various capacities.
1984-2012 (Chairman)	: Business in India by managing and controlling of various companies in the capacity of Chairman/Managing Director/Director such as : <ul style="list-style-type: none">- Mawana Sugars Limited and its subsidiaries- Honda Siel Power Products Ltd.- Daikin Shriram Airconditioning Pvt. Ltd. (<i>since resigned</i>)- Usha International Ltd. (<i>Co-Chairman</i>)- Ceratizit India Private Limited- Honda Siel Cars India Ltd. (<i>since resigned</i>)
Outside Directorships	: Director <ul style="list-style-type: none">- Honda Siel Power Products Limited- Usha International Limited- Siel Industrial Estate Limited- Siel Infrastructure & Estate Developers Pvt. Ltd.- Mawana Foods Limited- Ceratizit India Private Limited- V.V. Servotech Pvt. Ltd.
Chairmanship/Membership of Board Committees	:
Usha International Ltd.	- Finance and Banking Committee - Chairman
	- HR Committee - Member
	- IT Committee - Member
	- Business Operations Committee - Member
	- Advertising and Publicity Committee - Member
Honda Siel Power Products Ltd.	- Remuneration Committee - Member
	- Shareholders/Investors Relation Committee - Member
	- Board Committee on Financial Matters - Member
Mawana Sugars Limited	- Banking, Financing and Investment Committee - Chairman
	- To finalize and approve the terms and conditions for availment of Internet Banking facility from PNB for Siel Chemical Complex - Chairman

NOTICE (Contd.)

	- To negotiate and finalize the terms and conditions for proposed partial sale of Siel Industrial Estate Ltd.	- Chairman
	- HR Committee	- Chairman
	- Disposal of Company's undertaking of the Chemical Business- Siel Chemical Complex	- Chairman
	- To explore and analyze various options with regard to development of land of Siel Industrial Estate Ltd.	- Chairman
Mawana Foods Limited	- Audit Sub-Committee	- Chairman
Siel Industrial Estate Limited	- Audit Sub-Committee	- Chairman
4. Name	: Mr. A.K. Mehra	
Age	: 63 years	
Qualifications	: M.Sc. (Chemical Engineering)	
No. of Shares held in the Company	: 21,794 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 39 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 Sugar and chemical business of the Company.	
Outside Directorships	: Director	
	- Mawana Foods Limited (<i>formerly Siel Edible Oils Ltd.</i>)	
	- Siel Financial Services Limited	
	- Siel Industrial Estate Limited	
	- Siel Infrastructure & Estate Developers Pvt. Ltd. (<i>formerly Avro Sales Pvt. Ltd.</i>)	
	- Ceratizit India Private Limited	
	- Alkali Manufactures Association of India	
Chairmanship/Membership of Board Committees		
Mawana Sugars Limited	- 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 Limited	- Audit Sub-Committee	- Member
	- Shareholders Grievance/Share Transfers Committee	- Member
Mawana Foods Limited	- Audit Sub-Committee	- Member

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

ITEM NO. 5

The Remuneration Committee and the Board of Directors in their respective meetings held on 1.11.2011 and 23.12.2011 have subject to the approval of the shareholders of the Company approved the remuneration package of Mr. Sunil Kakria, Managing Director of the Company as stated in Item No.5 of the Notice of AGM for the term 1.7.2011 to 7.1.2013.

The remuneration paid/to be paid to Mr. Sunil Kakria for the term 1.7.2011 to 7.1.2013 is required approval by the shareholders.

Your Directors recommends the resolution for your approval/ratification.

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

ITEM NO. 6

The Remuneration Committee and the Board of Directors of the Company in their respective meetings held on 1.11.2011 have subject to the approval of the shareholders of the Company approved the remuneration package of Mr. A.K. Mehra, Whole Time Director of the Company as stated in Item No.6 of the Notice of AGM for the period from 1.7.2011 to 14.10.2012.

Mawana Sugars Limited

NOTICE (Contd.)

Mr. A.K. Mehra has been reappointed for a further period of 5 years with the remuneration package for 3 years w.e.f. 15.10.2012 by the Remuneration Committee and the Board of Directors. The respective resolution is proposed to the shareholders under Item No.8 of the Notice of AGM.

The remuneration for the previous term i.e. 1.7.2011 to 14.10.2012 already paid to Mr. A.K. Mehra is required the approval by the shareholders.

Your Directors recommends the resolution for your approval/ratification.

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

ITEM NO. 7

The Board of Directors of the Company in its meeting held on 10.10.2012 on the recommendation of the Remuneration Committee of Directors has re-appointed Mr. Siddharth Shriram, Managing Director of the Company for a period of 5 years and payment of the remuneration for a period of 3 years w.e.f. 15.10.2012.

The reappointment and remuneration of Mr. Siddharth Shriram as stated in item No.7 of the Notice of AGM is subject to the approvals of the shareholders by way of a Special Resolution and the Central Government.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company except Mr. Siddharth Shriram is concerned or interested in the said resolution.

ITEM NO. 8

The Board of Directors of the Company in its meeting held on 10.10.2012 on the recommendation of the Remuneration Committee of Directors has re-appointed Mr. A.K. Mehra, Whole Time Director of the Company for a period of 5 years and payment of the remuneration for a period of 3 years w.e.f. 15.10.2012.

The reappointment and remuneration of Mr. A.K. Mehra as stated in item No.8 of the Notice of AGM is subject to the approval of the shareholders by way of a Special Resolution.

Your Directors recommends the resolution for your approval.

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

By Order of the Board of Directors
For Mawana Sugars Limited

(Naveen Jain)
Company Secretary

Place : New Delhi
Dated: 23.11.2012

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 49th Annual Report along with Audited Accounts of the Company for the 18 months financial period ended September 30, 2012.

FINANCIAL RESULTS

Sl. No.	Particulars	(Rs. Lacs)	
		Amount	
		30.9.2012 (18 months)	31.3.2011 (18 months)
1.	Profit/(Loss) before interest, depreciation, exceptional items and tax	4081	13131.9
2.	Interest	12292	11064.2
3.	Depreciation	7663	7929.8
4.	Profit/(Loss) before tax	(8375)	(5862.1)
5.	Provision for taxation:		
	– Current tax	–	–
	– Provision for tax written back relating to earlier year	(271)	–
6.	Profit/(Loss) after tax	(8104)	(5862.1)

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

1. SUGAR DIVISION

The year 2011-12 witnessed an increase in sugar production. The cane crush was 31.5 lac MT during the season 2011-12 as compared to 28.58 lac MT the last season. The key operational figures are as follows:

Particulars	Unit	Sugar Season		
		2009-10	2010-11	2011-12
Cane Crush	Lac MT	30.35	28.58	31.54
Recovery	%	9.26	9.11	8.60
Sugar Production	Lac MT	3.03	2.64	2.74

The sugar recovery in the western UP was a major concern. The average sugar recovery for the season remained below the long term average recovery in line with trend in nearby sugar factories. One of the main reasons is deterioration of sugarcane quality on account of varietal degeneration and low crushing in high recovery period.

The sugar business during the season continued to be under stress due to imbalance between cane costs, cost of production and sugar market prices

MSL is continuing its cane development program including distribution of cane seeds of new varieties, fertilizers and insecticides etc. These will help in long term improvements in cane quality and yield.

The surplus power generated by the Cogeneration plants was exported to the State grid.

The distillery unit re-entered into a contract with the Oil Marketing Companies (OMC) for supply of ethanol. The unit continues to supply

ethanol to them. The ETP of distillery unit was augmented to streamline the production of ethanol.

2. CHLOR ALKALI DIVISION

The Chlor-alkali business performed well during the period April 2011 – September 2012. The plant capacity utilization was matched as per the market requirements. The prices of caustic soda were on the rising trend while chlorine prices declined continuously.

The products and their quality were well accepted in the market during the entire period.

Power contributes towards major portion of the input cost and was sourced from Punjab State Power Corporation Limited and through Indian Energy Exchange under open access.

JOINT VENTURE

CERATIZIT INDIA PVT. LTD. The financial performance of the Company during the financial year ended February, 2012 is as under:

(Amounts(,000))

– Turnover	1150,055
– Profit Before Tax (PBT)	183,314
– Profit After Tax (PAT)	122,827

SUBSIDIARY COMPANIES

The Company has four subsidiary companies viz. Siel Financial Services Limited, Siel Industrial Estate Limited, Mawana Foods Limited (formerly Siel Edible Oils Ltd.) and Siel Infrastructure & Estate Developers Pvt. Ltd. (formerly Avro Sales Pvt. Ltd.).

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.

Mawana Sugars Limited

DIRECTORS' REPORT

DIRECTORS

Mr. Ravi Vira Gupta and Mr. N.K. Goila, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Ms. Anuradha Dutt, Director has resigned from the Directorship of the Company w.e.f. 23.11.2012.

Mr. Siddharth Shriram and Mr. A.K. Mehra have been reappointed as Managing Director and Whole Time Director of the Company for a further period of 5 years with the remuneration package of 3 years w.e.f. 15.10.2012 by the Remuneration Committee and Board of Directors subject to approval of such authorities as the case may be in this regard.

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 along with proper explanation relating to material departures;
- (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.

SIGNIFICANT TRANSACTIONS

During the 18 months financial period ended 30.9.2012, the following transactions were made:

- i) the Company has purchased from Usha International Limited (UIL), the holding Company, the entire shareholding in Siel Infrastructure & Estate Developers Private Limited (Siel IED) of 2,59,667 equity shares of Rs. 100/- each (fully paid up) at a price of Rs.68.35 per share for a total consideration of Rs.1,77,48,239.45 to make Siel IED its wholly owned subsidiary.
- ii) the Company has sold its 49% shareholding i.e. 1,34,75,000 equity shares of Rs.10/- each fully paid up held in Siel Industrial Estate Limited (Siel IE), the wholly owned subsidiary of the Company at a value of Rs.100.20 per share to its subsidiary company Siel Infrastructure & Estate Developers Pvt. Ltd. (Siel IED) for a total consideration of Rs. 135,01,95,000/-. The sale consideration of the above said shares of Siel IE to Siel IED is adjusted against the issue of 1,35,01,950 equity shares of Siel IED to MSL.
- iii) The Board of Directors of the Company in its meeting held on 28.08.2012 have approved the issue of 41,60,053 equity shares of face value of Rs.10 each @ Rs.15.12 (including a premium of Rs.5.12) per share aggregating to Rs.629 lacs to Usha International Limited (UIL) on preferential basis pursuant to the requirement of CDR package (subject to necessary approval from shareholders and other requisite authorities). Accordingly, UIL had deposited Rs.629 lacs towards advance subscription money to the Company for issue of abovesaid equity shares.
- iv) Company's 100% holding in Mawana Foods Limited (Wholly owned subsidiary) has been diluted to 65.02% due to issuance of 16,83,436 Equity Shares of the face value of Rs. 10/- each at a premium of Rs. 15.84 per Share by Mawana Foods Limited to Usha International Limited, the Holding Company.

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

(SIDDHARTH SHRIRAM)
Chairman

Place : New Delhi
Dated : 23.11.2012

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, 1998.

1. CONSERVATION OF ENERGY:

a) Energy conservation measures taken

- a) Installation of flash recovery system
- b) Installation of electrical sulphur melter at sulphur burner
- c) Installation of VFDs for cane carriers , syrup pump, ACW pump
- d) Modification in existing evaporator configuration for converting from quadruple to quintuple effect to have more efficiency in steam consumption
- e) Replacement of 120 H.P. conventional motor with energy efficient motor of Air Compressor
- f) Replacement of mill house juice pumps by required capacity energy efficient pumps and motors

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

- a) Installation of VFDs sulphited juice pump and clear juice pumps
- b) Installation of waste heat recovery system at sulphur burner to reduce live steam consumption in Boiling House.
- c) Replacement of 125W street light fittings with 50W CFL fittings
- d) Modification in molasses conditioners to operate it with vapors in place of exhaust steam.
- e) Replacement of Steam ejectors with electric motor driven screw pumps

- f) Installation of Plate Type Heat Exchanger for heating of Super Heated Wash Water SHWW by exhaust condensate

- g) Installation of 3.15 MVA Distribution transformer to improve loading on more efficient steam turbine

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) Reduction in steam consumption
- b) Reduction in power consumption

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

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. 130.40 crores during last 18 months ended on 30th September 2012.

- 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 & FUEL CONSUMPTION

S. No.	PARTICULARS	Period ended 30.09.2012 (18 months)	Period ended 31.03.2011 (18 months)
1	ELECTRICITY		
	A) Purchased		
	• Unit (kWh Lacs)	2,944.53	2,701.58
	• Total Amount (Rs Million)	1,648.57	1,205.28
	• Rate / Unit (Rs)	5.60	4.46
	B) Own generation		
	(i) Through Diesel Generator		
	• Unit (kWh Lacs)	2.92	3.12
	• Units per litre of Diesel Oil	3.30	2.90
	• Cost / Unit (Rs.)	14.64	13.53
	(ii) Through steam turbine generator units (kWh Lacs) own generation by burning bagasse	1,248.78	2,189.41
2	COAL		
	Used for steam/power generation		
	• Quantity (MT)	0	0
	• Total Cost (Rs Million)	0	0
	• Average Rate	0	0
3	FURNACE OIL		
	• Quantity (MT)	4,312	6,032
	• Total Cost (Rs Million)	170.55	161.85
	• Average Rate	39,554	26,832
4	OTHERS / INTERNAL GENERATION		

B. CONSUMPTION PER UNIT OF PRODUCTION

1	ELECTRICITY (kWh / MT)		
	• Caustic Soda	2,698	2,672
	• Sugar	472	409

ANNEXURE – I TO DIRECTORS’ REPORT (Contd.)

FORM-B (See Rule 2)

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

RESEARCH & DEVELOPMENT

1	Specific areas in which R & D carried out by the Company	R&D activities were carried out in the following areas –	
		<ul style="list-style-type: none"> – Crystallization of sugar crystals – Efficient utilization of process condensate and water conservation – Efficient utilization of energy 	
2	Benefits derived as a result of above R&D	<ul style="list-style-type: none"> – Improvement in process control and efficiency – Improvement in quality of sugar – Improvement in energy efficiency and water conservation 	
3	Future plan of action	<ul style="list-style-type: none"> – Improvement in process efficiencies – Reduction in sugar losses – Reduction in steam and power consumption – Better utilization of byproducts 	
4	Expenditure on R&D	Current Period 01-04-11 - 30-09-12 (18 Months)	Previous Period 01-10-09 - 31.03.11 (18 Months)
	· Capital (Rs. Lacs)	6.50	9.61
	· Recurring (Rs. Lacs)	35.23	45.15
	· Total (Rs. Lacs)	41.73	54.76
	· Total R&D expenditure as a percentage of total turnover	0.02	0.03

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1	Efforts, in brief, made towards technology absorption, adaptation and innovation	<ul style="list-style-type: none"> – Modification done for operating evaporator as Quintuple Effect – Installation of Vapour Line Juice Heater – Modification in Sugar Grader – Installation of Electric Sulphur Melter at Sulphur Burner – Installation Flash Recovery System at Evaporators 	
2	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	<p>The overall advantages are as follows:-</p> <ul style="list-style-type: none"> – Reduction in molasses loss – Increase in bold grain sugar production – Reduction in Steam consumption – Reduction in Chemical cost 	
3	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished		
	– Technology imported	NIL	
	– Year of import	Not Applicable	
	– Has technology been fully absorbed?	Not Applicable	
	– If not fully absorbed, areas where this has not been taken place, reasons therefore and future plans of action.	Not Applicable	

Mawana Sugars Limited

ANNEXURE – II TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED SEPTEMBER 30, 2012

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 8 members. The Board comprises of 3 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 September 30, 2012, 11 Board Meetings were held on 30.5.2011, 9.8.2011, 24.8.2011, 26.9.2011, 1.11.2011, 7.2.2012, 27.3.2012, 15.5.2012, 14.8.2012, 28.8.2012 and 13.9.2012. 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 September 30, 2012 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 (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	7	Yes	1	1	NIL
▪ Ms. Dutt Anuradha***	Independent Non-Executive	NIL	No	NIL	NIL	NIL
▪ Mr. Goila N.K.	Independent Non-Executive	10	Yes	2	2	NIL
▪ Mr. Gupta Ravi Vira	Independent Non-Executive	7	Yes	6	4	2
▪ Mr. Kakria Sunil (Managing Director)	Executive	10	Yes	3	5	NIL
▪ Mr. Mehra A.K. (Whole Time Director)	Executive	10	No	4	4	NIL
▪ Prof. Mohan Dinesh	Independent Non-Executive	8	Yes	1	NIL	2
▪ Mr. Shriram Siddharth (Chairman and Managing Director)	Executive and Promoter	10	Yes	4	1	2
▪ Mr. Singh K.P.** (Whole Time Director)	Executive	NIL	No	NIL	NIL	NIL

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

** Deceased on 20.4.2011.

*** Resigned from the Directorship w.e.f. 23.11.2012.

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 SEPTEMBER 30, 2012

(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 September 30, 2012, the Audit Committee met 8 times on 30.5.2011, 9.8.2011, 26.9.2011, 1.11.2011, 7.2.2012, 27.3.2012 15.5.2012 and 14.8.2012. 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 8)
▪ Mr. Bedi R.S.	Non-Executive	Independent	5
▪ Mr. Goila N.K.	Non-Executive	Independent	7
▪ Mr. Gupta Ravi Vira	Non-Executive	Independent	5
▪ Prof. Mohan Dinesh (Chairman)	Non-Executive	Independent	7

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 September 30, 2012, only 2 meetings of the Committee were held on 1.11.2011 and 23.12.2011.

The composition of the Remuneration Committee and their attendance at the Committee Meetings held during the 18 months period ended September 30, 2012 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	2
▪ Mr. Goila N.K. (Chairman)	Non-Executive	Independent	2
▪ Mr. Gupta Ravi Vira	Non-Executive	Independent	2
▪ Prof. Mohan Dinesh	Non-Executive	Independent	1

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.

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.

Mawana Sugars Limited

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED SEPTEMBER 30, 2012

(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 September 30, 2012 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	23972652*	803186	2007366	26783204
2.	Mr. Mehra A.K.	13582175**	494708	1026240	15103123
3.	Mr. Shriram Siddharth	7200000	819022	1080000	9099022
4.	Mr. Singh K.P.***	187500	185496	6334	379330

* including performance linked incentive of Rs.40 lacs.

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

*** Deceased on 20.4.2011.

1. Service contract is for 5 years.
2. Notice period is 6 calendar months for Sl.No.3 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.
5. Refer Note 42 of the financial statement for managerial remuneration.

(B) The details of the sitting fees to the Non-Executive Directors provided as per accounts for the 18 months period ended September 30, 2012 are given below:

Sl. No.	Name	Sitting Fees (Rs.)
1.	Mr. Bedi R.S.	70,000
2.	Ms. Dutt Anuradha	Nil
3.	Mr. Goila N.K.	1,10,000
4.	Mr. Gupta Ravi Vira	80,000
5.	Prof. Mohan Dinesh	1,65,000

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. Sunil Kakria, Managing Director and Mr. Naveen Jain, Company Secretary have been delegated the power to approve severally 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 September 30, 2012, the Committee met 19 times on 28.4.2011, 11.5.2011, 2.6.2011, 15.6.2011, 7.7.2011, 30.7.2011, 6.9.2011, 5.10.2011, 5.11.2011, 8.12.2011, 9.1.2012, 8.2.2012, 15.3.2012, 23.4.2012, 21.5.2012, 20.6.2012, 23.7.2012, 29.8.2012 and 28.9.2012.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED SEPTEMBER 30, 2012

The composition of the Committee and their attendance at the Committee meetings held during the 18 months period ended September 30, 2012 are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 19)
▪ Mr. Kakria Sunil	Executive	Non-Independent	14
▪ Mr. Mehra A.K.	Executive	Non-Independent	16
▪ Prof. Mohan Dinesh (Chairman)	Non-Executive	Independent	17

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

During the period, 81 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
2009-2011 (18 months)	Kamani Auditorium 1, Copernicus Marg New Delhi – 110001	24.8.2011	11.30 A.M.	<ul style="list-style-type: none"> - Increase in the monthly remuneration (CTC) of Mr. Sunil Kakria, Managing Director of the Company for the remaining period of his terms of appointment i.e. from 1.10.2010 to 7.1.2013. - Increase in the monthly remuneration (CTC) of Mr. A.K. Mehra, Whole Time Director of the Company for the remaining period of his terms of appointment i.e. from 1.10.2010 to 15.10.2012.
2008-2009	Kamani Auditorium 1, Copernicus Marg New Delhi – 110001	25.02.2010	11.30 A.M.	<ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - 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.

(ii) A Special Resolution u/s 81 (1A) of the Companies Act, 1956 with regard to issue and allotment of equity shares to Usha International Limited on preferential basis pursuant to CDR package was sent to shareholders for their approval through Postal Ballot and the same has been approved with requisite majority. The result has been declared on 15.10.2012.

(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.39 of the financial statements for the 18 months period ended September 30, 2012.

Mawana Sugars Limited

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED SEPTEMBER 30, 2012

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.

(ii) There were no material 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) **Minutes of Subsidiary Companies**

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 September 30, 2012 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

(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.

9. General Shareholders' Information

(i) Annual General Meeting is proposed to be held on 19.12.2012 at 10.30 A.M. at FICCI Auditorium, Federation House, Tansen Marg, New Delhi – 110001.

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED SEPTEMBER 30, 2012

(ii) **Financial Calendar for the year 2012-2013**

Accounting year	October 1, 2012 to September 30, 2013
First Quarter results	Upto 14 th February, 2013
Second Quarter results	Upto 15 th May, 2013
Third Quarter results	Upto 14 th August, 2013
Fourth Quarter results/	Upto 14 th November, 2013 (Unaudited) or
Annual Results	30 th November, 2013 (Audited)

(iii) **Date of Book Closure:** 17.12.2012 to 19.12.2012 (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: MAWANSUG

Listing fees upto the year 2012-2013 has been paid to BSE & NSE.

(v) **Stock Market Data for the 18 months period ended September 30, 2012**

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
Apr-11	29.70	22.25	317498	19811.14	18976.19	29.50	22.60	333002	5944.45	5693.25
May-11	25.75	22.55	118511	19253.87	17786.13	27.00	22.00	102997	5775.25	5328.70
Jun-11	27.00	22.15	348802	18873.39	17314.38	27.25	22.10	525142	5657.90	5195.90
Jul-11	26.80	18.60	95042	19131.70	18131.86	27.05	19.30	149058	5740.40	5453.95
Aug-11	22.90	16.15	135180	18440.07	15765.53	23.15	16.75	161373	5551.90	4720.00
Sep-11	19.65	16.50	67474	17211.80	15801.01	19.75	16.25	77946	5169.25	4758.85
Oct-11	18.50	15.90	54248	17908.13	15745.43	18.60	15.50	46448	5399.70	4728.30
Nov-11	18.80	13.15	125564	17702.26	15478.69	19.50	13.05	105856	5326.45	4639.10
Dec-11	16.70	11.50	117484	17003.71	15135.86	16.50	11.35	109918	5099.25	4531.15
Jan-12	19.28	13.00	146435	17258.97	15358.02	18.05	14.00	197184	5217.00	4588.05
Feb-12	17.50	15.00	146859	18523.78	17061.55	19.50	15.05	173875	5629.95	5159.00
Mar-12	17.00	12.50	93344	18040.69	16920.61	16.95	12.40	126363	5499.40	5135.95
Apr-12	14.04	12.13	57327	17664.10	17010.16	14.40	12.35	51479	5378.75	5154.30
May-12	14.84	11.01	85037	17432.33	15809.71	14.90	10.75	148906	5279.60	4788.95
Jun-12	13.70	10.15	40750	17448.48	15748.98	13.05	11.00	55831	5286.25	4770.35
Jul-12	17.00	11.70	191121	17631.19	16598.48	16.95	12.25	210932	5348.55	5032.40
Aug-12	16.55	12.88	88461	17972.54	17026.97	16.45	13.00	46397	5448.60	5164.65
Sep-12	16.99	13.60	149096	18869.94	17250.80	16.90	13.60	147210	5735.15	5215.70
TOTAL			2378233					2769917		

(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, 2nd Floor, Okhla Industrial Area, Phase-II
New Delhi - 110020
Phone No. : 011-26387281-83
Fax No. : 011-26387384
Website : www.masserv.com
E-mail : info@masserv.com

Mawana Sugars Limited

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED SEPTEMBER 30, 2012

(vii) **Share Transfer System**

All valid share transfers are registered and duly transferred share certificates are despatched within a period of 15 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 September 30, 2012**

No. of Equity Shares held	Folios		Shares	
	Numbers	%	Numbers	%
Up to 500	56615	95.84	2943216	8.42
501-1000	1183	2.00	921353	2.64
1001-2000	637	1.08	937751	2.68
2001-3000	206	0.35	515739	1.48
3001-4000	101	0.17	356156	1.02
4001-5000	88	0.15	407115	1.16
5001-10000	128	0.22	940831	2.69
10001 and above	116	0.19	27934650	79.91
Total	59074	100.00	34956811	100.00

(x) **Categories of shareholders as on September 30, 2012**

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	2278305	6.52
(c)	Individuals	8140270	23.29
(d)	NRIs/OCBs/GDRs	550214	1.57
	Total	34956811	100.00

(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 September 30, 2012, a total of 3,41,21,290 equity shares of the Company, which forms 97.61% 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 – 2,75,151 GDRs representing 2,75,151 underlying equity shares of the Company were outstanding as on September 30, 2012.

(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.)

ANNEXURE – II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 18 MONTHS PERIOD ENDED SEPTEMBER 30, 2012

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, 2nd Floor, Okhla Industrial Area, Phase-II
New Delhi - 110020
Phone No. : 011-26387281-83
Fax No. : 011-26387384
Website : www.masserv.com
E-mail : 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 : 23.11.2012

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

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 September 30, 2012, 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)

NEW DELHI
November 23, 2012

Manjula Banerji
Partner
(Membership No. 086423)

Mawana Sugars Limited

ANNEXURE – III TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SUGAR BUSINESS

During the 2011-12 period the domestic sugar industry continued to struggle with high cane cost and low sugar prices due to surplus production. Cane price for the last two seasons were highly remunerative to farmers. Lower yields and low sugar recovery remain a major concern in Western UP.

The Government of India (GOI) has taken various steps to manage the surplus production by allowing export under open general license (OGL) from December 2010 onwards by introducing mill wise quota for OGL exports but dismantled this facility in May 2012. This was then replaced by Registration Certificate to be issued by Directorate General of Foreign Trade (DGFT).

The year 2011-12 world sugar recorded a second consecutive year of surplus production despite a decrease in production in Brazil. India, Australia and China are amongst other major sugar producing countries which surpassed their production of season 2010-11. However the fall in Brazil sugar production provided an opportunity to Indian companies to export sugar and with regular exports, the sugar closing stocks in the country have remained steady. Indian exports for 2011-12 stood at 35LMT.

The levy sugar obligation continues at 10% for the season 2011-12. Quarterly release mechanism has been introduced in place of monthly release from April 2012 for non levy sugar.

The Government has constituted an expert committee for deregulation of the Sugar sector under the chairmanship of Dr. C. Rangarajan. The committee in its draft report has recommended complete liberalisation of the sugar industry, abolition of levy sugar, dismantling the release mechanism and freeing the export / import of sugar. The committee has also suggested that the Fair and Remunerative price (FRP) be taken as base for sugarcane throughout the country with profit sharing mechanism for farmers.

Indian sugar outlook for season 2012-13 looks promising. Though the cane area has increased by 4%, sugar production will take a hit due to drought in Maharashtra & Karnataka and insufficient rain in other sugar producing states in South India. The all India sugar production is expected to be 23.5 to 24 Million MT, enough to meet the domestic demand. There could be some threat of sugar imports. The GOI has imposed 10% custom duty on raw sugar and white sugar imports. Industry has represented not to reduce custom duty on raw sugar and increase duty on white sugar from 10% to 20%.

The Ethanol program is moving forward and the price of ethanol are expected to improve in view of increasing petroleum and cane prices. The fixation of revised ethanol price by petroleum companies is awaited.

CHLOR ALKALI DIVISION

Industry Structure and Development

A) Products

The Chlor-Alkali is a basic heavy Chemical Industry comprising 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 used are as under:

Chlor Alkali Products	Product 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 immensely to the manufacturing sector and to the external trade of the country. 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 2011-12, there were a total of 34 Caustic Soda plants in operation. The installed capacity of Caustic Soda industry in the Country was 3.25 Million MT in 2010-11, which declined during 2011-12 by about 1.20 Lac MT i.e. 3.7% mainly because of deletion of idle capacities lying closed

During the year, the domestic production was 2.56 Million MT Caustic Soda representing 82% utilization of the installed capacity. The industry recorded a production growth of 4% during the year 2011-12. The total demand of Caustic Soda was 2.70 Million MT, which grew by 4.9% over the previous year. The growth in demand for Caustic soda and Chlorine is linked to GDP growth. The growth in Chlorine has been slow compared to Caustic soda.

The Caustic soda production and capacity utilization for last five years is as follows:

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Capacity Utilisation %	83.3	76.7	74.3	75.7	81.8
Production (Million MT)	2.16	2.20	2.33	2.46	2.56

ANNEXURE – III TO DIRECTORS’ REPORT (Contd.)

C) Market Scenario and Outlook

During the year 2011-12, with recession in the global economy looming once again, the demand of Chlorine in the Vinyl and PVC segments in US and Europe has been sluggish causing the prices of Chlorine derivatives to decline sharply in the international markets. The lower demand in Chlorine compared to Caustic Soda has led to production cuts of Chlor Alkali Units, thus affecting supplies of Caustic Soda, resulting in its prices getting firmed up.. On the other hand Chlorine prices have gone down to abysmally low levels. It is likely that Caustic prices will remain at the same levels due to no signs of recovery in Chlorine derivatives market.

In the year 2012-13, the domestic consumption of Caustic Soda is expected to reach 28.35 Lacs MT. Overall Production would be largely governed by the demand growth in Chlorine. The limitation in lower demand of Chlorine compared to Caustic Soda would require Caustic Soda requirement to be met through imports.

The coming year on Indian market looks to be strong as prices of Caustic Soda are likely to sustain due to lower demand of Chlorine in the domestic market. The demand for Caustic will be driven by higher consumption from the key consuming industries such as Aluminium, Paper and Pulp, Fibre, Soaps etc. Due to low prices of EDC in the international markets, PVC manufacturers in the country prefer to import EDC rather than manufacturing EDC by sourcing Chlorine from the domestic markets. The Chlorine markets are thus likely to remain depressed because of lack of support from the EDC / PVC manufacturers

D) Risks and Concerns

The increasing energy cost will remain cause of concern for the industry in the coming year, which shall increase the cost of production. In addition, increase in Power Wheeling Charges, increasing demand of the industries to draw power through open access, expansion of installed capacities in the domestic caustic industry, cheaper imports of Caustic Soda, installation of Caustic Soda Recovery Plants in the Paper Units, replacement of Chlorine with Chlorine dioxide / ECF bleaching process and increase in Logistics costs shall be other areas of concern in the coming year.

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

E) SWOT ANALYSIS

Strengths

- Sugar units located in sugarcane rich belt of Western U.P.
- Important contributor to India’s socio-economic growth
- Integrated sugar plants producing industrial alcohol, ethanol and supplying electricity to state grid

- Product offering multiple varieties of specialty sugar including pharmaceutical grade sugar.

Opportunities

- Industry de-regulation, which could led to balanced sugar production and cane prices;
- Maintaining cane quality by varietal change, cane development program and multi cropping.
- Flexibility in facilities produces sugar from raw sugar in case sugarcane availability is low.
- Facilities can offer high quality specialty as per the specific quality requirements of high end consumers and exports

Weakness

- Cyclical nature of sugar industry
- Industry highly regulated by Government
- Deterioration of cane quality in Western UP has resulted in lower recoveries.

Threats

- Unfavourable climatic conditions have impacts on sugarcane growth and their availability
- Lower cane availability in the event of farmers shifting their preference towards planting other crops;
- Unfavourable Government regulations towards cane pricing, levy purchase and exports.
- International markets impact domestic operations

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 learn 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 September 30, 2012, the Statement of Profit and Loss 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. Without qualifying our opinion, we invite attention to note 47 of the financial statements regarding the Company's net worth being substantially eroded (fully eroded after giving effect to our qualification in paragraph 4 below, as applicable) and the Company making cash losses during the current period. However, the financial statements of the Company have been prepared by the Management of the Company on a going concern basis for the reasons stated therein. The ability of the Company to continue as a going concern is dependent upon the successful completion of its financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company's ability to generate sufficient cash flows to meet its future obligations.

4. (a) **Various matters 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 37 of the financial statements. The effect of these on the accounts has not been determined by the Company;**

The matter referred to above was also subject matter of qualification in our audit report on the financial statements for the eighteen months period ended March 31, 2011.

(b) **Note 49 of the financial statements explains the transaction underlying the recognition of profit on transfer of shares of Siel - IE, a wholly owned subsidiary of the Company, to Siel - IED, another wholly owned subsidiary of the Company.**

In our opinion, as the amount recorded as profit on sale of shares of Siel - IE to Siel - IED represents surplus arising out of recognition of the fair value of Siel - IE shares exchanged for the additional shares acquired in Siel - IED and since this exchange of shares in Siel - IE for shares in Siel - IED is an exchange of shares in entities under common control without dilution in the Company's control over Siel - IE even after the non-monetary transfer

of shares to Siel - IED, the Loss after tax for the period is understated by Rs. 1215.45 million.

5. 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.

6. **Subject to our comments and the effects of the matters discussed in paragraph 4 above**, and further to our comments in paragraph 3 and the Annexure referred to in paragraph 5 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 Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) the Balance Sheet, the Statement of Profit and Loss 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) in our opinion and to the best of our information and according to the explanations given to us, **subject to our comments and the effects of the matters discussed in paragraph 4 above** 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 September 30, 2012;

b. in the case of the Statement of Profit and Loss, 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.

7. On the basis of the written representations received from the Directors as on September 30, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on September 30, 2012 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 : 23rd November, 2012

(Membership No. 086423)

AUDITORS' REPORT (Contd.)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph '5' 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, except in case of items stated to be of specialised nature for which, as informed, there are no alternate sources of supply to enable a comparison of the prices paid/ charged and in respect of which we are unable to comment.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the period.
- (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 generally 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 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 September 30, 2012 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	5.70 3.03 192.47	- 0.34 20.24	2009-10, 2010-11 1978-79, 1979-80, 1987-88, 1988-89 and 1994-95 1976-77, 1977-78, 1983-84 to 1996-97, 1998-99 to 2000-01, 2003-04, 2004-05, 2006-07, 2009-10 and 2011-12.	High Court Sales Tax Tribunal Appellate Authority upto Commissioner's level
2	Income Tax Laws	Income Tax	0.85 306.42	0.55 207.16	1994-95 2001-02	High Court Appellate Authority upto Commissioner's level
3	Central Excise Laws	Excise Duty	1.04 117.30 87.59	- - 40.21	1999-00 to 2002-03 2005-06 to 2011-12 1981-82 to 1984-85, 1990-91 to 1992-93, 1994-95 to 1998-99, 2000-01, 2003-04, 2006-07, 2008-09 and 2011-12.	High Court Customs Excise and Service Tax Appellate Tribunal (CESTAT) Appellate Authority upto Commissioner's level
		Service Tax	0.28 10.32	0.06 -	2005-06, 2006-07 and 2008-09 2006-07 to 2011-12	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	Income Tax Laws	Income Tax (Tax collected at source)	0.49	2006-07	High Court
2	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 the accumulated losses of the Company at the end of the financial period i.e. September 30, 2012 are not less than fifty percent of its net worth. The Company has incurred cash losses in the financial period ended September 30, 2012 and had not incurred cash losses in the immediately preceding financial period ended March 31, 2011.

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

AUDITORS' REPORT (Contd.)

During the period ended September 30, 2012, the Company has defaulted in repayment of following loans to banks:

Lender	Amount (Rs. in million)	Period of Delays (in days)
Banks	35.86	0-30
	154.50	31-60
	165.37	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. 2,987.76 million have been used for long term purposes.

- (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 by the company and no material fraud on the Company has been noticed or reported during the period.

For A.F. Ferguson & Co.
Chartered Accountants
(Registration No.112066W)

Place : New Delhi
Date : 23rd November, 2012

Manjula Banerji
Partner
(Membership No. 086423)

Mawana Sugars Limited

BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note No.	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	349.57	349.57
Reserves and surplus	3	439.20	1,249.55
		<u>788.77</u>	<u>1,599.12</u>
Share application money pending allotment		62.90	–
Non - current liabilities			
Long - term borrowings	4	1,975.93	3,399.42
Other long term liabilities	5	155.83	158.23
Long - term provisions	6	111.84	106.18
		<u>2,243.60</u>	<u>3,663.83</u>
Current liabilities			
Short - term borrowings	7	1,951.76	3,849.90
Trade payables	8	2,786.30	2,260.37
Other current liabilities	9	2,270.57	1,813.60
Short - term provisions	10	50.78	60.75
		<u>7,059.41</u>	<u>7,984.62</u>
	TOTAL	<u>10,154.68</u>	<u>13,247.57</u>
ASSETS			
Non - current assets			
Fixed assets	11		
- Tangible assets		5,738.05	6,447.55
- Capital work in progress		5.86	10.08
Non - current investments	12	1,562.51	317.47
Long - term loans and advances	13	502.37	390.88
Other non - current assets	14	7.14	9.41
		<u>7,815.93</u>	<u>7,175.39</u>
Current assets			
Inventories	15	1,802.04	5,247.91
Trade receivables	16	283.22	374.27
Cash and cash equivalents	17	89.59	131.34
Short - term loans and advances	18	158.25	316.85
Other current assets	19	5.65	1.81
		<u>2,338.75</u>	<u>6,072.18</u>
	TOTAL	<u>10,154.68</u>	<u>13,247.57</u>

Accompanying notes 1 to 53 are an integral part of the financial statements

In terms of our report attached
For A.F.Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Partner

Date : 23rd November, 2012
Place : New Delhi

NAVEEN JAIN
Company Secretary

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

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A. K. MEHRA
Whole Time Director

DINESH MOHAN
N.K. GOILA
RAVI VIRA GUPTA
Directors



STATEMENT OF PROFIT AND LOSS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

	Note No.	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
REVENUE			
Revenue from operations (Gross)	20	17,836.18	17,061.59
Less: Excise duty		857.35	790.38
Revenue from operations (Net)		16,978.83	16,271.21
Other income	21	205.05	587.36
TOTAL REVENUE		17,183.88	16,858.57
EXPENSES			
Cost of materials consumed	22	8,953.26	15,122.34
Changes in inventories of finished goods, work in progress and stock - in -trade	23	3,511.65	(3,609.71)
Employee benefits expense	24	1,124.09	1,078.66
Finance costs	25	1,229.25	1,124.41
Depreciation and amortization expense	11	766.29	792.98
Other expenses	26	3,186.70	2,936.10
TOTAL EXPENSES		18,771.24	17,444.78
(Loss) before exceptional items		(1,587.36)	(586.21)
Less: Exceptional items			
- Cane price difference	45	465.53	-
- Loss/(Profit) on sale of long term investments	49	(1,215.45)	-
(Loss) before tax		(837.44)	(586.21)
Tax expense:			
Current tax		-	-
Provisions written back relating to earlier years		(27.09)	-
(Loss) after tax		(810.35)	(586.21)
Earnings per equity share - basic/diluted (Rs.) (Face value Rs. 10 per share)	38	(23.18)	(16.77)

Accompanying notes 1 to 53 are an integral part of the financial statements

In terms of our report attached
For A.F.Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Partner

Date : 23rd November, 2012
Place : New Delhi

NAVEEN JAIN
Company Secretary

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

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A. K. MEHRA
Whole Time Director

DINESH MOHAN
N.K. GOILA
RAVI VIRI GUPTA
Directors

Mawana Sugars Limited

CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

	18 months ended 30.09.2012 Rs. Million	18 months ended 31.03.2011 Rs. Million
A. Cash flow from operating activities :		
Net(Loss) before tax	(837.44)	(586.21)
Add : Depreciation and amortization	766.29	792.98
Net loss on foreign currency transactions	8.68	-
Finance costs	1,229.25	1,124.41
Provision for doubtful debts and advances	4.00	-
Provision for diminution value of long term non-trade investments	-	0.16
Loss on redemption of preference share	-	0.72
Loss on sale / write off of fixed assets	0.11	3.63
Less : Interest income	104.10	15.63
Provision / Liabilities no longer required written back	54.40	8.54
Sale of Brands	-	60.00
Profit on sale of fixed assets	0.30	331.24
Profit on sale of long term investments	1,215.45	-
Net gain on foreign currency transactions	-	26.06
Provision for diminution value of long term investments written back	11.85	50.01
Operating profit/(loss) before working capital changes	(215.21)	844.21
Adjustments for :		
Decrease/(Increase) in trade / other receivables	236.10	(227.93)
Decrease/(Increase) in inventories	3,445.87	(3,205.39)
(Decrease)/Increase in trade / other payables	269.45	1,696.84
Cash generated from operations	3,736.21	(892.27)
Direct taxes (paid)/refund received	(5.43)	(13.97)
Net cash inflow/(outflow) from operations	3,730.78	(906.24)
B. Cash flow from investing activities :		
Purchase of fixed assets	(61.82)	(48.59)
Sale of fixed assets	18.58	704.23
Sale of Brands	-	60.00
Purchase of long term Investments	(17.76)	(0.16)
Proceeds from long term Investments	-	0.01
Proceeds from redemption of preference shares	-	9.28
Loans/advances from subsidiaries	-	(2.46)
Loans/advances from subsidiaries received back	-	0.62
Consideration pursuant to sale of Investments in subsidiary	1,350.20	-
Less: Consideration received in form of equity shares of subsidiary	(1,350.20)	-
Interest received	22.44	16.73
Net cash inflow / (outflow) from investing activities	(38.56)	739.66
C. Cash flow from financing activities :		
Share application money	62.90	-
Proceeds from long term borrowings- secured	90.37	530.58
Repayment of long term borrowings- secured	(773.09)	(1,952.79)
Proceeds/(repayment) of working capital borrowings (net)	(1,898.14)	2,720.14
Repayment of borrowings - unsecured	-	(12.68)
Finance costs paid	(1,192.79)	(1,123.76)
Net cash inflow/(outflow) from financing activities	(3,710.75)	161.49
D. Net increase/(decrease) in cash and cash equivalents	(18.53)	(5.09)
E. Cash and cash equivalents as at opening		
Cash and bank balances	1	27.96
F. Cash and cash equivalents as at closing		
Cash and bank balances	1	27.96

¹Excludes balances with banks on margin accounts.

In terms of our report attached
For A.F.Ferguson & Co.
Chartered Accountants

Manjula Banerji
Partner

Date : 23rd November, 2012
Place : New Delhi

NAVEEN JAIN
Company Secretary

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

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A. K. MEHRA
Whole Time Director

DINESH MOHAN
N.K. GOILA
RAVI VIRI GUPTA
Directors

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous period.

b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management of the Company to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) 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.

d) Depreciation and amortization:

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 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 year of purchase.

e) Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Costs of investments include acquisition charges such as brokerage, fees and duties.

f) 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.

g) 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.

h) Research and development expenditure:

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

i) Employee benefits:

Company's contribution paid/payable during the year to provident fund, superannuation fund and employees' state insurance corporation are recognised in the Statement of Profit and Loss. For the provident fund trusts administered 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 year and are charged to revenue each year.

j) 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.

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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.

k) 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.

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

m) 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.

n) Operating Lease:

Operating Lease receipts and payments are recognized as income or expense in the Statement of Profit and Loss on a straight - line basis over the lease term.

o) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

p) Earnings per share:

Basic earnings per share are computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

q) Impairment of assets:

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

r) Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

2. Share Capital

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Authorised		
- 175,000,000 (previous period 175,000,000) equity shares of Rs. 10 each	1,750.00	1,750.00
	1,750.00	1,750.00
Issued, subscribed and fully paid up		
- 34,956,811 (previous period 34,956,811) equity shares of Rs. 10 each fully paid up	349.57	349.57
	349.57	349.57

- (i) There is no change in issued, subscribed and paid up share capital during the period and corresponding previous period.
- (ii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share except 1,192 equity shares held by Siel Infrastructure & Estate Developers Private Limited, pursuant to Section 42(3) of the Companies Act, 1956, have no right to vote at meeting of the Company. 275,151 equity shares are held by depositories on behalf of GDR holders. The depositories shall exercise voting rights in respect of deposited shares as per directions given by Board of Directors of the Company. In event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.
- (iii) **Shares held by its holding company and their subsidiary:**

	As at 30.09.2012 No. of Shares held	As at 31.03.2011 No. of Shares held
Usha International Limited, the holding company		
Equity shares of Rs. 10 each fully paid up	21,906,741	21,906,741
Siel Infrastructure & Estate Developers Private Limited*		
Equity shares of Rs. 10 each fully paid up	-	1,192

* Ceased to be subsidiary of the holding company w.e.f. September 13, 2012 (refer note 49)

(iv) **Details of shareholders holding more than 5% equity shares in the Company:**

Name of shareholders	As at 30.09.2012		As at 31.03.2011	
	No. of Shares held	%age of holding	No. of Shares held	%age of holding
Usha International Limited	21,906,741	62.67	21,906,741	62.67

(v) **Aggregate number of equity shares allotted as fully paid up pursuant to Scheme without payment being received in cash:**

Pursuant to the Scheme as indicated in note 27, 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.

3. Reserves and surplus

Particulars	As at 30.09.2012 Rs. Million		As at 31.03.2011 Rs. Million	
	No. of Shares held	%age of holding	No. of Shares held	%age of holding
Capital reserves ¹	1,030.17		1,030.17	
Capital redemption reserve	87.72		87.72	
Share premium	1,473.74		1,473.74	
Surplus/(deficit) in the Statement of Profit and Loss	(2,152.43)		(1,342.08)	
	439.20		1,249.55	

¹ Includes Rs. 991.46 million (previous period 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.

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Movement in reserves and surplus is as under:		
(Deficit) in Statement of Profit and Loss		
Opening balance	(1,342.08)	(755.87)
Add: (loss) for the period	(810.35)	(586.21)
Closing balance	(2,152.43)	(1,342.08)
4. Long term borrowings¹		
	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Secured		
Term loans		
– From banks	2,609.46	3,052.26
– From others	1,002.37	990.22
Funded interest term loans		
– From banks	92.69	323.24
– From others	4.31	25.83
	3,708.83	4,391.55
Less : Current maturities of long term borrowings as disclosed under head "other current liabilities" (Note 9) ²	1,732.90	992.13
	1,975.93	3,399.42
¹ The Company has defaulted in repayment of the following loans as at the period end and paid subsequently:		
Secured		
Term loans		
– From banks	–	31.04
– From others	8.82	–
² Details of current maturities of long term borrowings are as under:		
Secured		
Term loans		
– From banks	1,384.28	626.62
– From others	251.62	101.32
Funded interest term loans		
– From banks	92.69	246.97
– From others	4.31	17.22
	1,732.90	992.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Secured

Term loan and funded interest term loan

1. From Bank

	As at September 30, 2012 Rs. Million	As at March 31, 2011 Rs. Million	Rate of interest	Security clause
i.	2,436.36	2649.68	11%	(i) The loans 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.
ii.	92.69	323.24	0% (Funded Interest Term Loan)	(ii) The 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.
iii.	173.10	402.58	0% (net of interest subvention)	Term loans, 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.

2. From others

i.	302.49	313.50	11%	(i) The loans 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.
ii.	4.31	25.83	0% (Funded Interest Term Loan)	(ii) The 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.
iii.	107.45	144.69	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are 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).
iv.	42.74	42.74	4%	
v.	253.04	253.04	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are 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).
vi.	119.70	53.22	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are 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).
vii.	164.80	164.80	4%	
viii.	12.15	18.23	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), secured by bank guarantee in favour of Government of India.

Repayment Schedule of Long Term Borrowing

	Rs. in million
12 month ending September 30, 2013	1,732.90
12 month ending September 30, 2014	426.54
12 month ending September 30, 2015	410.69
12 month ending September 30, 2016	211.83
12 month ending September 30, 2017	330.19
October 1, 2018 onwards	328.61
Term Loans are linked with disbursements from Sugar Development Fund - Government of India	268.07
	3,708.83

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

5. Other long term liabilities

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Interest accrued but not due on borrowings	149.23	149.23
Others	6.60	9.00
	155.83	158.23

6. Long - term provisions

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Provision for employee benefits		
– Provision for gratuity ¹	82.47	85.38
– Provision for compensated absences ¹	29.37	20.80
	111.84	106.18

¹Refer note 35

7. Short - term borrowings

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Secured		
Loans repayable on demand - Cash credit/overdrafts from banks	1,951.76	3,849.90
	1,951.76	3,849.90

1. Cash credit / overdraft amounting to Rs. 1212.60 million (previous period Rs. 1903.62 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. Further, these 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.

2. Cash credit amounting to Rs. 58.72 (previous period Rs. 58.70 million) are secured by first pari-passu charge on the current assets of the Company and fixed assets of chemical division of the Company.

3. Cash credit / overdraft amounting to Rs. 680.44 million (previous period Rs. 1887.58 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.

8. Trade payables

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Trade payables (including acceptances)		
– Dues to other than micro and small enterprises	2,782.44	2,256.42
– Dues to micro and small enterprises	3.86	3.95
	2,786.30	2,260.37

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Dues to Micro and Small Enterprises

Based on the information available with the Company, the principal amount and interest due to Micro and Small Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)" are disclosed below:-

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Amount remaining unpaid to suppliers under MSMED as at the period end		
– Principal amount	3.10	3.68
– Interest due thereon	0.76	0.27

9. Other current liabilities

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Current maturities of long term borrowings	1,732.90	992.13
Interest accrued but not due on borrowings	68.14	31.68
Unpaid dividend	1.64	2.10
Excess share application money	0.25	0.34
Other payables		
– Taxes and other statutory dues	220.92	341.52
– Advances from customers	69.58	235.69
– Security deposits	43.71	39.33
– Capital creditors	33.08	95.56
– Miscellaneous	100.35	75.25
	2,270.57	1,813.60

10. Short - term provisions

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Provision for employee benefits		
– Provision for gratuity ¹	25.54	9.32
– Provision for compensated absences ¹	4.10	5.52
Others		
– Provision for taxation	21.14	45.91
	50.78	60.75

¹ Refer note 35

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

11. FIXED ASSETS

Particulars	Gross Block (At Cost)			Depreciation			Net Block	
	As at 31.03.2011 Rs. Million	Additions Rs. Million	Deductions Rs. Million	As at 31.03.2011 Rs. Million	For the period Rs. Million	On deductions Rs. Million	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
TANGIBLE ASSETS								
Land	255.35	7.64	-	-	-	-	262.99	255.35
Buildings	838.00	11.34	14.07	195.50	36.74	2.31	605.34	642.50
Plant and equipment	9,312.15	47.89	18.75	3,810.87	717.57	12.29	4,825.14	5,501.28
Office equipment	109.28	7.84	0.19	85.82	7.03	0.16	24.24	23.46
Furniture and fixtures	39.36	0.46	0.13	20.77	3.35	0.13	15.70	18.59
Vehicles	15.08	-	0.75	8.71	1.60	0.62	4.64	6.37
Current period	10,569.22	75.17	33.89	4,121.67	766.29	15.51	5,738.05	
Previous period	10,942.21	48.77	421.76	3,373.83	792.98	45.14		6,447.55
Capital work-in-progress							5.86	10.08

1. Rs. 1.07 million (previous period Rs. 1.07 million) received as advance against sale of land at Mawana will be adjusted after execution of conveyance deed.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

12. NON - CURRENT INVESTMENTS

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
VALUED AT COST UNLESS THERE IS DECLINE IN VALUE, OTHER THAN TEMPORARY		
TRADE INVESTMENTS		
Investment in Equity Instruments		
– Unquoted		
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	–	(11.85)
Capaxil Agencies Limited ¹	–	–
5 Equity shares of Rs. 1,000 each fully paid-up	0.01	0.01
Agro Pumpsets & 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)	#	#
OTHER INVESTMENTS		
Investment in Equity Instruments		
Subsidiaries		
– Quoted		
Siel Financial Services Limited		
10,613,382 Equity shares of Rs.10 each fully paid-up	203.13	203.13
Less: Provision for diminution in value	(203.13)	(203.13)
– Unquoted		
Siel Industrial Estate Limited ²		
14,025,000 (Previous period 27,500,000) Equity shares of Rs.10 each fully paid-up	140.25	275.00
Mawana Foods Limited (Formerly known as Siel Edible Oils Limited)		
3,130,000 Equity shares of Rs. 10 each fully paid up	31.30	31.30
Siel Infrastructure & Estate Developers Private Limited ²		
Formerly known as Avro Sales Private Limited)	1,367.94	–
13,761,617 (Previous period Nil) Equity shares of Rs.100 each fully paid-up		
Transiel India Limited ³		
Nil (previous period 5,000,007) Equity shares of Rs. 10 each fully paid-up	–	50.00
Less: Provision for diminution in value	–	(50.00)
Investment in Preference Shares		
Subsidiary		
– Unquoted		
Siel Financial Services Limited		
730,000, 5 % Preference shares of Rs.100 each fully paid-up	73.00	73.00
Less : Provision for diminution in value	(73.00)	(73.00)
Investment in Government or trust securities		
Government securities(# Rs.4,000)	–	#
	1,562.51	317.47
Aggregate value of investments		
Quoted	–	–
(Market value Rs. Nil (Previous period Rs. Nil)		
Unquoted	1,562.51	317.47
	1562.51	317.47

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

² Refer note 49

³ Transiel India Limited had exercised the option to exit under the easy exit scheme 2011 announced by the Government of India and the name of the company has been struck off vide letter dated June 23, 2011.

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

13. Long - term loans and advances (Unsecured and considered good unless otherwise stated)

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Capital advances	1.38	10.50
Security deposits		
- Good ¹	76.49	72.42
- Doubtful	0.53	0.53
Loan and advances to related parties ²		
- Doubtful	36.59	36.59
Other loans and advances		
- Advance income tax	352.35	244.33
- Excise, service tax, VAT and other balances with government authorities	6.98	12.14
- Dues from employees	0.04	0.06
- Prepaid expenses	16.18	2.48
- Advances recoverable in cash or in kind or for the value to be received		
- Good	48.95	48.95
- Doubtful	116.48	117.53
	655.97	545.53
Less : Provision for doubtful advances	153.60	154.65
	502.37	390.88

¹ Includes deposit with related party Rs. 6.78 million (previous period Rs. 6.78 million)

² Refer note 39

14. Other non - current assets

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Fixed deposits with banks (Earmarked)	7.14	9.41
	7.14	9.41

15. Inventories¹

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Raw materials	56.95	47.46
Work-in-progress ²	28.75	136.33
Finished goods ³		
- Finished goods in stock	1,452.38	4,855.61
- Finished goods in transit	-	0.84
Stores and Spares	263.96	207.67
	1,802.04	5,247.91

¹ Refer note 1 (f)

² Refer note 23

³ For product wise details refer note 52

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

16. Trade receivables¹

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Receivables outstanding for a period exceeding six months from the due date		
Secured - good	0.20	2.88
Unsecured - considered good	6.86	20.02
- doubtful	101.19	100.84
	<u>108.25</u>	<u>123.74</u>
Less : Provision for doubtful debts	101.19	100.84
	(A) <u>7.06</u>	<u>22.90</u>
Other Receivables		
Secured - good	46.36	45.20
Unsecured - considered good	229.80	306.17
	(B) <u>276.16</u>	<u>351.37</u>
Total (A+B)	<u>283.22</u>	<u>374.27</u>

¹ Refer note 39

17. Cash and cash equivalents

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Cash and cash equivalents		
Cash on hand	1.68	1.52
Cheques, drafts on hand	0.56	-
Balances with banks		
- On current accounts	5.55	24.34
Other bank balances		
Earmarked balances		
- Unpaid dividend	1.64	2.10
Balance held as margin money or security against borrowings and guarantees	80.16	103.38
	<u>89.59</u>	<u>131.34</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement	9.43	27.96

18. Short - term loans and advances (Unsecured and considered good)

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Security deposits	6.72	9.81
Loans and advances to related parties ¹	0.89	79.22
Other loans and advances		
- Advance income tax	5.15	27.60
- Excise, service tax, VAT and other balances with government authorities	28.74	36.68
- Dues from employees ²	9.16	12.39
- Prepaid Expenses	50.49	18.42
- Advances to Vendors	52.21	114.88
- Advances recoverable in cash or in kind or for the value to be received	4.89	17.85
	<u>158.25</u>	<u>316.85</u>

¹ Refer note 39

² Includes Rs. Nil (previous period Rs. 10.15 million) due from the directors of the Company.

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

19. Other current assets

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Interest accrued on deposits	5.65	1.81
	5.65	1.81

20. Revenue from Operations

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Sale of products - finished goods ¹	17,708.01	16,969.36
Sale of services	11.25	49.95
Sub - Total (A)	17,719.26	17,019.31
Other Operating Revenues		
- Sale of scrap	34.85	34.53
- Duty draw back and other export benefits	32.46	0.81
- Other operating income	49.61	6.94
Sub - Total (B)	116.92	42.28
Total (A+B)	17,836.18	17,061.59

¹ For product wise particulars of sales refer note 52

21. Other Income

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Interest income ¹	104.10	15.63
Profit on sale of fixed assets	0.30	331.24
Provision for diminution in value of long term trade investments written back	11.85	-
Provision for diminution in value of long term non trade investments written back	-	50.01
Provision / Liabilities no longer required written back ²	54.40	8.54
Rent received	2.23	79.90
Net gain on foreign currency transactions	-	26.06
Miscellaneous income ³	32.17	75.98
Total	205.05	587.36

¹ Interest income comprises of:

- Interest from banks	13.09	11.16
- Interest on income tax refunds	77.82	-
- interest from others	13.19	4.47
	104.10	15.63

² Includes Rs.0.80 million (previous period Rs 0.62 million) provision for doubtful trade receivables/advances no longer required written back.

³ Includes Rs. Nil (previous period Rs. 60.00 million) for sale of 'MAWANA' brand and other related trade marks, copyrights along with associated goodwill to Usha International Limited, the holding Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

22. Cost of materials consumed

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Opening stock	139.71	344.14
Add: Purchases	8,995.36	14,917.91
	<u>9,135.07</u>	<u>15,262.05</u>
Less: Closing stock	181.81	139.71
Cost of materials consumed	8,953.26	15,122.34
Particulars of materials consumed are as under:		
Sugar cane	8,260.50	13,988.05
Raw sugar	-	449.71
Salt	367.44	287.00
Quick lime	69.09	37.49
Lime stone	-	3.06
Packing Materials	228.48	351.72
Others	27.75	5.31
Total	8,953.26	15,122.34

23. Changes in inventories of finished goods, work in progress and stock-in-trade

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Finished goods		
- Opening	4,856.45	1,343.38
- Closing	1,452.38	4,856.45
Total (A)	3,404.07	(3,513.07)
Work - in - progress		
- Opening	136.33	39.69
- Closing ¹	28.75	136.33
Total (B)	107.58	(96.64)
Total (A+B)	3,511.65	(3,609.71)
¹ Details of Work - in - progress are as under:		
Sugar	20.31	114.41
Molasses	0.16	5.56
Chemical	8.28	11.08
Others	-	5.28
	<u>28.75</u>	<u>136.33</u>

24. Employee benefits expense

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Salaries , wages etc	952.78	917.07
Contribution to provident and other funds	95.80	99.21
Staff welfare expenses	75.51	62.38
Total	1,124.09	1,078.66

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

25. Finance Cost

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Interest		
- On borrowings	1,054.88	971.73
- On others	146.34	136.34
Other borrowing costs	28.03	16.34
Total	1,229.25	1,124.41

26. Other expenses

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Consumption of stores and spare parts	847.59	688.45
Power, fuel, water etc.	1,650.59	1,220.62
Repairs		
- Building	21.71	13.83
- Plant and Machinery	115.56	83.81
- Other Repairs	25.54	34.74
Rent paid	63.17	40.34
Auditors Remuneration		
As auditors		
- Audit fee	3.00	2.50
- Out -of-pocket expenses	0.05	0.08
In other capacity		
- For limited review of unaudited financial results	4.00	3.65
- For verification of statement and other reports	2.57	2.77
Insurance	15.55	18.91
Rates and taxes	20.60	8.52
Jobs on contract	145.36	125.27
Freight and transport	141.34	42.04
Cash discount	27.16	35.49
Increase/(decrease) in excise duty on finished goods	(166.36)	144.61
Net loss on foreign currency transactions	9.20	-
Legal and professional expenses	61.36	60.57
Bad debts written off	3.90	-
Less: Charged against provisions	3.90	-
Provision for doubtful debts and advances	4.00	-
Loss on cancellation of raw sugar contracts	-	223.82
Loss on sale/write off of fixed assets	0.11	3.63
Provision for diminution in value of long term investment	-	0.16
Loss on sale of long term investments	-	149.99
Less: charged against provisions	-	149.99
Loss on redemption / write off of long term investments	-	90.72
Less: charged against provisions	-	90.00
Miscellaneous expenses	194.60	181.57
Total	3,186.70	2,936.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

27. 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.

	As at September 30, 2012 Rs. Million	As at March 31, 2011 Rs. Million
28. Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Tangible assets (Net of advances)	13.43	1.41
b. Uncalled liability on shares and other investments partly paid (# Rs. 20)	#	#
29. Contingent liabilities :		
a) Claims against the Company not acknowledged as debts in respect of*:-		
- Income tax	336.70	629.22
- Sales tax	80.98	78.24
- Excise Duty/Service tax	176.55	99.01
- Others	235.48	69.27
*All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded, in the opinion of the management, will not 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 subsidiary	70.00	70.00
Dues outstanding	34.51	34.88
c) The Company has provided bank guarantees aggregating Rs. 78.18 million (Previous period 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. 44.53 million (Previous period Rs. 52.32 million) have been received. These demands are presently under various stages of appeal.		
d) During the previous period, the Company had 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.		
30. 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 had exited from these contracts in July, 2010 and incurred a loss of Rs. 223.82 million in the previous period.		
31. Research and development expenses included under relevant heads in the Statement of Profit and Loss amounting to Rs. 3.44 million (previous period Rs. 11.57 million).		

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

32. 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	As at
	September 30, 2012	March 31, 2011
	(DTL)/DTA	(DTL) / DTA
Accelerated depreciation	(1135.45)	(1217.04)
Expenses deductible on payment	106.71	310.04
Others	176.46	187.09
Unabsorbed depreciation only to the extent of Deferred tax liability	852.28	719.91
Net Amount	-	-

33. Sales are net of commission of Rs. 39.54 million (previous period Rs. 48.12 million).

34. 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 30.07.2007 in terms of the Foreign Trade Policy Handbook of procedure (HBP) 2002-2007.

The said EO period was further extended upto 30.03.2009 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 30.03.2009.

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 was not possible to issue release orders for export of sugar and the request of the Company would be considered when the sugar situation improved in the country.

By letter dated 29.9.2009 the DGFT had 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 was 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 had extended the EO period by 765 days w.e.f. April 19, 2011.

The Company has fulfilled the entire EO imposed and is now in the process of filing for redemption of the EPCG License.

35. 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 the Statement of Profit and Loss.

	For 18 Months ended September 30, 2012 (Rs. Million)	For 18 Months ended March 31, 2011 (Rs. Million)
• Employers contribution to provident fund	58.59	59.94
• Employees State Insurance Corporation	1.51	1.70

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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 absences	
	Current Period	Previous Period	Current Period	Previous Period
A. Change in the Present value of obligation				
Present value of obligation as at the beginning of the period	142.89	116.55	26.32	23.29
Current service cost	16.19	8.30	6.01	5.52
Interest cost	17.15	13.99	3.16	2.79
Benefits paid	(17.31)	(1.12)	(17.52)	(20.07)
Actuarial loss/ (gain)	4.33	5.17	15.50	14.79
Present value of obligation as at the end of the period	163.25	142.89	33.47	26.32
B. Change in the fair value of plan assets				
Fair value of plan assets as at the beginning of the period	48.19	41.50	-	-
Expected return on plan assets	6.79	6.16	-	-
Contribution by the Company	1.30	1.65	-	-
Benefits paid	(1.27)	(1.12)	-	-
Actuarial gain/(loss)	0.23	-	-	-
Fair value of plan assets as at the end of the period #	55.24	48.19	-	-
C. Amount recognised in the balance sheet (A - B)	108.01	94.70	33.47	26.32
D. Expenses recognized in the Statement of Profit and Loss				
Current service cost	16.19	8.30	6.01	5.52
Interest cost	17.15	13.99	3.16	2.79
Expected Return on plan Assets	(6.79)	(6.16)	-	-
Actuarial loss/ (gain)	4.10	5.17	15.50	14.79
Net Cost	30.65	21.30	24.67	23.10
E. Best estimate contribution during the next year	20.44	13.49		
F. Actuarial Assumptions				
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. 108.01 Million (Previous period Rs. 94.70 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.

G. Net Assets/(Liabilities) in respect of gratuity recognized in the Balance Sheet

As on	30.09.2012	31.03.2011	30.09.2009	30.09.2008	31.03.2007
Present Value of obligation	163.25	142.89	116.55	109.52	96.60
Fair value of plan assets	55.24	48.19	41.50	37.74	32.96
Net Assets/(liability)	(108.01)	(94.70)	75.05	71.78	63.64
Expenses on actuarial (gain)/loss for Benefit obligation and plan assets in respect of gratuity					
Period ended	30.09.2012	31.03.2011	30.09.2009	30.09.2008	31.03.2007
On Present Value of obligation	4.33	5.17	(9.08)	(8.77)	*
On plan assets	(0.23)	-	-	-	*

* 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.

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

36. 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 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.

D. Information about business segments

(Rs. Million)



PARTICULARS	Sugar		Power		Chemicals		Distillery		Unallocated		Elimination		Total	
	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period
SEGMENT REVENUE														
External Sales (Net of excise duty)	12,499.23	12,575.14	683.83	860.61	2,943.91	2,081.33	723.69	661.90	11.25	49.95	-	-	16,861.91	16,228.93
Inter segment revenue	1,525.55	3,319.00	1,888.14	3,952.83	6.70	10.81	5.10	0.54	-	-	(3,425.49)	(7,283.18)	-	-
Other Operating Revenues	102.64	23.47	-	0.96	14.28	17.80	-	0.05	205.05	587.36	-	-	116.92	42.28
Other income	-	-	-	-	-	-	-	-	-	-	-	-	205.05	587.36
Total revenue	14,127.42	15,917.61	2,571.97	4,814.40	2,964.89	2,109.94	728.79	662.49	216.30	637.31	(3,425.49)	(7,283.18)	17,183.88	16,858.57
EBIT/RESULTS														
Segment results	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	-	-	-	-	(48.21)	350.06
Unallocated income/ (expenses) (net of income/ expenses)	-	-	-	-	-	-	-	-	414.00	(172.51)	-	-	414.00	(172.51)
Operating Profit/(loss)	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	(414.00)	172.51	-	-	(462.21)	522.57
Finance Cost	-	-	-	-	-	-	-	-	1,229.25	1,124.41	-	-	1,229.25	1,124.41
Interest income	-	-	-	-	-	-	-	-	104.10	15.63	-	-	104.10	15.63
Net Profit/(Loss) before tax and exceptional items	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	(1,539.15)	(936.27)	-	-	(1,587.36)	(586.21)
Exceptional item	-	-	-	-	-	-	-	-	(749.92)	-	-	-	(749.92)	-
Net Profit/(Loss) before tax	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	(789.23)	(936.27)	-	-	(837.44)	(586.21)
Tax expenses	-	-	-	-	-	-	-	-	(27.09)	-	-	-	(27.09)	-
Net Profit/(Loss) after tax	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	(762.14)	(936.27)	-	-	(810.35)	(586.21)
OTHER INFORMATION														
As at 30.09.2012	4,194.01	8,024.94	2,111.59	2,328.52	1,030.60	1,217.04	549.78	699.42	-	-	-	-	7,885.98	12,269.92
As at 31.03.2011	4,194.01	8,024.94	2,111.59	2,328.52	1,030.60	1,217.04	549.78	699.42	2,268.70	977.65	-	-	2,268.70	977.65
A. ASSETS														
Segment assets	4,194.01	8,024.94	2,111.59	2,328.52	1,030.60	1,217.04	549.78	699.42	-	-	-	-	7,885.98	12,269.92
Unallocated assets	-	-	-	-	-	-	-	-	2,268.70	977.65	-	-	2,268.70	977.65
Total Assets	4,194.01	8,024.94	2,111.59	2,328.52	1,030.60	1,217.04	549.78	699.42	2,268.70	977.65	-	-	10,154.68	13,247.57
B. LIABILITIES														
Segment liabilities	2,765.13	2,508.24	45.17	217.77	174.09	131.14	33.62	64.05	-	-	-	-	3,018.01	2,921.20
Share capital/reserves and surplus	-	-	-	-	-	-	-	-	788.77	1,599.12	-	-	788.77	1,599.12
Share application money pending allotment	-	-	-	-	-	-	-	-	62.90	-	-	-	62.90	62.90
Borrowings	-	-	-	-	-	-	-	-	5,660.59	8,241.45	-	-	5,660.59	8,241.45
Unallocated liabilities	-	-	-	-	-	-	-	-	624.41	485.80	-	-	624.41	485.80
Total Liabilities	2,765.13	2,508.24	45.17	217.77	174.09	131.14	33.62	64.05	7,136.67	10,326.37	-	-	10,154.68	13,247.57
C. OTHERS														
Capital expenditure	62.11	14.69	8.17	-	2.62	4.30	-	-	2.27	0.45	-	-	-	-
Depreciation	316.35	322.91	232.61	239.92	172.58	172.33	40.04	38.84	4.71	18.98	-	-	-	-

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

37. 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 and since no demand has been received by the Company on this account, the effect of these matters on the accounts, though not determinable at this stage, are not expected to be significant.

38. Earnings per share:

		18 months ended September 30, 2012	18 months ended March 31, 2011
(Loss) after tax	Rs. Million	(810.35)	(586.21)
Weighted average number of equity shares outstanding	No.	34,956,811	34,956,811
Basic and diluted earnings/(loss) per share in rupees (face value – Rs. 10 per share)	Rs.	(23.18)	(16.77)

39. 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,

SFSL Investment Limited (upto January 31, 2011),

Transiel India Limited (upto January 27, 2011),

Siel Industrial Estate Limited,

Mawana Foods Limited (Formerly known as Siel Edible Oils Limited)

Siel Infrastructure & Estate Developers Private Limited (Formerly known as Avro Sales Private Limited) (w.e.f. September 13, 2012)

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

Details of Related Party Transactions:

	18 Months ended September 30, 2012 Rs. Million	18 Months ended March 31, 2011 Rs. Million
A) Holding Company		
Usha International Limited		
Sale of fixed assets	-	704.00
Sale of 'MAWANA' brand and other related trade marks copyrights along with associated goodwill.	-	60.00
Expenses recovered	11.22	11.83
Expenses reimbursed	10.67	2.87
Miscellaneous purchases	17.70	37.87
Rent received	-	32.72
Rent paid	33.06	4.23
Miscellaneous income	6.36	3.87
Royalty	13.28	0.01

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	18 Months ended September 30, 2012 Rs. Million	18 Months ended March 31, 2011 Rs. Million
Security deposit received	-	7.33
Purchase of 259,667 (previous period Nil) equity shares of Rs. 100 each fully paid up of Siel Infrastructure & Estate Developers Private Limited at price of Rs. 68.35 per share	17.75	-
Security deposit paid	-	6.78
Share application money received for issue of 4,160,053 (previous period Nil) equity shares of Rs. 10 each at a premium of Rs. 5.12 per share	62.90	-
Balances outstanding included under :		
Loans and advances / Trade receivables	6.78	83.55
Trade payables/ Loans and advances taken	38.56	11.39
Share application money pending allotment	62.90	-
B) Subsidiaries		
Mawana Foods Limited (Formerly known as Siel Edible Oils Limited)		
Sale of goods	526.88	341.73
Interest received	2.83	0.82
Expenses reimbursed	6.14	9.26
Expenses recovered	1.72	1.00
Miscellaneous purchases	0.13	-
Rent received	-	3.72
Transiel India Limited		
Expenses recovered	-	0.01
Redemption of Nil (Previous period 1,000,000) preference shares of Rs. 100 each fully paid up	-	9.28
Siel Industrial Estate Limited		
Loan taken by the Company	-	1.00
Interest on loan taken	-	0.74
Repayment of Loan	-	15.00
SFSL Investments Limited		
Purchase of Nil (previous period 1,601,400) Equity shares of Rs. 10 each fully paid of Siel Financial Services Limited	-	0.16
Siel Financial Services Limited		
Expenses recovered	0.11	0.06
Siel Infrastructure & Estate Developers Private Limited (Formerly known as Avro Sales Private Limited)		
- Sale of 13,475,000 (previous period Nil) equity shares of Rs. 10 each fully paid of Siel Industrial Estate Limited @ Rs.100.20 per share	1350.20	-
- Consideration of 13,501,950 (previous period Nil) equity shares of Rs. 100 each fully paid up against sale of shares of Siel Industrial Estate Limited.	1350.20	-
Balances outstanding included under :		
Loans and advances #	37.48	39.04
Trade payables	0.08	-
Guarantee given by the Company	70.00	70.00
Trade receivables	38.66	20.41

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	18 Months ended September 30, 2012 Rs. Million	18 Months ended March 31, 2011 Rs. Million
C) Key Management personnel and their relatives		
Remuneration to key management personnel:		
Mr. Siddharth Shriram	9.10	9.67
Mr. A.K. Mehra	15.10	13.15
Mr. K.P.Singh	0.38	3.36
Mr. Sunil Kakria	26.78	25.21
Balances outstanding included under :		
Loans and advances	-	10.15

includes Rs. 36.59 Million (previous period Rs. 36.59 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.

40. The following are particulars of disputed dues on accounts of sales tax, income-tax, service tax and excise duty matters as at September 30, 2012 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	5.70 3.03 192.47	- 0.34 20.24	2009-10, 2010-11 1978-79, 1979-80, 1987-88, 1988-89 and 1994-95 1976-77, 1977-78, 1983-84 to 1996-97, 1998-99 to 2000-01, 2003-04, 2004-05, 2006-07, 2009-10 and 2011-12	High Court Sales Tax Tribunal Appellate Authority upto Commissioner's level
2	Income Tax Laws	Income Tax	0.85 306.42	0.55 207.16	1994-95 2001-02	High Court Appellate Authority upto Commissioner's level
3	Central Excise Laws	Excise Duty	1.04 117.30 87.59	- - 40.21	1999-00 to 2002-03 2005-06 to 2011-12 1981-82 to 1984-85, 1990-91 to 1992-93, 1994-95 to 1998-99, 2000-01, 2003-04, 2006-07, 2008-09 and 2011-12	High Court Customs Excise and Service Tax Appellate Tribunal (CESTAT) Appellate Authority upto Commissioner's level
		Service Tax	0.28 10.32	0.06 -	2005-06, 2006-07 and 2008-09 2006-07 to 2011-12	Customs Excise and Service Tax Appellate Tribunal (CESTAT) Appellate Authority upto Commissioner's level

Period in respect of income tax represents assessment year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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	Income Tax Laws	Income Tax (Tax collected at source)	0.49	2006-07	High Court
2	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)

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

Particulars	As at September 30, 2012		As at March 31, 2011	
	Amount in foreign currency (million)	Amount in (Rs./ million)	Amount in foreign currency (million)	Amount in (Rs./million)
Trade payables	0.04 GBP	3.43	0.05 GBP	4.04
Advance from customers	0.64 US \$	33.79	4.48 US \$	200.07

42. Directors' Remuneration*

(Rs. in million)

	18 Months ended 30.09.2012	18 Months ended 31.03.2011
Salaries and allowances	44.94	42.93
Contribution to provident and other funds	4.12	4.01
Value of perquisites	2.30	4.45
Directors fees	0.43	0.37

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

Includes Rs. 2.49 million, paid to Managing Director and Whole Time Director, are subject to approval of the shareholders in the general meeting.

43. Operating lease:

- As lessee

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

(Rs. in million)

	Current Period	Previous Period
Chlorine cylinders	22.62	15.98
Office Premises, Residential Flats etc.	40.55	24.36

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

Future minimum lease payable:

(Rs. In million)

	Current Period	Previous Period
Not later than one year	3.11	13.55
Later than one year and not later than five years	-	10.16

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

44. 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 has 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. 57.54 million and Rs. Nil has been lying in Escrow Account as on September 30, 2012 and March 31, 2011 respectively.
45. The Company had in an earlier year accounted for cane purchases for crushing season 2007-08 at a price of Rs. 110 per quintal in terms of the interim order passed by the Hon'ble Supreme Court as against the State Advised Price of Rs. 125 per quintal. Pursuant to Hon'ble Supreme Court's order dated January 17, 2012 the differential cane liabilities of Rs. 465.53 million has been accounted for during the period as an exceptional item and the same have been paid on April 16, 2012.
46. The Company had been legally advised that the "Capital reserve" to the extent of Rs. 991.46 million, as depicted under Note 3 - Reserves and Surplus, pertaining to the profits earned by formerly SIEL Limited from sale of shares of Shivajimarg Properties Limited during the year ended March 31, 2006 which formed part of capital reserve in the books of account 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").
47. The Company's net worth has been substantially eroded and the Company has made cash losses during the current period. The Company's operations and financial performance were adversely affected by low sugar prices, lower than expected recoveries of sugar from cane, high sugar cane prices and consequential under recovery of cost of production, which factors have similarly affected the entire Sugar Industry in Uttar Pradesh. Higher finance costs have also added to the significant operating/ cash losses.
- The Management of the Company has already initiated various steps including corporate debt restructuring, which inter alia, provides for promoters contribution, personal guarantee and pledge /non disposal undertaking of promoter's shares etc. Further, the State and Central Governments are seized of the problems of the sugar industry and are considering long term solutions in this regard.
- The Management of the Company is confident about the successful completion of its aforesaid financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company's ability to generate sufficient cash flows to meet its future obligations. Accordingly, these financial results/statements have been prepared by the Company on a going concern basis.
48. The Board of Directors of the Company in its meeting held on 28.08.2012 have approved the issue of 41,60,053 equity shares of face value of Rs.10 each @ Rs.15.12 (including a premium of Rs.5.12) per share aggregating to Rs.629 lacs of the Company on a preferential basis pursuant to the requirement of CDR package (subject to necessary approvals from shareholders and other requisite authorities). Accordingly, promoters of the Company have deposited Rs.629 lacs towards advance subscription money for issue of 41,60,053 equity shares of face value of Rs.10 each at a premium of Rs.5.12 per share.
49. A Memorandum of Understanding (MOU) was signed between the Company and Government of Punjab in 1993 for setting up an Industrial Estate in Punjab. SIEL Industrial Estate Limited (SIEL - IE) was incorporated in an earlier year as a wholly owned subsidiary of the Company for setting up the Industrial Estate. The clear and un-encumbered title and possession of the land for the aforesaid Industrial Estate came to SIEL IE in October, 2011 and now SIEL - IE holds approximately 455 acres of land at Rajpura, Punjab.
- The Company, SIEL - IE and SIEL Infrastructure and Estate Developers Private Limited(SIEL - IED), which was acquired from Usha International Limited, the holding company, and consequently , became a wholly owned subsidiary of the Company during the period, have entered into a Joint Development Agreement for the development of the Industrial Estate.
- During the period, the Company has sold 13,475,000 equity shares of Rs. 10/- each of SIEL - IE to SIEL - IED for a consideration aggregating to Rs. 1350.20 million, as determined through an independent valuation of SIEL - IE based on the Net Asset Value method wherein the market value of the aforesaid land of 455 acres has been considered for the valuation. The consideration has been received by the Company in the form of 13,501,950 equity shares of Rs. 100/- each fully paid up of SIEL - IED. Accordingly, the Company has recognized a profit of Rs. 1215.45 million in the Statement of Profit and Loss as an exceptional item.
50. The Revised Schedule - VI has become effective from April 1, 2011 for the preparation of financial statements. Pursuant to the same, the required changes in presentation and disclosures have been incorporated in these financial statements. Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosures.
51. The current period figures are not directly comparable with the previous period figures, as the current period comprises of one sugar season and two off seasons as against two sugar seasons and one off season in the previous period.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

52. Particulars of stocks and sales

Description	Stocks				Sales	
	Opening		Closing		18 Months Ended 30.09.2012 Rs Million	18 Months Ended 31.03.2011 Rs. Million
	As at 01.04.2011 Rs Million	As at 01.09.2009 Rs. Million	As at 30.09.2012 Rs Million	As at 31.03.2011 Rs. Million		
Sugar	4,570.76	930.31	1,361.59	4,570.76	12,493.59	12,363.95
Caustic Soda	1.82	6.95	5.04	1.82	2,666.69	1,460.00
Caustic Flakes	0.08	2.21	0.88	0.08	103.04	89.75
Chlorine (dry and liquid)	1.97	3.22	0.01	1.97	122.87	370.55
Hydrochloric acid	0.50	0.89	0.08	0.50	57.09	96.46
Hydrogen	-	-	-	-	103.04	85.28
Stable bleaching powder	0.51	4.17	1.02	0.51	183.64	141.63
Sodium hypochlorite	0.22	0.19	0.04	0.22	58.39	51.71
Industrial Alcohol	87.31	240.91	35.69	87.31	791.68	699.40
Others	193.28	154.53	48.03	193.28	1,127.98	1,610.63
Total	4,856.45	1343.38	1,452.38	4,856.45	17,708.01	16,969.36

53. Other Additional Information

Description	18 Months Ended 30.09.2012		18 Months Ended 31.03.2011	
	Rs. Million	%	Rs. Million	%
(a) Value of imports on CIF basis				
Stores, spares and components	115.56		53.76	
Capital goods	0.78		0.85	
(b) Expenditure in foreign currency				
Travel etc.	0.78		0.80	
Technical/Consultancy fees	0.69		10.28	
Others	2.79		232.82	
(c) Earnings in foreign exchange				
CER Receipt	196.53		80.93	
Exports on FOB basis	1,309.35		316.11	
Miscellaneous Receipts	1.90		-	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
Imported	125.85	1.28	650.05	4.11
Indigenous	9,675.00	98.72	15,160.74	95.89
	9,800.85	100.00	15,810.79	100.00

Signatures to Notes 1 to 53

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A. K. MEHRA
Whole Time Director

DINESH MOHAN
N.K. GOILA
RAVI VIRI GUPTA
Directors

Date : 23rd November, 2012
Place : New Delhi

NAVEEN JAIN
Company Secretary

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

Mawana Sugars Limited

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

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 September 30, 2012 and also the Consolidated Statement of Profit and Loss 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., Siel Industrial Estate Limited, Siel Financial Services Limited, Mawana Foods Limited (formerly known as Siel Edible Oils Limited) and Siel Infrastructure & Estate Developers Private Limited (formerly known as Avro Sales Private Limited), whose financial statements reflect total assets of Rs. 418.44 million as at September 30, 2012 and total revenues of Rs. 1041.97 million and cash flows amounting to Rs. 57.98 million for the eighteen months period ended on that date as considered in the 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 invite attention to note 53 of the consolidated financial statements regarding the Company’s net worth being fully eroded and the Company making cash losses during the current period. However, the consolidated financial statements of the Company have been prepared by the Management of the Company on a going concern basis for the reasons stated therein. The ability of the Company to continue as a going concern is dependent upon the successful completion of its financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company’s ability to generate sufficient cash flows to meet its future obligations.
6. **Various matters 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 39 of the consolidated financial statements. The effect of these on the accounts has not been determined by the Company;**
The matter referred to above was also subject matter of qualification in our audit report on the financial statements for the eighteen months ended March 31, 2011.
7. 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 September 30, 2012;
 - ii) in the case of the Consolidated Statement of Profit and Loss, 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.112066W)

Manjula Banerji
Partner
(Membership No. 086423)

Date : 23rd November, 2012
Place : New Delhi

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note No.	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	3	349.56	349.57
Reserves and surplus	4	<u>(787.88)</u>	<u>1,227.15</u>
		(438.32)	1,576.72
Share application money pending allotment		62.90	-
Minority Interest		19.31	-
Non - current liabilities			
Long - term borrowings	5	1,975.93	3,399.42
Other long term liabilities	6	162.03	164.77
Long - term provisions	7	<u>114.62</u>	<u>108.61</u>
		2,252.58	3,672.80
Current liabilities			
Short - term borrowings	8	2,001.97	3,900.48
Trade payables	9	2,796.93	2,259.05
Other current liabilities	10	2,286.85	1,825.58
Short - term provisions	11	<u>51.41</u>	<u>61.38</u>
		7,137.16	8,046.49
		<u>9,033.63</u>	<u>13,296.01</u>
TOTAL			
<u>ASSETS</u>			
Non - current assets			
Fixed assets			
- Tangible assets	12	5,738.88	6,448.41
- Intangible assets	12	-	-
- Capital work in progress		5.86	10.08
Non - current investments	13	23.02	11.20
Long - term loans and advances	14	537.10	432.90
Other non - current assets	15	<u>7.24</u>	<u>9.50</u>
		6,312.10	6,912.09
Current assets			
Inventories	16	2,060.74	5,501.25
Trade receivables	17	296.61	394.44
Cash and cash equivalents	18	161.91	145.68
Short - term loans and advances	19	195.98	340.63
Other current assets	20	<u>6.29</u>	<u>1.92</u>
		2,721.53	6,383.92
		<u>9,033.63</u>	<u>13,296.01</u>
TOTAL			

Accompanying notes 1 to 57 are an integral part of the consolidated financial statements

In terms of our report attached
For A.F.Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Partner

Date : 23rd November, 2012
Place : New Delhi

NAVEEN JAIN
Company Secretary

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

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A. K. MEHRA
Whole Time Director

DINESH MOHAN
N.K. GOILA
RAVI VIRI GUPTA
Directors

Mawana Sugars Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

	Note No.	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
REVENUE			
Revenue from operations (Gross)	21	18,879.08	17,975.10
Less: excise duty		857.35	790.38
Revenue from operations (Net)		18,021.73	17,184.72
Other income	22	204.12	540.98
TOTAL REVENUE		18,225.85	17,725.70
EXPENSES			
Cost of materials consumed	23	8,953.25	15,122.34
Purchase of stock-in-trade	24	942.49	814.34
Changes in inventories of finished goods, work in progress and stock-in-trade	25	3,506.29	(3,635.44)
Employee benefits expense	26	1,155.31	1,107.36
Finance costs	27	1,238.49	1,130.59
Depreciation and amortization expense	12	766.46	793.15
Other expenses	28	3,256.26	3,015.22
TOTAL EXPENSES		19,818.55	18,347.56
(Loss) before exceptional item		(1,592.70)	(621.86)
Less: Exceptional item			
- Cane price difference	51	465.53	-
(Loss) before tax		(2,058.23)	(621.86)
Tax expense:			
Current tax		0.12	5.54
Relating to earlier years		7.98	-
Provisions written back relating to earlier years		(27.09)	-
(Loss) after tax (before minority interest)		(2,039.24)	(627.40)
Minority Interest		0.68	-
(Loss) after tax and minority interest		(2,039.92)	(627.40)
Earnings per equity share - basic/diluted (Rs.)	40	(58.36)	(17.95)
(Face value Rs. 10 per share)			

Accompanying notes 1 to 57 are an integral part of the consolidated financial statements

In terms of our report attached
For A.F.Ferguson & Co.
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Partner

Date : 23rd November, 2012
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N.K. GOILA
RAVI VIRI GUPTA
Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE 18 MONTHS ENDED SEPTEMBER 30, 2012

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
A. Cash flow from operating activities :		
Net(Loss) before tax	(2,058.23)	(621.86)
Add : Depreciation and amortisation	766.46	793.15
Net loss on foreign currency transactions	8.68	-
Finance costs	1,238.49	1,130.59
Provision for doubtful debts and advances	4.78	16.82
Loss on sale / write off of fixed assets	0.11	3.63
Less : Interest income	102.98	17.41
Profit on disposal of a subsidiary company	-	0.01
Provision / Liabilities no longer required written back	54.41	8.57
Sale of Brands	-	60.00
Profit on sale of fixed assets	0.30	331.24
Provision for diminution in value of long term trade investments written back	11.85	-
Operating profit/(loss) before working capital changes	(209.25)	905.10
Adjustments for :		
Decrease/(Increase) in trade / other receivables	228.05	(250.08)
Decrease/(Increase) in inventories	3,440.51	(3,231.12)
(Decrease)/Increase in trade / other payables	285.58	1,665.97
Cash generated from operations	3,744.89	(910.13)
Direct taxes (paid)/refund received	(5.84)	(17.24)
Net cash inflow/(outflow) from operations	3,739.05	(927.37)
B. Cash flow from investing activities :		
Purchase of fixed assets	(61.97)	(48.59)
Sale of fixed assets	18.57	718.65
Sale of Brands	-	60.00
Purchase of long term Investments	0.03	-
Proceeds from long term investments	-	0.01
Interest received	20.80	18.40
Net cash inflow / (outflow) from investing activities	(22.57)	748.47
C. Cash flow from financing activities :		
Issue of Equity shares	16.83	-
Premium on issue of Equity shares	26.67	-
Share application money	62.90	-
Proceeds from long term borrowings- secured	90.37	530.58
Repayment of long term borrowings- secured	(773.09)	(1,952.79)
Proceeds/(repayment) of working capital borrowings (net)	(1,898.51)	2,731.97
Finance costs paid	(1,202.20)	(1,130.19)
Net cash inflow/(outflow) from financing activities	(3,677.03)	179.57
D. Net increase/(decrease) in cash and cash equivalents	39.45	0.67
E. Cash and cash equivalents as at opening		
Cash and bank balances	1 42.14	41.47
F. Cash and cash equivalents as at closing		
Cash and bank balances	1 81.59	42.14

¹ Excludes balances with banks on margin accounts.

In terms of our report attached
For A.F.Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Partner

Date : 23rd November, 2012
Place : New Delhi

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Directors

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED SEPTEMBER 30, 2012

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 September 30, 2012	Percentage of voting power, as at March 31, 2011
Siel Industrial Estate Limited (SIEL-IE)	India	100.00*	100.00
Siel Financial Services Limited (SFSL)	India	93.56	93.56
Mawana Foods Limited (Formerly Siel Edible Oils Limited) (MFL)	India	65.03	100.00
Siel Infrastructure & Estate Developers Private Limited (Formerly Avro Sales Private Limited) (SIEL-IED)**	India	100.00**	-

*Includes 49.29% (Previous period Nil) held by Siel Infrastructure & Estate Developers Private Limited. (Formerly Avro Sales Private Limited) (SIEL-IED), a wholly owned subsidiary.

**Became subsidiary w.e.f September 13, 2012.

- ii. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- iii. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Basis of accounting and preparation of consolidated financial statements:

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous period.

- b) Use of Estimates:

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management of the Company to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

- c) 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.

- d) Depreciation and amortization:

- i. The Group 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, except for trademarks, which are depreciated over the remaining life of the Trade Marks as assessed by the Company.
- iii. On assets sold/discarded during the period, 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 of purchase.
- v. Leased fixed assets

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

e) Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Costs of investments include acquisition charges such as brokerage, fees and duties.

f) 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.

Finished goods purchased for resale are valued at lower of cost or net realizable value. Cost is ascertained on the monthly weighted average. Stock held with third party for further processing is valued at cost.

Stock in trade- shares, debentures and other securities are valued at lower of cost or 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.

g) Revenue recognition:

i) 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.

ii) 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.

iii) Income from sale of land is recognised on receipt of full consideration from the customers.

h) Research and development expenditure:

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

i) Employee benefits:

Group's contribution paid/payable during the period to provident fund, superannuation fund and employees' state insurance corporation are recognised in the Statement of 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 period of actual payment. Provision for gratuity and compensated absences are determined on an actuarial basis at the end of period and are charged to revenue each period.

j) 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.

k) 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 in which they arise.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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.

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

m) 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.

n) Operating Lease:

Operating Lease receipts and payments are recognized as income or expense in the Statement of Profit and Loss on a straight - line basis over the lease term.

o) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

p) Earnings per share:

Basic earnings per share are computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

q) Impairment of assets:

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

r) Provisions and contingencies:

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3. Share Capital

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Authorised		
- 175,000,000 (previous period 175,000,000) equity shares of Rs. 10 each	1,750.00	1,750.00
	1,750.00	1,750.00
Issued, subscribed and fully paid up		
- 34,955,619 (previous period 34,956,811) equity shares of Rs. 10 each fully paid up	349.56	349.57
	349.56	349.57

(i) Reconciliation of equity shares

	Number of shares	Value (Rs Million)
As at October 01, 2009	34,956,811	349.57
Add : Movement during the period	-	-
As at March 31, 2011	34,956,811	349.57
Less: Shares held by wholly owned subsidiary*	1,192	0.01
As at September 30, 2012	34,955,619	349.56

* 1192 equity shares of Rs. 10 each fully paid up of the Parent Company held by Siel Infrastructure & Estate Developers Private Limited has been eliminated as Siel Infrastructure & Estate Developers Private Limited became a wholly owned subsidiary of the Parent Company w.e.f. September 13, 2012.

- (ii) The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share except 1,192 equity shares held by Siel Infrastructure & Estate Developers Private Limited, pursuant to Section 42(3) of the Companies Act, 1956, have no right to vote at meetings of the Parent Company. 275,151 equity shares are held by depositories on behalf of GDR holders. The depositories shall exercise voting rights in respect of deposited shares as per directions given by Board of Directors of the Parent Company. In the event of liquidation of the Parent Company, holder of equity shares will be entitled to receive remaining assets of the Parent Company after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.

(iii) Shares held by its holding company and their subsidiary:

	As at 30.09.2012	As at 31.03.2011
	No. of Shares held	No. of Shares held
Usha International Limited, the holding company Equity shares of Rs. 10 each fully paid up	21,906,741	21,906,741
Siel Infrastructure & Estate Developers Private Limited (Formerly Known as Avro Sales Private Limited)* Equity shares of Rs. 10 each fully paid up	-	1,192

* Ceased to be subsidiary of the holding company w.e.f. September 13, 2012

(iv) Details of shareholders holding more than 5% equity shares in the Company:

Name of shareholders	As at 30.09.2012		As at 31.03.2011	
	No. of Shares held	%age of holding	No. of Shares held	%age of holding
Usha International Limited	21,906,741	62.67	21,906,741	62.67

(v) Aggregate number of equity shares allotted as fully paid up pursuant to Scheme without payment being received in cash:

Pursuant to the Scheme as indicated in note 29 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.

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

4. Reserves and surplus

Particulars	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Capital reserves ¹	1,030.17	1,030.17
Capital redemption reserve	87.72	87.72
Share premium	1,491.09	1,473.74
General Reserve	4.54	-
Reserve fund	-	4.54
Surplus/(deficit) in the Statement of Profit and Loss	(3,401.40)	(1,369.02)
	(787.88)	1,227.15

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.

Movement in reserves and surplus are as under

a) Share premium		
Opening balance	1,473.74	1,473.74
Add : On Issue of Shares	26.67	-
Less : Minority interest	9.32	-
Closing balance	1,491.09	1,473.74
b) General reserve		
Opening balance	-	-
Add : Transfer from Reserve fund*	4.54	-
Closing balance	4.54	-
* The reserve fund created under section 45-IC of the Reserve Bank of India (Amendment) Act, 1997, is no longer required and the same has been transferred to General reserve.		
c) Reserve fund		
Opening balance	4.54	4.54
Add : Transfer to General reserve**	(4.54)	-
Closing balance	-	4.54
** The reserve fund created under section 45-IC of the Reserve Bank of India (Amendment) Act, 1997, is no longer required and the same has been transferred to General reserve.		
d) (Deficit) in Statement of Profit and Loss		
Opening balance	(1,369.02)	(741.62)
Add : (loss) for the period	(2,039.92)	(627.40)
Less : Minority interest	(7.54)	-
Closing balance	(3,401.40)	(1,369.02)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

5. Long term borrowings¹

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Secured		
Term loans		
- From banks	2,609.46	3,052.26
- From others	1,002.37	990.22
Funded interest term loans		
- From banks	92.69	323.24
- From others	4.31	25.83
	3,708.83	4,391.55
Less : Current maturities of long term borrowings as disclosed under head "other current liabilities" (Note 10) ²	1,732.90	992.13
	1,975.93	3,399.42

¹ The Parent Company has defaulted in repayment of the following loans as at the period end and paid subsequently:

Secured

Term loans		
- From banks	-	31.04
- From others	8.82	-

² Details of current maturities of long term borrowings are as under:

Secured

Term loans		
- From banks	1,384.28	626.62
- From others	251.62	101.32
Funded interest term loans		
- From banks	92.69	246.97
- From others	4.31	17.22
	1,732.90	992.13

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Secured

Term loan and funded interest term loan

1. From Bank

	As at September 30, 2012 Rs. Million	As at March 31, 2011 Rs. Million	Rate of interest	Security clause
i.	2,436.36	2649.68	11%	(i) The loans 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.
ii.	92.69	323.24	0% (Funded Interest Term Loan)	(ii) The 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.
iii.	173.10	402.58	0% (net of interest subvention)	Term loans, 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 Parent Company.

2. From others

i.	302.49	313.50	11%	(i) The loans 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.
ii.	4.31	25.83	0% (Funded Interest Term Loan)	(ii) The 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.
iii.	107.45	144.69	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are 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).
iv.	42.74	42.74	4%	
v.	253.04	253.04	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are 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).
vi.	119.70	53.22	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Nanglamlal unit Nanglamlal Sugar Complex, situated at Nanglamlal 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).
vii.	164.80	164.80	4%	
viii.	12.15	18.23	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), secured by bank guarantee in favour of Government of India.

Repayment Schedule of Long Term Borrowing

Rs. in million

12 month ending September 30, 2013	1,732.90
12 month ending September 30, 2014	426.54
12 month ending September 30, 2015	410.69
12 month ending September 30, 2016	211.83
12 month ending September 30, 2017	330.19
October 1, 2018 onwards	328.61
Term Loans are linked with disbursements from Sugar Development Fund - Government of India	268.07
	3,708.83

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

6. Other long term liabilities

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Interest accrued but not due on borrowings	149.23	149.23
Security deposits ¹	6.20	6.54
Others	6.60	9.00
	162.03	164.77

¹ These Deposits have been taken from wholesale dealers against the dealership given by Mawana Foods Limited (formerly known as Siel Edible Oils Limited). These deposits are repayable on termination / cancellation of dealership.

7. Long - term provisions

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Provision for employee benefits		
– Provision for gratuity ¹	84.81	87.40
– Provision for compensated absences ¹	29.81	21.21
	114.62	108.61

¹ Refer note 37.

8. Short - term borrowings

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Secured		
Loan repayable on demand - Cash credit/overdraft from banks	1,986.27	3,884.78
Unsecured		
Other Loans & Advances	15.70	15.70
	2,001.97	3,900.48

- Cash credit / overdraft amounting to Rs. 1212.60 million (previous period Rs. 1903.62 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. Further, these 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.
- Cash credit amounting to Rs. 58.72 (previous period Rs. 58.70 million) are secured by first pari-passu charge on the current assets of the Parent Company and fixed assets of chemical division of the Parent Company.
- Cash credit / overdraft amounting to Rs. 680.44 million (previous period Rs. 1887.58 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.
- Cash credit / over draft of Rs.34.51 million (previous period Rs. 34.88 million) have been secured by hypothecation of current assets (present and future) including entire stocks, book debts, loans & advances and first charge on all movable and immovable properties both present and future of Mawana Foods Limited (formerly known as Siel Edible Oils Limited) and have been further secured by corporate guarantee from the Parent Company.

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

9. Trade payables

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Trade payables (including acceptances)		
- Dues to other than micro and small enterprises	2,793.07	2,255.10
- Dues to micro and small enterprises	3.86	3.95
	2,796.93	2,259.05

Dues to Micro and Small Enterprises

Based on the information available with the Group, the principal amount and interest due to Micro and Small Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)" are disclosed below:-

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Amount remaining unpaid to suppliers under MSMED as at the period end		
- Principal amount	3.10	3.68
- Interest due thereon	0.76	0.27

10. Other current liabilities

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Current maturities of long term borrowings	1,732.90	992.13
Interest accrued but not due on borrowings	68.14	31.68
Interest accrued and due on borrowings	0.22	0.41
Unpaid dividends	1.64	2.10
Unpaid matured deposits and interest accrued thereon	-	0.02
Excess share application money	0.25	0.34
Other payables		
- Taxes and other statutory dues	222.27	342.55
- Advances from customers	74.39	237.93
- Employee dues	0.23	0.41
- Security deposits	43.71	39.33
- Others	143.10	178.68
	2,286.85	1,825.58

11. Short - term provisions

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Provision for employee benefits		
- Provision for gratuity ¹	25.79	9.86
- Provision for compensated absences ¹	4.15	5.61
Others		
- Provision for taxation	21.47	45.91
	51.41	61.38

¹ Refer note 37.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

12. FIXED ASSETS

Particulars	Gross Block (At Cost)				Depreciation			Net Block	
	As at 31.03.2011	Additions	Deductions	As at 30.09.2012	For the period ¹	On deductions	As at 30.09.2012	As at 31.03.2011	
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	
TANGIBLE ASSETS									
Land	255.94	7.64	-	263.58	-	-	263.58	255.94	
Buildings	838.00	11.34	14.07	835.27	36.74	2.31	605.33	642.49	
Plant and equipment	9,312.24	47.89	18.75	9,341.38	717.57	12.29	4,825.13	5,501.27	
Office equipment	110.36	7.97	0.19	118.14	7.19	0.16	24.46	23.71	
Furniture and fixtures	39.45	0.47	0.13	39.79	3.36	0.13	15.74	18.63	
Vehicles	15.40	-	0.75	14.65	1.60	0.62	4.64	6.37	
Total (A)	10,571.39	75.31	33.89	10,612.81	766.46	15.51	5,738.88	6,448.41	
INTANGIBLE ASSETS									
Goodwill ²	135.25	-	-	135.25	-	-	135.25	-	
Trade Mark	12.24	-	-	12.24	-	-	12.24	-	
Total (B)	147.49	-	-	147.49	-	-	147.49	-	
Current period (A+B)	10,718.88	75.31	33.89	10,760.30	766.46	15.51	5,021.42	5,738.88	
Previous period	11,190.63	48.77	520.52	10,718.88	796.32	129.48	4,270.47	6,448.41	
Capital work-in-progress							5.86	10.08	

1. Rs. 1.07 million (previous period Rs. 1.07 million) received as advance against sale of land at Mawana will be adjusted after execution of conveyance deed.

2. Rs. Nil (Previous period Rs. 3.17 million) has been charged to lease equalisation reserve adjustment.

3. Represents goodwill arising on consolidation and has been written off in an earlier year.

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

13. NON - CURRENT INVESTMENTS

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
VALUED AT COST UNLESS THERE IS DECLINE IN VALUE, OTHER THAN TEMPORARY		
TRADE INVESTMENTS		
Investment in Equity Instruments		
– Unquoted		
Cerazitit 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	–	(11.85)
	<u>23.00</u>	<u>11.15</u>
Capaxil Agencies Limited ¹		
5 Equity shares of Rs. 1,000 each fully paid-up	0.01	0.01
Agro Pumpsets & 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)	#	#
OTHER INVESTMENTS		
Investment in Equity Instruments		
– Unquoted		
SFSL Investments Limited		
54 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	(10.82)	(10.82)
	<u>10.82</u>	<u>-</u>
Deluxe Fabrics Limited		
Rs Nil (previous period 100,000) Equity Shares of Rs.10 each fully paid- up	-	1.00
Less: Provision for diminution in value	-	(1.00)
	<u>-</u>	<u>-</u>
Transiel India Limited ²		
Nil (previous period 5,000,007) Equity shares of Rs. 10 each fully paid-up	-	50.00
Less : Provision for diminution in value	-	(50.00)
	<u>-</u>	<u>-</u>
Investment in Government or trust securities		
Government securities	-	0.03
	<u>23.02</u>	<u>11.20</u>
Aggregate value of investments		
Unquoted	23.02	11.20
	<u>23.02</u>	<u>11.20</u>

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 had exercised the option to exit under the easy exit scheme 2011 announced by the Government of India and the name of the company has been struck off vide letter dated June 23, 2011.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

14. Long - term loans and advances (Unsecured and considered good unless otherwise stated)

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Capital advances	1.38	10.50
Security deposits		
- Good ¹	77.45	72.88
- Doubtful	0.53	0.53
- Advance Income tax	386.11	285.10
- Excise, service tax, VAT and other balances with government authorities	6.98	12.14
- Dues from employees	0.04	0.06
- Prepaid Expenses	16.18	2.48
- Advances recoverable in cash or in kind or for the value to be received		
- Good	48.95	49.74
- Doubtful	125.74	126.78
	663.36	560.21
Less : Provision for doubtful advances	126.26	127.31
	537.10	432.90

¹ Includes deposit with related party Rs. 6.78 million (previous period Rs. 6.78 million)

15. Other non - current assets

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Fixed deposits with banks (Earmarked)	7.24	9.50
	7.24	9.50

16. Inventories¹

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Raw materials	56.95	47.46
Work-in-progress	32.66	136.33
Finished goods		
- Finished goods in stock	1,485.03	4,886.81
- Finished goods in transit	-	0.84
Stores and spares	263.96	207.67
Stock in trade - shares (refer note 16A)	0.02	0.02
Land	222.12	222.12
	2,060.74	5,501.25

¹ Refer note 2f

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

16A. STOCK IN TRADE: SHARES

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Quoted		
Equity shares of Rs.10 each fully paid-up		
300 Equity shares of S. Mobility Limited (formerly known as Spice Net Limited) (#Rs.4,470)	#	#
80 Equity shares of Asian Hotels (North) Limited	0.02	0.02
100 Equity shares of Nagarjuna Fertilizers and Chemicals Limited (# Rs.2,820)	#	#
	0.02	0.02
Aggregate value of shares held as stock- in - trade		
Quoted (market value Rs. 0.03 million previous period Rs. 0.02 million)		

17. Trade receivables

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Receivables outstanding for a period exceeding six months from the due date		
Secured - good	0.21	2.89
Unsecured - considered good	10.65	23.18
- doubtful	129.74	128.62
	140.60	154.69
Less : Provision for doubtful debts	129.74	128.62
	(A) 10.86	26.07
Other Receivables		
Secured - good	47.28	46.14
Unsecured - considered good	238.47	322.23
- doubtful	-	-
	(B) 285.75	368.37
Total (A+B)	296.61	394.44

18. Cash and cash equivalents

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Cash and cash equivalents		
Cash on hand	1.69	1.59
Cheques and drafts on hand	0.56	-
Balances with banks		
- On current accounts	23.58	33.42
Other bank balances		
Earmarked balances		
- Unpaid dividend	1.64	2.10
Deposits with original maturity of more than three months but less than twelve months.	54.12	5.03
Balance held as margin money or security against borrowing and guarantee	80.32	103.54
	161.91	145.68
Of the above, the balances that meet the definition of Cash and cash equivalents as per		
AS 3 Cash Flow Statement	81.59	42.14

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

19. Short - term loans and advances (Unsecured and considered good unless otherwise stated)

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Security deposits	6.73	9.81
Loans and advances to related parties ¹	-	76.77
Other loans and advances		
- Advance income tax	5.18	28.04
- Excise, service tax, VAT and other balances with government authorities	56.67	53.43
- Dues from employees ²	9.40	12.49
- Prepaid Expenses	51.18	18.51
- Advances to Venders	61.75	121.47
- Advances recoverable in cash or in kind or for the value to be received		
- Good	5.07	20.11
- Doubtful	0.98	0.98
	196.96	341.61
Less: Provision for doubtful advances	0.98	0.98
	195.98	340.63

¹ Refer note 41.

² Includes Rs. Nil (previous period Rs. 10.15 million) due from the directors of the Parent Company.

20. Other Current Assets

	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Interest accrued on deposits	6.29	1.92
	6.29	1.92

21. Revenue from Operations

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Sale of products - finished goods	18,750.91	17,880.62
Sale of services	11.25	49.95
Sub - Total (A)	18,762.16	17,930.57
Other Operating Revenues		
- Sale of scrap	34.85	34.53
- Duty draw back and other export benefits	32.46	0.81
- Other operating income	49.61	9.19
Sub - Total (B)	116.92	44.53
Total (A+B)	18,879.08	17,975.10

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

22 Other Income

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Interest income ¹	102.98	17.41
Dividend on long term investment (# Rs 110, ## Rs 123)	#	##
Profit on sale of fixed assets	0.30	331.24
Provision for diminution in value of long term investment written back	11.85	0.73
Provision / Liabilities no longer required written back ²	54.41	8.57
Rent received	2.23	79.90
Net Gain on foreign currency transactions	-	26.06
Profit on disposal of a subsidiary company	-	0.01
Miscellaneous income ³	32.35	77.06
Total	204.12	540.98

¹ Interest income comprises of:

- Interest from banks	11.97	12.94
- Interest on income tax refunds	77.82	-
- interest from others	13.19	4.47
	102.98	17.41

² Includes Rs.0.80 million (previous period Rs 0.62 million) provision for doubtful trade receivables/advances no longer required written back.

³ Includes Rs. Nil (previous period Rs. 60.00 million) for sale of 'MAWANA' brand and other related trade marks, copyrights along with associated goodwill to Usha International Limited, the holding Company.

23. Cost of materials consumed

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Opening stock	139.70	344.14
Add: Purchases	<u>8,995.36</u>	<u>14,917.90</u>
	9,135.06	15,262.04
Less: Closing stock	181.81	139.70
Total	8,953.25	15,122.34

24. Purchase of stock-in-trade

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Purchases		
- Oil and FAT	897.53	776.47
- Soap	44.96	37.87
Total	942.49	814.34

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

25. Changes in inventories of finished goods, work in progress and stock-in-trade

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Finished goods		
- Opening	4,887.65	1,371.34
- Closing	1,485.03	4,887.65
Total (A)	3,402.62	(3,516.31)
Work - in - progress		
- Opening	136.33	39.69
- Closing	32.66	136.33
Total (B)	103.67	(96.64)
Land		
- Opening	222.12	199.63
- Closing	222.12	222.12
Total (C)	-	(22.49)
Stock in trade - shares		
- Opening	0.02	0.02
- Closing	0.02	0.02
Total (D)	-	-
Total (A+B+C+D)	3,506.29	(3,635.44)

26. Employee benefits expense

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Salaries , wages etc	980.01	941.26
Contribution to provident and other funds	97.61	100.60
Staff welfare expenses	77.69	65.50
Total	1,155.31	1,107.36

27. Finance Cost

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Interest		
- On borrowings	1,064.12	977.91
- On others	146.34	136.34
Other borrowing costs	28.03	16.34
Total	1,238.49	1,130.59

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

28. Other expenses

	18 Months Ended 30.09.2012 Rs. Million	18 Months Ended 31.03.2011 Rs. Million
Consumption of stores and spare parts	847.59	688.45
Power, fuel, water etc.	1,650.59	1,220.62
Repairs		
- Building	21.71	13.83
- Plant and Machinery	115.56	83.81
- Other Repairs	25.54	34.74
Rent paid	67.24	46.15
Auditors' Remuneration ¹		
As auditors		
- Audit fee	3.27	2.72
- Out -of-pocket expenses	0.08	0.08
In other capacity		
- For limited review of unaudited financial results	4.00	3.65
- For verification of statement and other reports	2.77	2.92
Insurance	15.77	19.26
Rates and taxes	22.35	8.55
Jobs on contract	145.36	125.27
Freight and transport	168.60	66.50
Cash discount	27.16	35.49
Increase/(decrease) in excise duty on finished goods	(166.36)	144.61
Net Loss on foreign currency transactions	9.20	-
Legal and professional expenses	67.26	64.48
Bad debts written off	1.03	-
Less: Charged against provisions	<u>1.03</u>	<u>-</u>
Provision for doubtful debts and advances	4.78	16.82
Loss on cancellation of raw sugar contracts	-	223.82
Loss on sale/write off of fixed assets	0.11	3.63
Miscellaneous expenses	223.68	209.82
Total	3,256.26	3,015.22

¹ Includes remuneration of Auditors of Parent Company and its subsidiaries.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

29. 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.

	As at September 30, 2012 Rs. Million	As at March 31, 2011 Rs. Million
30. Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Tangible assets (Net of advances)	13.43	1.41
b. Uncalled liability on shares and other investments partly paid (# Rs. 20)	#	#
31. Contingent liabilities :		
a) Claims against the Company not acknowledged as debts in respect of:-		
- Income tax	354.39	671.47
- Sales tax	80.98	78.24
- Excise Duty/Service tax	176.55	99.01
- Others	235.48	69.27
*All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded, in the opinion of the management, will not 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 period 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. 44.53 million (Previous period Rs. 52.32 million) have been received. These demands are presently under various stages of appeal.		
d) During the previous period, the Parent Company had 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.		
32. 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 had exited from these contracts in July, 2010 and incurred a loss of Rs. 223.82 million in the previous period.		
33. Research and development expenses included under relevant heads in the Statement of Profit and Loss amounting to Rs. 3.44 million (previous period Rs. 11.57 million).		
34. 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

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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 September 30, 2012	As at March 31, 2011
	(DTL)/DTA	(DTL) / DTA
Accelerated depreciation	(1135.45)	(1217.04)
Expenses deductible on payment	106.71	310.04
Others	176.46	187.09
Unabsorbed depreciation only to the extent of deferred tax liability	852.28	719.91
Net Amount	-	-

35. Sales are net of commission of Rs. 39.54 million (previous period Rs. 29.91 million).
36. 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 30.07.2007 in terms of the Foreign Trade Policy Handbook of procedure (HBP) 2002-2007.

The said EO period was further extended upto 30.03.2009 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 30.03.2009.

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 was not possible to issue release orders for export of sugar and the request of the Parent Company would be considered when the sugar situation improved in the country.

By letter dated 29.9.2009 the DGFT had 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 was 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 had extended the EO period by 765 days w.e.f. April 19, 2011.

The Parent Company has fulfilled the entire EO imposed and is now in the process of filing for redemption of the EPCG License.

37. 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 the Statement of Profit and Loss.

	For 18 months ended September 30, 2012 (Rs. Million)	For 18 months ended March 31, 2011 (Rs. Million)
◆ Employers contribution to provident fund	59.60	60.50
◆ Employers contribution to superannuation fund	0.32	0.45
◆ Employees State Insurance Corporation	1.55	1.74

- 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:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Rs. in million)

	Gratuity (Funded) @		Compensated absences	
	Current Period	Previous Period	Current Period	Previous Period
A. Change in the Present value of obligation				
Present value of obligation as at the beginning of the period	145.45	119.23	26.82	23.89
Current service cost	16.48	8.44	6.38	5.57
Interest cost	17.47	14.20	3.21	2.85
Benefits paid	(18.07)	(1.51)	(17.88)	(20.32)
Actuarial loss/ (gain)	4.51	5.09	15.43	14.83
Present value of obligation as at the end of the period	165.84	145.45	33.96	26.82
B. Change in the fair value of plan assets				
Fair value of plan assets as at the beginning of the period	48.19	41.50	-	-
Expected return on plan assets	6.79	6.16	-	-
Contribution by the Company	1.30	1.65	-	-
Benefits paid	(1.27)	(1.12)	-	-
Actuarial gain/(loss)	0.23	-	-	-
Fair value of plan assets as at the end of the period #	55.24	48.19	-	-
C. Amount recognised in the balance sheet (A - B)				
	110.60	97.26	33.96	26.82
D. Expenses recognized in the Statement of Profit and Loss				
Current service cost	16.48	8.44	6.38	5.57
Interest cost	17.47	14.20	3.21	2.85
Expected Return on plan Assets	6.79	6.16	-	-
Actuarial loss/ (gain)	4.28	5.09	15.43	14.83
Net Cost	31.44	21.57	25.02	23.25
E. Best estimate contribution during the next year				
	20.44	13.49		
F. Actuarial Assumptions				
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. 110.60 Million (Previous year Rs. 97.26 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.

G. Net Assets/(Liabilities) in respect of gratuity recognized in the Balance Sheet

As on	30.09.2012	31.03.2011	30.09.2009	30.09.2008	31.03.2007
Present Value of obligation	165.84	145.45	119.23	109.72	96.60
Fair value of plan assets	55.24	48.19	41.50	37.74	32.96
Net Assets/(liability)	(110.60)	(97.26)	77.73	71.98	63.64

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Expenses on actuarial (gain)/loss for Benefit obligation and plan assets in respect of gratuity

Period/year ended	30.09.2012	31.03.2011	30.09.2009	30.09.2008	31.03.2007
On Present Value of obligation	4.51	5.09	(8.87)	(9.05)	*
On plan assets	(0.23)	-	-	-	*

* 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.

38. 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, Distillery and Edible oils (trading of edible oils and soaps).

B. Geographical Segment

Since the Group’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 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

D. Information about business segments

(Rs. Million)

PARTICULARS	Sugar		Power		Chemicals		Distillery		Edible oils		Unallocated		Elimination		Total	
	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period	This Period	Previous Period
SEGMENT REVENUE																
External Sales	12,499.23	12,575.14	683.83	860.61	2,943.91	2,081.33	723.69	661.90	1,042.90	911.26	11.25	49.95	-	-	17,904.81	17,140.19
(Net of excise duty)	1,525.55	3,319.00	1,888.14	3,952.83	6.70	10.81	5.10	0.54	-	-	-	-	(3,425.49)	(7,283.18)	-	-
Inter segment revenue	102.64	23.47	-	0.96	14.28	17.80	-	0.05	-	-	204.12	2.25	-	-	116.92	44.53
Other Operating Revenues															204.12	540.98
Other income																
Total revenue	14,127.42	15,917.61	2,571.97	4,814.40	2,964.89	2,109.94	728.79	662.49	1,042.90	911.26	215.37	583.18	(3,425.49)	(7,283.18)	18,225.85	17,725.70
EBIT/RESULTS																
Segment results	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	10.74	9.14	-	-	-	-	(37.47)	359.20
Unallocated income/(expenses) / (net of income/expenses)											419.72	(132.12)	-	-	419.72	(132.12)
Operating Profit/(loss)	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	10.74	9.14	(419.72)	132.12	-	-	(457.19)	491.32
Finance Cost	-	-	-	-	-	-	-	-	-	-	1,238.49	1,130.59	-	-	1,238.49	1,130.59
Interest income	-	-	-	-	-	-	-	-	-	-	102.98	17.41	-	-	102.98	17.41
Net Profit/(Loss) before tax and exceptional items	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	10.74	9.14	(1,555.23)	(981.06)	-	-	(1,592.70)	(621.86)
Exceptional item	-	-	-	-	-	-	-	-	-	-	465.53	-	-	-	465.53	-
Net Profit/(Loss) before tax	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	10.74	9.14	(2,020.76)	(981.06)	-	-	(2,058.23)	(621.86)
Tax expenses	-	-	-	-	-	-	-	-	-	-	(18.99)	5.54	-	-	(18.99)	5.54
Net Profit/(Loss) after tax	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	10.74	9.14	(2,001.77)	(986.60)	-	-	(2,039.24)	(627.40)
Minority interest	-	-	-	-	-	-	-	-	-	-	0.68	-	-	-	0.68	-
Net Profit/(Loss) after tax and minority interest	(1,104.68)	(855.03)	785.81	1,235.65	87.50	(111.19)	183.16	80.63	10.74	9.14	(2,002.45)	(986.60)	-	-	(2,039.92)	(627.40)
OTHER INFORMATION																
As at 30.09.12																
As at 31.03.12																
As at 30.09.12																
As at 31.03.11																
A. ASSETS																
Segment assets	4,194.01	8,024.94	2,111.59	2,328.52	1,030.60	1,217.04	549.78	699.42	122.62	86.44	-	-	-	-	8,008.60	12,356.36
Unallocated assets											1,025.03	939.65	-	-	1,025.03	939.65
Total Assets	4,194.01	8,024.94	2,111.59	2,328.52	1,030.60	1,217.04	549.78	699.42	122.62	86.44	1,025.03	939.65	-	-	9,033.63	13,296.01
B. LIABILITIES																
Segment liabilities	2,765.13	2,508.24	45.17	217.77	174.09	131.14	33.62	64.05	72.34	32.92	-	-	-	-	3,090.35	2,954.12
Share capital/reserves and surplus	-	-	-	-	-	-	-	-	-	-	(438.32)	1,576.72	-	-	(438.32)	1,576.72
Share application money pending allotment	-	-	-	-	-	-	-	-	-	-	62.90	-	-	-	62.90	-
Minority interest	-	-	-	-	-	-	-	-	-	-	19.31	-	-	-	19.31	-
Borrowings	-	-	-	-	-	-	-	-	-	-	5,710.80	8,292.03	-	-	5,710.80	8,292.03
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	588.59	473.14	-	-	588.59	473.14
Total Liabilities	2,765.13	2,508.24	45.17	217.77	174.09	131.14	33.62	64.05	72.34	32.92	5,943.28	10,341.89	-	-	9,033.63	13,296.01
C. OTHERS																
Capital expenditure	62.11	14.69	8.17	-	2.62	4.30	-	-	0.14	-	2.27	0.45	-	-	-	-
Depreciation	316.35	322.91	232.61	239.92	172.58	172.33	40.04	38.88	0.16	1.11	4.72	18.00	-	-	-	-

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

39. 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 and since no demand has been received by the Company on this account, the effect of these matters on the accounts, though not determinable at this stage, are not expected to be significant.

40. Earnings per share:

		18 months ended September 30, 2012	18 months ended March 31, 2011
(Loss) after tax	Rs. Million	(2039.92)	(627.40)
Weighted average number of equity shares outstanding	No.	34,955,619	34,956,811
Basic and diluted earnings/(loss) per share in rupees (face value – Rs. 10 per share)	Rs.	(58.36)	(17.95)

41. 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:

Mr. Siddharth Shriram – Chairman and Managing Director

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

Mr. A. K. Mehra – Whole Time Director

Mr. Sunil Kakria – Managing Director

Details of Related Party Transactions:

(Rs. in million)

	18 Months ended September 30, 2012	18 Months ended March 31, 2011
A) Holding Company		
Usha International Limited		
Sale of fixed assets	-	704.00
Sale of 'MAWANA' brand and other related trade marks copyrights along with associated goodwill.	-	60.00
Expenses recovered	11.22	11.83
Expenses reimbursed	10.67	2.87
Miscellaneous purchases	17.70	37.87
Rent received	-	32.72
Rent paid	33.06	4.23
Miscellaneous income	6.36	3.87
Royalty	13.28	0.01
Security deposit received	-	7.33
Purchase of 259,667 (previous period Nil) equity shares of Rs. 100 each fully paid up of Siel Infrastructure & Estate Developers Private Limited (Formerly Known as Avro Sales Private Limited) at price of Rs. 68.35 per share	17.75	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Security deposit paid	-	6.78
Share application money received for issue of 4,160,053 (previous period Nil) equity shares of Rs. 10 each at a premium of Rs. 5.12 per share	62.90	-
Balances outstanding included under :		
Loans and advances / Trade receivables	6.78	83.55
Trade payables/ Loans and advances taken	38.56	11.39
Share application money pending allotment	62.90	-
B) Key Management personnel and their relatives		
Remuneration to key management personnel:		
Mr. Siddharth Shriram	9.10	9.67
Mr. A.K. Mehra	15.10	13.15
Mr. K.P.Singh	0.38	3.36
Mr. Sunil Kakria	26.78	25.21
Balances outstanding included under :		
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.

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

Particulars	As at September 30, 2012		As at March 31, 2011	
	Amount in foreign currency (million)	Amount in (Rs./ million)	Amount in foreign currency (million)	Amount in (Rs./million)
Trade payables	0.04 GBP	3.43	0.05 GBP	4.04
Advance from customers	0.64 US \$	33.79	4.48 US \$	200.07

43. Directors' Remuneration*

(Rs. in million)

	18 Months ended 30.09.2012	18 Months ended 31.03.2011
Salaries and allowances	44.94	42.93
Contribution to provident and other funds	4.12	4.01
Value of perquisites	2.30	4.45
Directors fees	0.43	0.37

*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.

Includes Rs. 2.49 million paid to Managing Director and Whole Time Director are subject to approval of the shareholders in the general meeting.

44. SFSL has severely curtailed its operations due to paucity of funds and adverse market conditions. The management is negotiating with certain parties for realizing some of the assets and is hopeful of generating funds for this business. In view of this, the accounts of the SFSL have been prepared on a going concern basis.

45. Pursuant to MOU signed with Government of Punjab, as at the close of the period, SIEL-IE has possession of 455.32 acres (Previous period 455.32 acres) of land, which has been conveyed in the name of the SIEL-IE. The land of 58.01 acres which is under litigation has been

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

denotified in current financial period, against which the SIEL-IE has deposited an amount of Rs.13.28 Million (Previous period Rs.13.28 Million), which has been shown as recoverable under 'Short Term Loans and Advances' (Note 19).

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 & Haryana High Court in April 2006, which is pending.

The Collector, Land Acquisition has confirmed a total liability of Rs. 71.60 Million (Previous period 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.

46. The State Government has exempted SIEL-IE from all the provisions of Punjab Apartment and Property Regulation Act, 1995 'PAPRA' subject to the terms and conditions as stated in Notification No. 2/14/2000-2HG(2)/895 dated 12.2.2004 and 2/14/2000-2HG(2)/3395-98 dated 25.5.2004.

47. In case of SIEL-IE, the legal challenges on 58.01 acres of land deterred potential customers and therefore the development of the land. These legal challenges were finally overcome and the unencumbered possession of the land has been achieved on October, 2011 upon final conclusion of all pending legal cases in the Punjab and Haryana Court in relation to the said land.

Accordingly, the SIEL-IE is now in a position to undertake the development of the land in synchronization with the evolving needs of the State and customer interest, as earlier envisaged. The MOU mandates the development of the estate within ten years of receiving the unencumbered possession of the land.

48. As per the accounting policy of the SIEL-IE, inventories are valued at lower of cost or estimated realisable value. During the previous period ended March 31, 2011, as the estimated realizable value of land was higher than cost, the SIEL-IE valued its inventories at cost Rs. 222.11 Million which is inclusive of enhanced compensation as per the Order of Additional District Judge, Patiala referred to in Note 45 above. For the current period, in view of the current prevailing market condition, the value indicated by the valuer is higher than the cost, hence, SIEL-IE valued its inventories at cost.

49. Operating lease:

- As lessee

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

(Rs. in million)

	Current Period	Previous Period
Chlorine cylinders	22.62	15.98
Office Premises, Residential Flats etc.	40.55	24.36

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

Future minimum lease payable:

(Rs. In million)

	Current Period	Previous Period
Not later than one year	3.11	13.55
Later than one year and not later than five years	-	10.16

50. The Parent Company has facilitated Agri loans from Punjab National Bank (Bank) to the farmers who supply sugarcane to the Parent Company. These loans were distributed to the farmers through an Escrow Account operated by the Parent Company. The Parent Company has facilitated repayment of loans by the farmers to the Bank against the payments to be made to them against supply of sugarcane to the Parent Company. A sum of Rs. 57.54 million and Rs. Nil has been lying in Escrow Account as on September 30, 2012 and March 31, 2011 respectively.

51. The Parent Company had in an earlier year accounted for cane purchases for crushing season 2007-08 at a price of Rs. 110 per quintal in terms of the interim order passed by the Hon'ble Supreme Court as against the State Advised Price of Rs. 125 per quintal. Pursuant to Hon'ble Supreme Court's order dated January 17, 2012, the differential cane liabilities of Rs. 465.53 million has been accounted for during the period as an exceptional item and the same have been paid on April 16, 2012.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

52. The Board of Directors of the Parent Company in its meeting held on 28.08,2012 have approved the issue of 41,60,053 equity shares of face value of Rs.10 each @ Rs.15.12 (including a premium of Rs.5.12) per share aggregating to Rs.629 lacs of the Parent Company on a preferential basis pursuant to the requirement of CDR package (subject to necessary approval from shareholders and other requisite authorities). Accordingly, promoters of the Parent Company had deposited Rs.629 lacs towards advance subscription money for issue of 41,60,053 equity shares of face value of Rs.10 each at a premium of Rs.5.12 per share.
53. The Parent Company's net worth has been substantially eroded (fully eroded after considering the elimination of inter company transactions) and the Parent Company has made cash losses during the current period. The Parent Company's operations and financial performance were adversely affected by low sugar prices, lower than expected recoveries of sugar from cane, high sugar cane prices and consequential under recovery of cost of production, which factors have similarly affected the entire Sugar Industry in Uttar Pradesh. Higher finance costs have also added to the significant operating/ cash losses.
- The Management of the Parent Company has already initiated various steps including corporate debt restructuring, which inter alia, provides for promoters contribution, personal guarantee and pledge /non disposal undertaking of promoter's shares etc. Further, the State and Central Governments are seized of the problems of the sugar industry and are considering long term solutions in this regard.
- The Management of the Parent Company is confident about the successful completion of its aforesaid financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Parent Company's ability to generate sufficient cash flows to meet its future obligations. Accordingly, these financial results/statements have been prepared by the Parent Company on a going concern basis.
54. A Memorandum of Understanding (MOU) was signed between the Parent Company and Government of Punjab in 1993 for setting up an Industrial Estate in Punjab. Siel Industrial Estate Limited (Siel IE) was incorporated in an earlier year as a wholly owned subsidiary of the Parent Company for setting up the Industrial Estate. The clear and un-encumbered title and possession of the land for the aforesaid Industrial Estate came to Siel IE in October, 2011 and now Siel IE holds approximately 455 acres of land at Rajpura, Punjab.
- The Parent Company, Siel – IE and Siel Infrastructure and Estate Developers Private Limited (Siel - IED), which was acquired from Usha International Limited, the holding company, and consequently, became a wholly owned subsidiary of the Parent Company during the period, have entered into a Joint Development Agreement for the development of the Industrial Estate.
- During the period, the Parent Company has sold 13,475,000 equity shares of Rs. 10/- each of Siel – IE to Siel - IED for a consideration aggregating to Rs. 1350.20 million, as determined through an independent valuation of Siel – IE based on the Net Asset Value method wherein the market value of the aforesaid land of 455 acres has been considered for the valuation. The consideration has been received by the Parent Company in the form of 13,501,950 equity shares of Rs. 100/- each fully paid up of Siel – IED. Accordingly, the Parent Company has recognized a profit of Rs. 1215.45 million in the Statement of Profit and Loss of the Parent Company. However, in view of the consolidation procedures as enunciated in AS-21 "Consolidated Financial Statements", there is no impact of these entries in the consolidated financial statements of the Group.
55. The Revised Schedule – VI has become effective from April 1, 2011 for the preparation of financial statements. Pursuant to the same, the required changes in presentation and disclosures have been incorporated in these financial statements. Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosures.
56. The current period figures are not directly comparable with the previous period figures, as the current period comprises of one sugar season and two off seasons as against two sugar seasons and one off season in the previous period.

Mawana Sugars Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

57. Financial information of Subsidiary Companies are as under:

	Siel Industrial Estate Limited		Siel Financial Service Limited		SFSL Investments Limited #		Transiel India Limited ##		Mawana Foods Limited		Siel Infrastructure & Estate Developers Private Limited ###	
	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million	As at 30.09.2012 Rs. Million	As at 27.01.2011 Rs. Million	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million	As at 30.09.2012 Rs. Million	As at 31.03.2011 Rs. Million
Share Capital	276.55	275.00	186.23	186.23	-	-	-	50.00	48.13	31.30	1,376.16	-
Reserves & Surplus	(16.68)	(28.57)	(205.36)	(196.41)	-	-	-	(50.00)	7.07	(18.40)	(9.59)	-
Total Assets	260.98	246.71	34.31	43.68	-	-	-	-	162.13	89.12	1,367.96	-
Total Liabilities	260.98	246.71	34.31	43.68	-	-	-	-	162.13	89.12	1,367.96	-
Investment	-	-	-	0.02	-	-	-	-	-	-	-	-
	18 Months ended 30.09.2012 Rs. Million	18 Months ended 31.03.2011 Rs. Million	18 Months ended 30.09.2012 Rs. Million	18 Months ended 31.03.2011 Rs. Million	18 Months ended 31.01.2011 Rs. Million	18 Months ended 30.09.2012 Rs. Million	18 Months ended 30.09.2012 Rs. Million	For the period ended 27.01.2011 Rs. Million	18 Months ended 30.09.2012 Rs. Million	18 Months ended 31.03.2011 Rs. Million	Period from 13.09.2012 to 30.09.2012 Rs. Million	For the period ended 31.03.2011 Rs. Million
Turnover	1.29	4.56	0.27	0.34	40.25	-	-	0.19	1,570.24	1,234.83	-	-
Profit / (Loss) before taxation	(1.92)	25.38	(0.99)	(0.97)	(1.93)	-	-	0.07	(1.18)	2.97	(1.36)	-
Provision for taxation	0.15	5.51	-	-	-	-	-	0.03	0.02	(0.64)	-	-
Profit / (Loss) after taxation	(2.07)	19.87	(0.99)	(0.97)	(1.93)	-	-	0.04	(1.20)	3.61	(1.36)	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-

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 name of the company has been struck off vide letter dated June 23, 2011. Accordingly accounts of TIL was considered upto January 27, 2011 in the previous period.

Became subsidiary w.e.f. September 13, 2012

Signatures to Notes 1 to 57

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A. K. MEHRA
Whole Time Director

DINESH MOHAN
N.K. GOILA
RAVI VIRAJ GUPTA
Directors

Date : 23rd November, 2012
Place : New Delhi

NAVEEN JAIN
Company Secretary

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

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

S. No.	NAME OF THE SUBSIDIARY	SIEL INDUSTRIAL ESTATE LIMITED	SIEL FINANCIAL SERVICES LIMITED	MAWANA FOODS LIMITED (FORMERLY SIEL EDIBLE OILS LIMITED)	SIEL INFRASTRUCTURE & ESTATE DEVELOPERS PRIVATE LIMITED (FORMERLY AVRO SALES PRIVATE LIMITED)
1.	Financial year of the subsidiary	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
2.	Extent of holding company's interest in the subsidiary (as on March 31, 2012)				
	- Number of shares	27,500,000 Equity shares of Rs.10 each fully paid-up	11,343,752 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	9,667 Equity shares of Rs.10 each fully paid-up
	- % holding (equity)	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. 0.31 million	(-) Rs. 8.68 million	Rs. 2.32 million	Not applicable
	ii) For subsidiary's previous financial years since it became subsidiary	(-) Rs. 28.56 million	(-) Rs.201.46 million	(-) Rs. 18.40 million	Not applicable
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.	Refer Notes 1 below	-	Refer Notes 2 below	Refer Notes 3 below
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	-	-	-	Refer Notes 1 below
	iii) Monies lent by the subsidiary	-	-	-	-
	iv) Monies borrowed by the subsidiary other than for meeting current liabilities.	-	-	-	-

Mawana Sugars Limited

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

7	Additional Information				
	i) Paid up capital	Rs. 275.00 million	Rs. 186.23 million	Rs. 31.30 million	Rs. 0.97 million
	ii) Reserves	Rs. (28.25) million	Rs. (205.09) million	Rs. (16.07) million	Rs. (0.60) million
	iii) Total Assets	Rs. 247.09 million	Rs. 34.48 million	Rs.106.92 million	Rs. 0.47 million
	iv) Total liabilities	Rs. 0.34 million	Rs. 53.34 million	Rs. 91.69 million	Rs. 0.10 million
	v) Miscellaneous Expenditure (To the extent not written off or adjusted)	-	-	-	-
	vi) Details of investments (Except in case of investments in subsidiaries)	-	200 GOI 2012 bonds (7.40%) Rs.23542/-	-	1,192 equity shares of Rs. 10/- each of Mawana Sugars Ltd (Holding company).
			295700 equity shares of Rs 10/- each of MSD Industrial Enterprises Limited Costing Rs 10,822,620/- *		
			54 equity shares of Rs 10/- each of SFSL Investments Limited Costing Rs 540/- *		
	vii) Turnover	Rs. 0.87 million	Rs. 0.18 million	Rs.1074.94 million	Rs.0.01 million
	viii) Profit before taxation	Rs. 0.38 million	Rs. (0.72) million	Rs. 2.24 million	Rs. (0.16) million
	ix) Provision for taxation	Rs. 0.07 million	Rs. 7.96 million	Rs.(0.08) million	-
	x) Profit after taxation	Rs. 0.31 million	Rs. (8.68) million	Rs. 2.32 million	Rs. (0.16) million
	xi) Proposed dividend	-	-	-	-

Notes:

- 1 a) Company has sold 13475000 equity shares of Rs 10 each fully paid up of Siel Industrial Estate Limited to Siel Infrastructure & Estate Developers Private Limited (Formerly Avro Sales Private Limited) on September 13, 2012.
b) Siel Industrial Estate Limited has issued 154691 Equity shares 10/- each fully paid up on 25/09/2012 to Siel Infrastructure & Estate Developers Private Limited (Formerly Avro Sales Private Limited) By virtue of above 1(a) and (b), Company's holding in Siel Industrial Estate Limited has been diluted from 100% to 50.71%.
- 2 Mawana Foods Limited (Formerly Siel Edible Oils Limited) has issued 1683436 Equity shares of Rs.10/- each fully paid up to Usha International Limited (Holding company of the company). By virtue of this, Company's holding in Mawana Foods Limited (Formerly Siel Edible Oils Limited) has been diluted from 100% to 65.03%.
- 3 a) Siel Infrastructure & Estate Developers Private Limited (Formerly Avro Sales Private Limited) has issued 250000 Equity shares of Rs.100/- each fully paid up to Usha International Limited on July 16, 2012.
b) Company has acquired 100 % holding (259667 Equity shares of Rs.10/- each fully paid up) of Siel Infrastructure & Estate Developers Private Limited (Formerly Avro Sales Private Limited) on September 13,2012.
c) Siel Infrastructure & Estate Developers Private Limited (Formerly Avro Sales Private Limited) on September 13, 2012 has issued 13501950 Equity shares of Rs.100/- each fully paid up to the company. The total holding of the company in Siel Infrastructure & Estate Developers Private Limited (Formerly Avro Sales Private Limited) as on September 30,2012 was 13761617 Equity shares of Rs.100/- each fully paid up.

* 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
RAVI VIRA GUPTA
Directors

Date : 23rd November, 2012
Place : New Delhi

NAVEEN JAIN
Company Secretary

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

Mawana Sugars Limited

REGD. OFFICE: 5th 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

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

I HEREBY RECORD MY PRESENCE AT THE 49th ANNUAL GENERAL MEETING OF MAWANA SUGARS LIMITED ON WEDNESDAY, THE 19th DECEMBER, 2012 AT 10.30 A.M AT FICCI AUDITORIUM, FEDERATION HOUSE, TANSEN 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 attendances counter. If required, same may be obtained from the Registered Office of the**

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

Mawana Sugars Limited

REGD. OFFICE: 5th 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 49th Annual General Meeting of the Company to be held on Wednesday, the 19th December, 2012 and at any adjournment thereof.

Signed this.....day of.....2012

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

Website: www.mawanasugars.com