

**45th
ANNUAL
REPORT**

2006-2007



BOARD OF DIRECTORS

Mr. Bedi R.S.

Mr. Bhalla P.K.

Mr. Goila N.K.

Mr. Mehra A.K.

Mr. Mittal D.C.

Prof. Mohan Dinesh

Mr. Shriram Siddharth

Mr. Singh K.P.

– *Chairman and Managing Director*

– *Whole-time Director*

COMPANY SECRETARY

Mr. Khurana Amit

AUDITORS

A.F. Ferguson & Co.

Scindia House,

New Delhi - 110 001

BANKERS

Punjab National Bank

REGISTERED OFFICE

5th Floor, Kirti Mahal,

19, Rajendra Place,

New Delhi-110 125

WORKS

Siel Chemical Complex

Charatrapur, Vill. Khadauli/Sardargarh

P.O.Box. No. 52, Rajpura, Distt. Patiala

Punjab - 140401

REGISTRAR & SHARE TRANSFER AGENT

Mas Services Ltd.

AB-4, Safdarjung Enclave,

New Delhi-110029

Phone : 011-26104142, Fax : 011-26181081

E-Mail: mas_serv@yahoo.com

NOTICE

Notice is hereby given that the 45th Annual General Meeting of the members of Siel Limited will be held as scheduled below:

Day : Thursday

Date : 20.09.2007

Time : 10.00 A.M.

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

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit and Loss Account of the Company for the financial year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.K. Bhalla, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A.K. Mehra, 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 an ORDINARY RESOLUTION:
"Resolved that Mr. R.S. Bedi who was co-opted as an Additional Director on the Board of the Company under Section 260 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing, pursuant to Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director, be and is hereby appointed as a Director of the Company."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"Resolved that in modification of the earlier Resolution passed in this behalf, the consent of the Company be and is hereby accorded under Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to borrow such sums of monies as it may think fit notwithstanding that the monies so borrowed may exceed the aggregate of the paid up capital and free reserves of the Company subject to an overall limit of Rs.750,00,00,000/- (Rupees Seven Hundred Fifty Crores)."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"Resolved that in modification of earlier resolution passed in this behalf, the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for mortgaging and/or charging all or any assets including moveable or immoveable properties of the Company both present and that may be acquired in future, in favour of the Banks, Financial Institutions and other bodies for securing any loans or other banking/credit facilities obtained or as may be obtained from time to time upto a maximum amount of Rs.750,00,00,000/- (Rupees Seven Hundred Fifty Crores)."
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 and 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to such approvals and sanctions, as may be necessary in this regard, consent of the Company be and is hereby accorded to the re-appointment and payment of remuneration of Mr. K.P. Singh as Whole Time Director of the Company for a further period of 5 years w.e.f. 20.5.2007 on the following terms and conditions:
 1. Salary : Rs.50,000/- p.m.
 2. Minimum Salary : In the event of inadequacy or absence of profits, Mr. K.P. Singh shall be entitled to the normal salary and perquisites as stated herein as minimum salary.

Siel Limited

NOTICE (Contd.)

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|-----|--|---|--|
| 3. | Housing including Gas, Electricity and Water | : | House Rent allowance of Rs.70,000/- per month. Expenses on maintenance of accommodation including security, gas, electricity and water shall be borne by the Company as per the rules of the Company subject to a maximum of Rs.18,000/- per month. |
| 4. | Medical Reimbursement | : | Expenses incurred for self and family, one and half month basic salary per annum. |
| 5. | Leave Travel | : | One month's basic salary per annum as per rules of the Company. |
| 6. | Club Fees | : | Club membership fees as per the rules of the Company subject to a maximum of Rs.10,000/- per month. |
| 7. | Personal Accident Insurance | : | Expenses on personal accident insurance upto a maximum of Rs.3000/- per annum. |
| 8. | Reimbursement of Entertainment Expenses | : | Reimbursement of all expenses including Entertainment and travelling incurred in the course of the business of the Company. |
| 9. | Contribution to P.F. etc. | : | Contribution to the Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company. |
| 10. | Gratuity | : | As per the rules of the Company. |
| 11. | Encashment of Leave | : | Encashment of leave at the end of tenure as per the rules of the Company. |
| 12. | Use of Car | : | The Company shall provide a Car with driver. The expenses on running and maintenance, insurance and driver's salary not to exceed Rs.24,000/- per month. However, a sum of Rs.650/- per month will be deducted from the salary for the use of Car for the private purpose. |
| 13. | Telephone | : | Actual expenses for telephone at residence. However, all the long distance personal calls shall be paid by the Whole Time Director." |

By Order of the Board of Directors
For **Siel Limited**

Place: New Delhi
Dated: June 12, 2007

(**AMIT KHURANA**)
COMPANY SECRETARY

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 various 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 19.9.2007 to 20.9.2007 (both days inclusive).
4. In compliance of SEBI requirements, Mas Services Limited have been appointed the Share Transfer Agent of the Company, who handle share transfer work in Physical as well as in Electronic Form and other related activities at the following address:
Mas Services Ltd.
AB-4, Safdarjung Enclave
New Delhi – 110 029
Phone No. : 011-26104142, 26104326
Fax No. : 011-26181081
E-mail : mas_serv@yahoo.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 who have not yet returned their undivided DCM Limited's share certificate(s) to DCM Limited may do so promptly to enable the Company to dispatch the new share certificate(s) to members.

NOTICE (Contd.)

7. Documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) between 11.00 A.M. to 1.00 P.M. upto the date of Annual General Meeting and will also be available for inspection at the meeting.
8. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
9. 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.
10. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend for the Financial Year 1996-97, which remained unpaid or unclaimed for a period of 7 years from the date of transfer to unpaid dividend account of the Company has been transferred to the Investor Education and Protection Fund, established by the Central Government. Shareholders are requested to note that no claim lie against the Company or the said Fund in respect of the dividend so transferred to the Fund and no payment shall be made in respect of any such claim.

In respect of the unclaimed dividends upto financial year 1995-1996, already transferred by the Company to the General Revenue Account of the Central Government, shareholders may claim the same by writing to the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi - 110003.

Members who have not yet received the interim dividend paid in

February 2006, for the financial year ended 31.3.2006, may write to the Company, at its Registered Office.

11. 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.

12. 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) at the following address:

Mas Services Ltd.
 AB-4, Safdarjung Enclave
 New Delhi – 110 029
 Phone No. : 011-26104142, 26104326
 Fax No. : 011-26181081
 E-mail : mas_serv@yahoo.com

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 as given below:

1. **Name** : Mr. P. K. Bhalla
- Age** : 55 years
- Qualifications** : B.Sc., LLB, FCS
- No. of Shares held in the Company** : 251 Equity Shares
- Expertise** :
 - Company Law
 - Other Corporate Laws
 - Direct and Indirect Taxation

Mr. P.K. Bhalla has been in the profession for more than 30 years and has been actively associated with the management of the businesses of the Company. He has made significant contributions to the restructuring of the businesses of the Company through various Schemes of Arrangement approved by the Hon'ble High Court. The professional contributions of Mr. P.K. Bhalla in the areas of Legal and Secretarial practices have been of great value and will be beneficial for the Company.
- Outside Directorships** : Nil
- Chairmanship/Membership of the Board Committees** :

| | | |
|------------------|---|--|
| Siel Ltd. | <ul style="list-style-type: none"> - Legal Sub-Committee - Audit Sub-Committee - Remuneration Committee - Banking, Financing and Investment Committee | <ul style="list-style-type: none"> Chairman Member Member Member |
|------------------|---|--|

Siel Limited

NOTICE (Contd.)

2. **Name** : Mr. A.K. Mehra
Age : 58 years
Qualifications : M.Sc. (Chemical Engineering)
No. of Shares held in the Company : 106 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 28 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 business of Mawana Sugars Limited.
- Outside Directorships** : Nil
Chairmanship/ Membership of the Board Committees Siel Ltd. :
- Legal Sub-Committee Member
- Shareholders/Investors Grievance/ Share Transfer Committee Member
3. **Name** : Mr. R.S. Bedi
Age : 64 years
Qualifications : Graduate of the National Defence Academy
No. of Shares held in the Company : Nil
Expertise : Mr. R.S. Bedi has served in various capacities in the Government of India for 43 years.
- Outside Directorships** : Nil
Chairmanship/ Membership of the Board Committees : None
4. **Name** : Mr. K.P. Singh
Age : 71 years
Qualifications : M.A. in History and Political Science
No. of Shares held in the Company : Nil
Expertise : He has vast experience of working at senior position in various Companies like Zuari Agro Chemicals Ltd. (a Birla Group Company), ITC Limited and DCM Limited. He has been Instrumental in implementation of growth and diversification of these Companies. He is Director of the Company since 1992 and presently holds the position of Whole Time Director of the Company.
- Outside Directorships** : M/s. Sodar Pvt. Ltd.
Chairmanship/Membership of the Board Committees Siel Ltd. :
- Shareholders/Investors Grievance/Share Transfers Member
- Legal Sub-Committee Member

NOTICE (Contd.)

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

ITEM NO. 5

Mr. R.S. Bedi was co-opted as an Additional Director on the Board of the Company effective from 28.3.2007. He holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the candidature of Mr. R.S. Bedi for office of Director of the Company.

Mr. R.S. Bedi is a retired Govt. servant. He served in various capacities in Govt. of India for about 43 years.

The Board of Directors considers that the continuance of Mr. R.S. Bedi on the Board of the Company will be beneficial to the Company and recommend the resolution for your approval.

None of the Directors except Mr. R.S. Bedi is concerned or interested in the said resolution.

ITEM NO. 6

The shareholders of the Company have already authorized the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow monies upto Rs.500 crores.

Upon effectuation of the Scheme of Arrangement for Amalgamation of Mawana Sugars Limited (MSL) with the Company, all the borrowings and mortgaging/charges of MSL shall devolve on the Company. Further for the smooth functioning of business of the Company, the Company may have to borrow monies from Banks/Financial Companies/Financial Institutions from time to time.

In view of the above, it is felt that the total borrowings of the Company could exceed the limit fixed by the shareholders. The consent of the shareholders is therefore required by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 to modify the authorization to borrow monies to the extent of Rs.750 crores.

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

ITEM NO. 7

The shareholders of the Company have already authorized the Board of Directors under Section 293(1)(a) of the Companies Act, 1956 to Mortgage and/or Charge the assets, for the banking/credit facilities

upto a limit of Rs.500 crores. In view of the increased borrowings after vesting of the borrowings of Mawana Sugars Limited, pursuant to the effectuation of Scheme of Arrangement for Amalgamation of Mawana Sugars Limited with the Company, from the Banks/Financial Companies, which would be required to be secured by way of mortgage/charge in favour of lenders over the Company's moveable and immoveable properties, present and future, the said limits need to be increased to Rs.750 crores. The consent of the shareholders is therefore required by way of an Ordinary Resolution under Section 293(1)(a) for mortgaging/charging the assets of the Company.

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

ITEM NO. 8

The present term of office of Mr. K.P. Singh, Whole Time Director of the Company expired on 19.5.2007.

Keeping in view of the guidance and services rendered by Mr. K.P. Singh, the Board of Directors of the Company in its meeting held on 28.3.2007 re-appointed Mr. K.P. Singh as Whole Time Director of the Company for a further period of 5 years effective from 20.5.2007.

The remuneration of Mr. K.P. Singh as stated in Item No.8 of the Notice was approved by the Remuneration Committee of Directors and the Board of Directors of the Company in their respective meetings held on 31.05.2007 for the abovesaid period of 5 years.

The reappointment and remuneration of Mr. K.P. Singh is subject to the approval of the shareholders by way of a Special Resolution.

Your Directors recommend the resolution for your approval.

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

By Order of the Board of Directors
For **Siel Limited**

Place : New Delhi
Dated : June 12, 2007

(**AMIT KHURANA**)
COMPANY SECRETARY

Siel Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 45th Annual Report along with Audited Accounts of the Company for the year ended March 31, 2007.

FINANCIAL RESULTS (Rs. Lacs)

| Sl. No. | Particulars | Amount | |
|---------|--|----------|----------|
| | | 31.03.07 | 31.03.06 |
| 1. | Profit / (Loss) before interest, depreciation, exceptional items and tax | 1034.62 | 1593.09 |
| 2. | Interest | 20.03 | 118.28 |
| 3. | Depreciation | 1139.00 | 1145.49 |
| 4. | Profit / (Loss) before exceptional items and tax | (124.41) | 329.32 |
| 5. | Exceptional items | — | 4018.15 |
| 6. | Profit / (Loss) before tax | (124.41) | 4347.47 |
| 7. | Provision for taxation (including current tax, deferred tax benefit and FBT) | 233.66 | 297.16 |
| 8. | Profit / (Loss) after tax | 109.25 | 4050.31 |
| 9. | Dividend (including tax) | — | 209.26 |
| 10. | Net Addition/(Deduction) to Reserves and Surplus | 109.25 | (464.18) |

DIVIDEND

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

OPERATIONS

A review of operations of the major businesses of the Company for the year ended March 31, 2007 is detailed as under (some discussion is also presented in the Management Discussion and Analysis report):

Chlor-Alkali

During the year under review, cell liquor production was 79389 MT as compared to 75107 MT in the previous year.

Punjab State Electricity Regulatory Commission had not increased the power tariff during financial year 2006-07. It was kept same as it was for financial year 2005-06.

PSEB is planning to file fresh Annual revenue requirement with Punjab state regulatory commission for financial year 2007-08. It is expected that Power tariff may be increased.

Edible Oils

During the year under review, Siel Edible Oils Limited, a wholly owned subsidiary of your Company have restarted marketing of Vanaspati in small packs.

SCHEME OF ARRANGEMENT

Your Board of Directors in their meeting held on 11.1.2007 and subsequently in their meeting held on 28.3.2007 approved a Scheme of Arrangement for amalgamation between Mawana Sugars Limited and Siel Limited whereby Mawana Sugars Limited is proposed to be merged with your Company and also approved that the resultant capital be reduced to one third.

The necessary legal process to obtain the approval of Hon'ble High Court of Delhi has been commenced.

Upon effectuation of the said Scheme, the name of your Company is proposed to be changed to 'Mawana Limited'.

INVESTMENT IN JEW

During the year under review, the outstanding loan of Rs.7.77 crores

advanced to Jay Engineering Works Limited pursuant to BIFR approved Rehabilitation Scheme was converted into 77,70,000 fully paid equity shares of Rs.10/- each at par.

JOINT VENTURE

CERATIZIT INDIA PVT. LTD. (Formerly Siel Tizit Limited) (STL). During the financial year ended February 2007, Ceratizit recorded a total sales income of 432.44 Mio INR during the financial year ended February 2007 as against 318.94 Mio INR last year, an increase of 36 %. The net profit of 49.09 Mio INR was made during the year after providing for loss on impairment of fixed assets of 23.77 Mio INR.

SUBSIDIARY COMPANIES

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

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

In terms of the approval granted by the Central Government under section 212(8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsisting subsidiaries have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any member of the Company or of the subsidiaries interested in obtaining the same. The annual accounts of the subsidiary companies will also be available for inspection during business hours at the Registered office of the Company. However, as directed by the Central Government the financial data of the subsidiaries have been furnished under 'Details of Subsidiaries', forming part of the Annual Report. Further, pursuant to Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report includes financial information of its subsidiaries.

CONSOLIDATED FINANCIAL STATEMENTS

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

DIRECTORS

During the year under review, Mr. O.P. Khaitan, Director of the Company has resigned from the Directorship of the Company.

Mr. R.S. Bedi was co-opted as an Additional Director on the Board of Directors of your Company during the year under review.

The term of appointment of Mr. K.P. Singh, Whole Time Director of the Company expired on 19th May, 2007. The Board of Directors in its meeting held on 28th March, 2007 has reappointed him for a further period of 5 years effective from 20.5.2007. The Remuneration Committee in its meeting held on 31.5.2007 has approved the payment of remuneration to Mr. K.P. Singh on same terms and conditions as approved earlier. Subsequently, the terms of remuneration have also been approved by the Board in its meeting held on 31.5.2007.

Mr. P.K. Bhalla and Mr. A.K. Mehra, Directors retire by rotation and being eligible, offer themselves for re-appointment.

DIRECTORS' REPORT

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 AND OUTGO

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

There is no employee in the company whose particulars are required to be given under Section 217 (2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that year;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

SHARE REGISTRY ACTIVITIES

In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2002 dated 27 December 2002, your Company has transferred the work related to

share registry to Mas Services Ltd., a registrar and share transfer agent registered with SEBI.

INFORMATION UNDER LISTING AGREEMENT WITH STOCK EXCHANGES

DEMATERIALISATION OF SHARES

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

As on March 31, 2007, a total of 1,77,70,155 equity shares of the Company, which form 97.02% of the equity share capital, stand dematerialized.

LISTING OF SECURITIES OF COMPANY

The equity shares of your Company continue to be listed on the Bombay Stock Exchange Ltd., Mumbai.

An application for delisting of equity shares on the Calcutta Stock Exchange has also been filed.

The listing fee for the year 2007-2008 has been paid to the Bombay Stock Exchange Ltd., Mumbai.

INFORMATION UNDER LISTING AGREEMENT FOR GDRs

- a) The Directors and their connected persons held 1,27,84,342 equity shares as at March 31, 2007 representing 69.80% of the total outstanding equity shares.
- b) Particulars of shareholders holding more than 5% of the issued share capital of the Company as at March 31, 2007 is as under:

| Name of the Shareholder | No. of Equity Shares held | % to the issued capital |
|------------------------------------|---------------------------|-------------------------|
| - Mawana Sugars Limited | 80,00,000 | 43.68 |
| - Greenfields Commercial Pvt. Ltd. | 24,57,493 | 13.42 |

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : June 12, 2007

(SIDDHARTH SHRIRAM)
Chairman

ANNEXURE - I TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

Siel Chemical Complex was adjudged second at the national level in chlor-alkali industries and was given National Energy Conservation award for the year 2006.

a) Energy conservation measures taken

1. Replaced worn out and high millivolt copper flexible in BHEL rectifier cubicle.
2. Replaced 25 no double tube light fittings with CFL Lamps.
3. Replaced 12 Mercury lamps with CFL lamps in cell house.
4. Replaced 04 Sodium lamps fitting of 150 watts with 70 watts fittings in ETP area.
5. Installation of Hydrogen cooler -B to increase efficiency of hydrogen supply system.
6. Repaired Three DC Bus Bar joints in totalizing area and cell house.
7. Installation of Variable frequency drive on HCL cooling tower Fan.
8. Installation of Variable frequency drive on 30 KW Clarified Brine pump
9. Aluminum blades of rectifier house cooling tower fan to be replaced with FRP blades.
10. Installation of Variable frequency drive on Chlorine house cooling tower Fan.

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

Energy audit has been carried out by M/s TERI and M/s Forbes Marshall for electrical and thermal part respectively. The proposal will be implemented in phased manner.

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

Savings in energy consumption to the extent of 29 units per metric ton of caustic soda and reduction in cost of production by Rs.0.9 crores.

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

As per Form – A

B. TECHNOLOGY ABSORPTION:

- a) Efforts made in technology absorption

As per Form – B

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

The company exported Caustic Soda Flakes and Stable Bleaching Powder to various countries during the year ended March 31, 2007.

b) Total foreign exchange used and earned

The information is given in Notes to Accounts.

ANNEXURE - I TO DIRECTORS' REPORT (Contd.)

FORM-A
[See Rule 2]

Form for disclosure of particulars with respect to conservation of energy:

A. POWER AND FUEL CONSUMPTION

| PARTICULARS | Year Ended 31.03.07 | Year Ended 31.03.06 |
|--|--------------------------------|--------------------------------|
| 1. ELECTRICITY | | |
| (a) Purchased | | |
| • Units | 220,935,420 | 211,530,000 |
| • Total Amount (Rs./Lacs) | 9069 | 8733 |
| • Rate / Unit (Rs.) | 4.10 | 4.13 |
| (b) Own generation | | |
| (i) Through Diesel generator | | |
| • Units | Nil | Nil |
| • Units per litre of diesel oil | N.A. | N.A. |
| • Cost/Unit (Rs.) | N.A. | N.A. |
| (ii) Through steam turbine/generator | | |
| • Units | Nil | Nil |
| • Units per Kg of Coal | N.A. | N.A. |
| • Cost/Unit (Rs.) | N.A. | N.A. |
| 2. COAL | | |
| (Used for steam/power generation) | | |
| • Quantity (MT) | Nil | Nil |
| • Total Cost (Rs./lacs) | N.A. | N.A. |
| • Average rate (Rs./MT) | N.A. | N.A. |
| 3. FURNACE OIL | | |
| • Quantity (MT) | 5399 | 4865 |
| • Total cost (Rs./lacs) | 934 | 826 |
| • Average Rate (Rs./MT) | 17300 | 16970 |
| 4. OTHERS / INTERNAL GENERATION | Nil | Nil |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | |
| Particulars | Standards | |
| Electricity (KWH/MT) | | |
| – Caustic Soda | - | 2597 |
| Steam (MT / MT) | | |
| – Caustic Soda | - | Nil |

FORM-B
[See Rule 2]

Form for disclosure of particulars with respect to Absorption

RESEARCH AND DEVELOPMENT (R & D)

- | | |
|---|-----|
| 1 Specific areas in which R&D carried out by the Company | |
| R & D was carried out in areas of product development, process development. | |
| 2 Benefits derived as a result of above R&D | |
| - Optimization of process parameters | |
| - Increase in process efficiency | |
| - Improvement in Process Control | |
| 3 Future plan of action | — |
| 4 Expenditure on R&D | |
| • Capital | Nil |
| • Recurring | Nil |
| • Total | Nil |
| • Total R&D expenditure as a percentage of total turnover | Nil |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|--|-----|
| 1 Efforts, in brief, made towards technology absorption, adaptation and innovation | |
| No change in technology | |
| 2 Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. | |
| Not applicable | |
| 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 | Nil |
| • Technology imported | |
| • Year of import | |
| • Has technology been fully absorbed? | |
| • If not fully absorbed, areas where this has not been taken place, reasons therefore and future plans of action. | |

ANNEXURE-II TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007

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 firmly 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 2 Executive Directors and 6 Non-Executive Directors out of which 4 Directors are Independent Directors. The Independent Directors do not have any material pecuniary relationship or transactions with the Company, its promoters, its directors, its senior management and its subsidiaries which may effect the independence of judgment of the Directors. The Board members possess the skills, experience and expertise necessary to guide the Company.

The composition of Board of Directors and their attendance at the Board Meetings held during the year ended March 31, 2007 and at the last Annual General Meeting as also the number of other directorship and membership/chairmanship of committees are as follows:

| Director | Category | No. of Board Meetings Attended (Total meetings held 8) | Attended last AGM | No. of outside Directorship held (excluding Private & Foreign Companies) | Committee Membership* | |
|--|-------------------------------|--|-------------------|--|-----------------------|----------|
| | | | | | Member | Chairman |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| ● Mr. Bedi R.S. ¹ | Independent Non-Executive | 1 | N.A. | NIL | NIL | NIL |
| ● Mr. Bhalla P.K. | Non-Independent Non-Executive | 7 | Yes | NIL | 1 | NIL |
| ● Mr. Goila N.K. | Independent Non-Executive | 6 | No | 6 | 5 | 3 |
| ● Mr. Khaitan O.P. ² | Independent Non-Executive | NIL | N.A. | 9 | 4 | 2 |
| ● Mr. Mehra A.K. | Non Independent Non-Executive | 8 | Yes | NIL | 1 | NIL |
| ● Mr. Mittal D.C. | Independent Non-Executive | 8 | Yes | NIL | 1 | NIL |
| ● Prof. Mohan Dinesh | Independent Non-Executive | 4 | No | 1 | NIL | 2 |
| ● Mr. Shriram Siddharth (Chairman & Managing Director) | Executive and Promoter | 8 | No | 8 | 5 | 1 |
| ● Mr. Singh K.P. | Executive | 6 | No | NIL | 1 | NIL |

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

1. Co-opted as an Additional Director w.e.f. 28.3.2007.
2. Resigned from the directorship of the Company w.e.f. 17.5.2006.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007

(ii) Attendance at Board of Directors Meetings

The Board of the Company met 8 times during the year ended March 31, 2007. The Company placed before the Board all statutory and other important items recommended by the SEBI committee on Corporate Governance.

| Sl. No. | Date | Board Strength | No. of Directors Present |
|---------|------------|----------------|--------------------------|
| 1. | 10.05.2006 | 8 | 5 |
| 2. | 28.07.2006 | 7 | 6 |
| 3. | 21.09.2006 | 7 | 6 |
| 4. | 31.10.2006 | 7 | 6 |
| 5. | 13.11.2006 | 7 | 6 |
| 6. | 11.01.2007 | 7 | 6 |
| 7. | 25.01.2007 | 7 | 5 |
| 8. | 28.03.2007 | 8 | 8 |

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 Agreement.

(ii) Composition

The composition of Audit Sub-Committee is as under:

| | |
|--|---|
| - Independent Non-Executive Directors | 3 |
| - Non Independent Non-Executive Director | 1 |
| | 4 |

All the committee members have sound knowledge of finance and accounting.

The Chairman of the Committee did not attend 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.

The composition of the Committee and their attendance at the Committee meetings held during the year ended March 31, 2007 are as under:

| Member Director | Executive/ Non-Executive | Independent/ Non-Independent | No. of Meetings Attended (Total meetings held 4) |
|---------------------------------|-----------------------------|---------------------------------|--|
| • Mr. Bhalla P.K. | Non-Executive | Non-Independent | 3 |
| • Mr. Goila N.K. ¹ | Non-Executive | Independent | 3 |
| • Mr. Khaitan O.P. ² | Non-Executive | Independent | Nil |
| • Mr. Mittal D.C. | Non-Executive | Independent | 4 |
| • Prof. Mohan Dinesh (Chairman) | Non-Executive | Independent | 1 |

1. Co-opted as member of the Committee w.e.f. 8.5.2006.

2. Ceased to be the member of the Committee due to resignation from the Board of Directors of the Company w.e.f. 17.5.2006.

ANNEXURE-II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007

(iii) Audit Committee Meetings (Attendance)

It meets at least 4 times in a year and reviews the quarterly, half yearly and annual financial statements before they are submitted to the Board. For the year ended March 31, 2007, four meetings of the Audit Committee were held as under:

| Sl. No. | Date | Committee Strength | No. of Members Present |
|---------|------------|--------------------|------------------------|
| 1. | 10.05.2006 | 5 | 2 |
| 2. | 28.07.2006 | 4 | 3 |
| 3. | 31.10.2006 | 4 | 3 |
| 4. | 25.01.2007 | 4 | 3 |

4. Remuneration Committee

(i) Terms of Reference

The Committee reviews and approves the salaries, commission, service agreements and other employment conditions for 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 Directors and the Chairman of the Committee is an Independent Director. The composition of the Remuneration Committee during the year ended March 31, 2007 is as under:

| Member Director | Executive/ Non-Executive | Independent/ Non-Independent |
|---|--|--|
| <ul style="list-style-type: none"> • Mr. Bhalla P.K. • Mr. Mittal D.C. (Chairman) • Prof. Mohan Dinesh | <p>Non-Executive</p> <p>Non-Executive</p> <p>Non-Executive</p> | <p>Non-Independent</p> <p>Independent</p> <p>Independent</p> |

(iii) Remuneration Committee Meeting (Attendance)

During the year ended March 31, 2007, no meeting of this Committee was held.

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

(iv) 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 at the general meeting and such other authorities as the case may be.

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees of Rs.2,000 for each meeting of the Board/Board Committee attended by them.

(v) Details of Directors' Remuneration

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

(A) The details of the remuneration to the Executive Director provided as per accounts for the year ended March 31, 2007 is given below:

| Sl. No. | Name | Salary and Allowances (Rs.) | Perquisites (Rs.) | Contribution to Provident and other Funds (Rs.) | Total (Rs.) |
|---------|----------------|--------------------------------|----------------------|--|----------------|
| 1. | Mr. Singh K.P. | 15,40,000 | 2,38,006 | 1,26,000 | 19,04,006 |

1. Service contract is for 5 years.
2. Notice period is 6 calendar months.
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 since the same is paid for the Company as a whole.

ANNEXURE-II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007

(B) The details of the sitting fees to the Non-Executive Directors provided as per accounts for the year ended March 31, 2007 are given below:

| Sl. No. | Name | Sitting Fee (Rs.) |
|---------|--------------------|-------------------|
| 1. | Mr. Bedi R.S. | 2000 |
| 2. | Mr. Bhalla P.K. | 24,000 |
| 3. | Mr. Goila N.K. | 18000 |
| 4. | Mr. Mehra A.K. | 36,000 |
| 5. | Mr. Mittal D.C. | 28,000 |
| 6. | Prof. Mohan Dinesh | 44,000 |

The Company has not paid any fixed component and performance linked incentives to the Directors during the year.

The Company does not have any stock option scheme.

5. Shareholders/Investors Grievance/Share Transfer Committee

(i) Terms of reference

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

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

(ii) Composition

The Chairman of this Committee is a Non-Executive Independent Director. The composition of the Committee and their attendance at the Committee meetings held during the year ended March 31, 2007 are as under:

| Member Director | Executive/ Non-Executive | Independent/ Non-Independent | No. of Meetings Attended (Total meetings held 18) |
|---------------------------------|-----------------------------|---------------------------------|--|
| • Mr. Mehra A.K. | Non-Executive | Non-Independent | 10 |
| • Prof. Mohan Dinesh (Chairman) | Non-Executive | Independent | 17 |
| • Mr. Singh K.P. | Executive | Non-Independent | 18 |

(iii) Attendance at Shareholders/Investors Grievance/Share Transfer Committee Meetings

| Sl.No. | Date | Committee Strength | No. of Members Present |
|--------|------------|--------------------|------------------------|
| 1. | 19.04.2006 | 3 | 3 |
| 2. | 12.05.2006 | 3 | 2 |
| 3. | 30.05.2006 | 3 | 2 |
| 4. | 22.06.2006 | 3 | 2 |
| 5. | 07.07.2006 | 3 | 2 |
| 6. | 24.07.2006 | 3 | 2 |
| 7. | 11.08.2006 | 3 | 3 |
| 8. | 28.08.2006 | 3 | 2 |
| 9. | 18.09.2006 | 3 | 3 |
| 10. | 09.10.2006 | 3 | 3 |

ANNEXURE-II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007

| Sl.No. | Date | Committee Strength | No. of Members Present |
|--------|------------|--------------------|------------------------|
| 11. | 31.10.2006 | 3 | 3 |
| 12. | 16.11.2006 | 3 | 2 |
| 13. | 08.12.2006 | 3 | 3 |
| 14. | 21.12.2006 | 3 | 2 |
| 15. | 12.01.2007 | 3 | 3 |
| 16. | 29.01.2007 | 3 | 3 |
| 17. | 26.02.2007 | 3 | 3 |
| 18. | 20.03.2007 | 3 | 2 |

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

During the year ended March 31, 2007, 48 complaints were received from the shareholders. All complaints were replied/resolved to the satisfaction of the shareholders.

As on March 31, 2007, 9 cases covering 280 equity shares for registration of transfer of shares were pending. Transfer in all these cases have been given effect on 16.4.2007 and 30.4.2007 and dispatched on 1.5.2007.

6. General Body Meetings

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

| Financial Year | Location | Date | Time | Special Resolution Passed |
|----------------|--|------------|------------|---|
| 2005-2006 | Kamani Auditorium 1, Copernicus Marg New Delhi – 110001 | 21.07.2006 | 10.00 A.M. | Alteration in Articles of Association of the Company by inserting a new Article 53B to enable the Company to buy-back such part of its share capital or other securities in future. |
| 2004-2005 | 15, Shivaji Marg, New Delhi – 110015. | 22.07.2005 | 10.30 A.M. | Delisting of equity shares from Delhi, Hyderabad and Kolkata stock exchanges. |
| 2003-2004 | FICCI Auditorium, Federation House, Tansen Marg, New Delhi – 110001. | 20.08.2004 | 11.00 A.M. | Delisting of equity shares from Delhi, Hyderabad and Kolkata stock exchanges. |

(ii) No Special resolution was put through the Postal Ballot in the previous year.

(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" issued by the Institute of Chartered Accountants of India, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the Note no. 18 to Schedule 13 – Notes to Accounts of the Annual Report for the year ended March 31, 2007.

During the year, 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 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.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007

(v) **Code of Conduct**

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

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

(vi) **Subsidiary Companies**

The Minutes of the Board Meetings of unlisted subsidiary companies are regularly placed before the Board.

(vii) **Risk Management**

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

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

The shareholding of the Non-Executive Directors of the Company as on 31.3.2007 are as under:

| Sl. No. | Name of the Director | No. of Equity Shares |
|---------|----------------------|----------------------|
| 1. | Mr. P.K. Bhalla | 251 |
| 2. | Mr. A.K. Mehra | 106 |
| 3. | Mr. D.C. Mittal | 160 |
| 4. | Prof. Dinesh Mohan | Nil |
| 5. | Mr. N.K. Goila | Nil |
| 6. | Mr. R.S. Bedi | 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.sielimited.com
- (iv) During the year 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 20.09.2007 at 10.00 A.M. at Kamani Auditorium, 1, Copernicus Marg, New Delhi-110001.

(ii) **Financial Calendar for the year 2007-2008**

| | |
|---------------------------|---------------------------------|
| Accounting year | April 1, 2007 to March 31, 2008 |
| First Quarter results | July 2007 |
| Second Quarter results | October 2007 |
| Third Quarter results | January 2008 |
| Fourth Quarter results | April 2008 |
| Annual results | May/June 2008 |
| Mailing of Annual Reports | July/August 2008 |
| Annual General Meeting | August/September 2008 |

- (iii) **Date of Book Closure:** 19.09.2007 to 20.09.2007 (both days inclusive)

ANNEXURE-II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007

(iv) Listing on Stock Exchanges:

The equity shares of the Company are listed on The Bombay Stock Exchange Ltd., Mumbai. The application for listing of these shares on Calcutta Stock Exchange is still pending. Stock Code at the Bombay Stock Exchange Ltd. : 523371 Listing fees upto the year 2007-2008 has been paid to the Bombay Stock Exchange Ltd.

(v) Stock Market Data for the year ended March 31, 2007

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

| Month & Year | High (Rs.) | Low (Rs.) | Volume (Nos.) | BSE Sensex | |
|----------------|------------|-----------|----------------|------------|-----------|
| | | | | High | Low |
| April 2006 | 100.35 | 57.30 | 1221989 | 12,102.00 | 11,008.43 |
| May 2006 | 117.70 | 56.15 | 1691658 | 12,671.11 | 9,826.91 |
| June 2006 | 63.80 | 35.55 | 441931 | 10,626.84 | 8,799.01 |
| July 2006 | 49.50 | 30.10 | 316769 | 10,940.45 | 9,875.35 |
| August 2006 | 52.15 | 37.50 | 495256 | 11,794.43 | 10,645.99 |
| September 2006 | 46.00 | 40.00 | 254611 | 12,485.17 | 11,444.18 |
| October 2006 | 58.00 | 42.20 | 669508 | 13,075.85 | 12,178.83 |
| November 2006 | 54.50 | 38.10 | 439032 | 13,799.08 | 12,937.30 |
| December 2006 | 43.00 | 28.00 | 489212 | 14,035.30 | 12,801.65 |
| January 2007 | 44.00 | 33.80 | 486281 | 14,325.92 | 13,303.22 |
| February 2007 | 43.70 | 30.60 | 1188356 | 14,723.88 | 12,800.91 |
| March 2007 | 32.50 | 24.00 | 416810 | 13,386.95 | 12,316.10 |
| TOTAL | | | 8111413 | | |

(vi) Registrar and Transfer Agent

In compliance of SEBI requirements, Mas Services Limited have been appointed the 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 Ltd.
 AB-4, Safdarjung Enclave, New Delhi – 110 029
 Phone No. : 011-26104142, 26104326
 Fax No. : 011-26181081
 E-mail : mas_serv@yahoo.com

(vii) Share Transfer System

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

(viii) Investors' Service

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

No complaints/grievances are pending as on date.

(ix) Distribution of shareholding as on March 31, 2007

| No. of Equity Shares held | Folios | | Shares | |
|---------------------------|--------------|---------------|-----------------|---------------|
| | Numbers | % | Numbers | % |
| Up to 500 | 45039 | 97.74 | 1331014 | 7.27 |
| 501-1000 | 528 | 1.15 | 419595 | 2.29 |
| 1001-2000 | 245 | 0.53 | 359153 | 1.96 |
| 2001-3000 | 78 | 0.17 | 196739 | 1.07 |
| 3001-4000 | 41 | 0.09 | 142872 | 0.78 |
| 4001-5000 | 45 | 0.10 | 208378 | 1.14 |
| 5001-10000 | 51 | 0.11 | 373421 | 2.04 |
| 10001 and above | 51 | 0.11 | 15284130 | 83.45 |
| TOTAL | 46078 | 100.00 | 18315302 | 100.00 |

Siel Limited

ANNEXURE-II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007

(x) Categories of shareholders as on March 31, 2007

| Category code | Category of shareholder | Number of share-holders | Total Number of shares | Number of Shares held in dematerialized form | Total shareholding as a percentage of total number of shares | |
|---------------|---|-------------------------|------------------------|--|--|----------------------------|
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) |
| (A) | Shareholding of Promoter and Promoter Group | | | | | |
| (1) | Indian | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 3 | 1024171 | 1024171 | 5.66 | 5.59 |
| (b) | Central Government/ State Government(s) | | | | | |
| (c) | Bodies Corporate | 5 | 11555533 | 11555533 | 63.85 | 63.09 |
| (d) | Financial Institutions/ Banks | | | | | |
| (e) | Any Other (specify) | | | | | |
| | Sub-Total (A)(1) | 8 | 12579704 | 12579704 | 69.51 | 68.68 |
| (2) | Foreign | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign individuals) | 1 | 203536 | 203536 | 1.12 | 1.11 |
| (b) | Bodies Corporate | | | | | |
| (c) | Institutions | | | | | |
| (d) | Any Other (specify) | | | | | |
| | Sub-Total (A)(2) | 1 | 203536 | 203536 | 1.12 | 1.11 |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 9 | 12783240 | 12783240 | 70.64 | 69.79 |
| (B) | Public shareholding | | | | | |
| (1) | Institutions | | | | | |
| (a) | Mutual Funds/ UTI | 7 | 12852 | 7184 | 0.07 | 0.07 |
| (b) | Financial Institutions/ Banks | 34 | 7691 | 1300 | 0.04 | 0.04 |
| (c) | Central Government/ State Government(s) | | | | | |
| (d) | Venture Capital Funds | | | | | |
| (e) | Insurance Companies | 5 | 699433 | 699433 | 3.86 | 3.82 |
| (f) | Foreign Institutional Investors | | | | | |
| (g) | Foreign Venture Capital Investors | | | | | |
| (h) | Any Other (Foreign Banks) | 2 | 1687 | 1687 | 0.01 | 0.01 |
| | Sub-Total (B)(1) | 48 | 721663 | 709604 | 3.99 | 3.94 |
| (2) | Non-institutions | | | | | |
| (a) | Bodies Corporate | 519 | 1279687 | 1263883 | 7.07 | 6.99 |
| (b) | Individuals | | | | | |
| | i. Individual shareholders holding nominal share capital up to Rs.1 Lakh. | 45263 | 2538195 | 2057658 | 14.03 | 13.86 |
| | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 18 | 693428 | 693428 | 3.83 | 3.79 |
| (c) | Any Others (NRIs/OCBs/Foreign Nationals) | | | | | |
| | i. NRIs | 146 | 54644 | 50675 | 0.30 | 0.30 |
| | ii.OCBs | 1 | 35 | 35 | 0.00 | 0.00 |
| | iii.Foreign Nationals | 72 | 25841 | 0 | 0.14 | 0.14 |
| | Sub-Total (B)(2) | 46019 | 4591830 | 4065679 | 25.37 | 25.08 |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) | 46067 | 5313493 | 4775283 | 29.36 | 29.02 |
| | TOTAL (A)+(B) | 46076 | 18096733 | 17558523 | 100.00 | 98.81 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | 2 | 218569 | 211632 | | 1.19 |
| | GRAND TOTAL (A)+(B)+(C) | 46078 | 18315302 | 17770155 | | 100.00 |

ANNEXURE-II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2007**(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) Ltd. (CDSL).

As on March 31, 2007, a total of 1,77,70,155 equity shares of the Company, which form 97.03% of the equity share capital, stand dematerialized.

Under the depository system, the ISIN allotted to the Company's equity shares is INE636A01021.

(xii) Outstanding GDRs

Pursuant to an offer of Global Depository Receipts (GDRs) made by the Company in 1994 – 70,544 GDRs representing 2,11,632 underlying equity shares of the Company were outstanding as on March 31, 2007.

(xiii) Plant Location:**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 Ltd.
AB-4, Safdarjung Enclave
New Delhi – 110 029
Phone No. : 011-26104142, 26104326
Fax No. : 011-26181081
E-mail : mas_serv@yahoo.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 : June 12, 2007

DECLARATION

I, Siddharth Shriram, the designated Chief Executive Officer (CEO) hereby declare that the Code of Conduct adopted by Siel 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

CERTIFICATE

To the Members of Siel Limited

We have examined the compliance of Corporate Governance by Siel Limited for the year ended March 31, 2007, as stipulated in Clause 49 of the Listing Agreement 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 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 Agreement, except that:

The composition of the Board of Directors (BOD) should consist of at least half of the BOD being independent as the chairman is an executive director. This requirement has not been complied with for a part of the year. On appointment of an independent director with effect from March 28, 2007, the aforesaid requirement has been complied with.

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

Place : New Delhi
Date : June 12, 2007

MANJULA BANERJI
Membership No. 086423
Partner

ANNEXURE-III TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Chlor Alkali Division

Industry Structure and Development

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 and Paper, Textile, Soap, Edible Oil Refineries, Dyes and Chemicals, Drugs and Drug Intermediates, Thermal Power Plants etc. |
| Chlorine | PVC, CPW, Pulp and 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, to the external trade of the country and to the GDP.

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.

Products end user industries

Aluminum, Paper and the Textile are the three sectors which have predominantly exhibited a good performance and provided a more than reasonable level of growth to Caustic Soda during the year 2006-07.

Industry Size

The Global production during 2006 was around 54 Million MT and is expected to grow at 4.0% per annum and touch 64 Million MT by 2010. India contributes about 4% to the global production. In India, presently, there are a total of 35 Caustic Soda plants in operation. The Indian Chlor-Alkali industry added 0.28 Million TPA capacity in the year 2006-07. During the year, the domestic production was 1.99 Million MT Caustic Soda representing 78% utilization of the installed capacity of 2.57 Million MT. The industry recorded a production growth of 3.25%, while capacity growth was 12.2% during the same year. The total demand of Caustic Soda was about 2.15 Million MT which included approximately 0.15 Million MT of imports. The overall demand growth

in respect of Caustic Soda was thus 7%, while production in the industry remained constrained due to low demand of Chlorine as well as inflow of large volume of imports of Caustic Soda from China and Middle East. The capacity utilisation was once again as low as 78% proving the cyclic trend of the industry.

| Year | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|-------------------------|---------|---------|---------|---------|---------|
| Capacity Utilisation | 68% | 80% | 87.3% | 84% | 78% |
| Production (Million MT) | 1.75 | 1.80 | 1.86 | 1.94 | 1.99 |

The year 2006-07 witnessed a good market for Caustic Soda during the first three quarters, but excess capacity and poor demand coupled with large imports of Caustic Soda lye and flakes led to decline in Caustic Soda prices during the last quarter. Chlorine prices remained abysmally low throughout the year due to lack of adequate demand and surplus capacity, more particularly in the Northern and Eastern part of the country, because of recent expansions which took place in the two units in the East Zone.

International Scenario

The high prices of Crude Oil price have substantially increased energy costs and ocean freights across the globe during the last two years. With transportation of material being highly expensive, the Caustic Soda demand and prices has become more regionalized in the international markets. It would be observed that prices of Caustic Soda in North America have been declining while in Europe, prices are rising. In China and Far East, prices have been more or less stable. In India, prices and margins have shrunk considerably during the last six months. The regional demand supply imbalance has been the main reason for such wide variation in the prices across different regions. The trend is likely to continue.

Because of high energy prices, resulting in higher ECU costs and increased ocean freights, manufacturers across the globe have not brought down Caustic Soda prices significantly, despite its surplus availability. The trend is likely to continue in a similar manner.

There has been no major change in the custom duty on the spares for Membrane Cell Plants, except that the peak custom duty has been reduced from 12.5% to 10 %. The membranes are still being imported with a custom duty of 5% as previously.

Outlook

The end-user segments of Caustic Soda viz. Aluminum, Paper, Textile and Soaps are poised for positive growths with major expansions coming up in the Aluminum and Paper segments.

With general upswing in the economy and GDP growth of 9% projected in the next year, the Chlor-Alkali industry is expected to perform reasonably well. The Caustic Soda prices during the next year are expected to remain firm, while Chlorine may come under pressure, due to surplus availability and volatility in the demand in the end-user segments. Marginal capacity additions of about 0.015 Million MT may further get added during 2007-08 which will increase the installed capacity to 2.59 Million MT and another 0.13 Million MT in 2008-09 which will increase installed capacity to 2.71 Million MT.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Risks and Concerns

The lower demand of Chlorine would limit the Caustic Soda production and its availability in the country, despite domestic demand originating from Alumina Sector. The prices of Caustic Soda would be in consonance with the international prices. Threat of imports of Caustic Soda would bring down domestic prices, which will have to be aligned with import prices. The import tariff for Caustic Soda as announced in the Government of India's budget 2007 – 08 has been further reduced from 12.5% to 7.5% thus allowing greater flexibility for imports.

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

Costs are likely to see an upward trend due to increase in energy prices from Crude Oil/ Furnace Oil, Coal and Power tariffs by the State Electricity Boards. Freight rates for movement of Salt and finished goods are expected to go up, after the directive of Hon'ble Supreme Court banning the overloading of vehicles. This would affect profitability of units, especially if market does not allow passing on these costs to the prices of finished products.

Power Scenario

Power is a major cost input accounting for almost 70% of the total product cost. The Company is dependent on power supply from the

State Electricity Board. The frequent hikes in power tariff have always remained a cause of concern. As a long-term business strategy, the company is planning to get cheaper power wheeled from other States.

HUMAN RESOURCE DEVELOPMENT

Effective management of the Human Resource is increasingly becoming a vital factor for successful implementation of business plans. Moving ahead in this direction, the management is committed to providing a conducive and stimulating work environment to its employees to realize their full potential and enhance their skills for existing as well as for future requirements through cross- functional exposure, appropriate training inputs, sharing of information and experiences.

The management values its human resource as a valuable asset. To stay competitive and excel in the dynamic market situation, the organisation has adopted a path of continuous improvements and all efforts are aimed at maximizing the contribution of its human resource and directing them towards the achievement of organisational goals.

The management's strategy includes imparting continuous training to its employees for developing and harnessing their skill for performance effectiveness, multi-skilling, enhancing flexibility, versatility, career advancement and further promoting harmonious employee relations.

AUDITORS' REPORT

To the Members of Siel Limited

1. We have audited the attached balance sheet of Siel Limited as at March 31, 2007 and also the profit and loss account and the cash flow statement for the year ended on that date 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 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 misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) 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;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) (i) **attention is invited to note 9 which sets out the position regarding the current status of the pending export obligation of US \$ 45.43 millions as at March**

31, 2007. The possible liability that would devolve on the Company due to the pending export obligation has not been determined and provided for in the accounts by the Company. We are unable to express an opinion in the matter;

- (ii) **various matters arisen/arising out of the reorganization arrangement of DCM Limited will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 10. The effect of these on the accounts has not been determined by the Company; and**
- (iii) **attention is invited to note 11 which sets out the position regarding provision not having being made for the decline in the value of the long term investment in equity shares of a company aggregating Rs. 777 lacs. The management is of the view that no provision at this stage is necessary. We are unable to express an opinion in the matter.**

The matters referred to in paragraphs f (i), (ii) and (iii) above, to the extent covered here above, were also subject matters of qualifications in our audit report on the financial statements for the year ended March 31, 2006.

Subject to our comments in paragraph (f) above and their consequential effect which could not be determined, on the profit for the years ended March 31, 2007 and March 31, 2006, and on the reserves and surplus as at March 31, 2007, and as at March 31, 2006, in our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2007;
- (ii) in the case of the profit and loss account, of the profit of the Company, for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **A.F. FERGUSON & CO.**
Chartered Accountants

MANJULA BANERJI

Membership No. 086423
Partner

Date : May 31, 2007
Place : New Delhi

ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT TO THE MEMBERS OF SIEL LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2007

- i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets once in a period of three years, and in accordance therewith, fixed assets were physically verified by the management during the current year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (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 are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- iii) According to the information and explanations given to us, the Company has during the year, granted interest bearing loan repayable within three months on call to a wholly owned subsidiary company amounting to Rs. 50 lacs.
- In an earlier year, the Company had advanced an interest free loan, repayable on demand, to a company, formerly its subsidiary, in terms of rehabilitation scheme of the Board of Industrial and Financial Reconstruction (BIFR) against which equity shares have been issued during the year.
- The maximum amounts due during the year and the year end balances of loans are Rs. 827 lacs and Rs Nil respectively.
- In our opinion, the terms on which the said loans were made by the Company are not prejudicial to the interest of the Company. Further, the loan granted of Rs 50 lacs has been received back during the year.
- According to the information and explanations given to us, the Company has, during the year, not taken any loan, secured or unsecured from companies, firms and other parties covered 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 are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods. There is no sale of services

- during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- 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 year 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 lacs entered into during the year 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 the 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.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order on the Company has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal with regard to fixed deposits.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and 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 determine whether they are accurate or complete.
- ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, excise duty 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 year end outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of wealth tax, cess, customs duty and service tax matters.

The details of dues of sales tax, income-tax and excise duty as at March 31, 2007 which have not been deposited on account of disputes are as follows: -

AUDITORS' REPORT (Contd.)

| S. No | Name of the Statute | Nature of dues | Net unpaid amount (Rs.Lacs) | Amount paid under protest (Rs.Lacs) | Period to which the amount relates (various years covering the period)# | Forum where dispute is pending |
|-------|---------------------|----------------|-----------------------------|-------------------------------------|---|--|
| 1. | Sales Tax Laws | Sales tax | 0.27 548.99 1782.76 | – 28.55 217.14 | 1973 -74 1978 -79 to 1979 -80, 1986 - 87 to 1996- 97 1975-76 to 1977-78 and 1983-84 to 2004 -05 | High Court Sales Tax Tribunal Appellate authority upto Commissioner's level |
| 2. | Income Tax Laws | Income-tax | 3.00 1.18 | 5.49 7.38 | 1994-95 2001-02 | High Court Income-tax Appellate Tribunal |
| 3. | Central Excise Laws | Excise Duty | 55.73 56.95 | – 395.73 | 1997-98 1981-82 to 1984-85, 1990-91 to 1992-93, 1997-98 | Central 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 have been decided in favour of the Company but the department has preferred appeal at higher level:

| S. No | Name of the Statute | Nature | Net unpaid amount (Rs.Lacs) | Period to which the amount relates | Forum where department has preferred appeal |
|-------|---------------------|-------------|-----------------------------|-------------------------------------|--|
| 1. | Central Excise Laws | Excise Duty | 691.28 2.14 | 1992 - 93 to 1997 - 98 1997 - 98 | High Court Customs Excise and Service tax Appellate Tribunal (CESTAT) |

- x) According to the information and explanations given to us, without considering the items mentioned in paragraph 4(f) of our main report, the effect of which has not been determined, the Company does not have accumulated losses at the end of the financial year March 31, 2007. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2007 and in the immediately preceding financial year ended March 31, 2006.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the Company during the year has not defaulted in repayment of dues to financial institutions and banks. The Company has not issued debentures during the year.
- 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) The provisions of any special statute as specified under paragraph 4(xiii) of the Order are not applicable to the Company.
- xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee during the year for loans taken by a wholly owned subsidiary from banks or financial institutions are prima-facie not prejudicial to the interest of the Company.
- xvi) According to the information and explanations given to us, the Company has not taken any term loans during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that during the year short term funds have not been used to finance long term investments.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) During the year, since the Company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.
- xx) During the year, the Company has not raised any money by way of public issue.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2007.

For **A.F. FERGUSON & CO.**
Chartered Accountants

MANJULA BANERJI
Membership No. 086423
Partner

Date : May 31, 2007
Place : New Delhi

Siel Limited

BALANCE SHEET AS AT MARCH 31, 2007

| | Schedule | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|---|----------|---------------------------------|---------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' funds | | | |
| Share capital | 1 | 1,831.53 | 1,831.53 |
| Reserves and surplus | 2 | 17,080.58 | 16,971.33 |
| | | <u>18,912.11</u> | <u>18,802.86</u> |
| Loan funds | | | |
| Secured | 3 | 99.56 | 250.60 |
| Unsecured | | 116.96 | 140.83 |
| | | <u>216.52</u> | <u>391.43</u> |
| Total | | <u>19,128.63</u> | <u>19,194.29</u> |
| APPLICATION OF FUNDS | | | |
| Fixed assets | | | |
| Gross block | 4 | 23,125.14 | 22,903.29 |
| Less: Depreciation | | 9,487.03 | 8,420.41 |
| Net block | | 13,638.11 | 14,482.88 |
| Capital work-in-progress | | 69.23 | 125.68 |
| | | <u>13,707.34</u> | <u>14,608.56</u> |
| Investments | 5 | 3,056.69 | 2,029.69 |
| Deferred tax assets (net) | 6 | 243.20 | — |
| Current assets, loans and advances | | | |
| Inventories | 7 | 745.43 | 715.60 |
| Sundry debtors | | 638.11 | 954.64 |
| Cash and bank balances | | 1,075.06 | 1,074.82 |
| Loans and advances | | 2,575.21 | 3,549.04 |
| | | <u>5,033.81</u> | <u>6,294.10</u> |
| Less: Current liabilities and provisions | 8 | 2,596.22 | 3,137.88 |
| Current liabilities | | 316.19 | 600.18 |
| Provisions | | | |
| Net current assets | | <u>2,121.40</u> | <u>2,556.04</u> |
| Total | | <u>19,128.63</u> | <u>19,194.29</u> |
| Notes to accounts | 13 | | |

Per our report attached

For A.F. Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Membership No. 086423
Partner

New Delhi
May 31, 2007

AMIT KHURANA
Company Secretary

SANTOSH KUMAR
Asstt. General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

BEDI R.S.
BHALLA P.K.
MEHRA A.K.
MITTAL D.C.
MOHAN DINESH
SINGH K.P.
Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

| | Schedule | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|--|----------|--------------------------------------|--------------------------------------|
| Income | | | |
| Gross Sales | | 18,873.27 | 24,182.23 |
| Less : Excise duty | | 2,738.29 | 2,772.53 |
| Net Sales | | 16,134.98 | 21,409.70 |
| Other income | 9 | 250.53 | 581.70 |
| | | 16,385.51 | 21,991.40 |
| Expenditure | | | |
| Manufacturing and other expenses | 10 | 15,350.89 | 20,376.64 |
| Interest | 11 | 20.03 | 118.28 |
| Depreciation | 4 | 1,139.00 | 1,145.49 |
| Miscellaneous expenditure written off | | - | 21.67 |
| | | 16,509.92 | 21,662.08 |
| Profit / (Loss) before tax and exceptional items | | (124.41) | 329.32 |
| Exceptional Items | 12 | - | 4,018.15 |
| Profit / (Loss) before tax after exceptional items | | (124.41) | 4,347.47 |
| Provision for taxation | | | |
| Current Tax | | - | 279.00 |
| Deferred tax benefit | | (243.20) | - |
| Fringe Benefit Tax | | 9.54 | 18.16 |
| Profit/(Loss) after tax | | 109.25 | 4,050.31 |
| Profit/(Loss) from continuing operations before tax . | | | |
| Current Tax | | (124.41) | 4,128.30 |
| Deferred tax benefit | | - | 261.00 |
| Fringe Benefit Tax | | (243.20) | - |
| | | 9.54 | 14.84 |
| Profit from continuing operations after tax | | 109.25 | 3,852.46 |
| Profit / (loss) from discontinuing operations before tax. | | | |
| Current Tax | | - | 202.50 |
| Deferred tax benefit | | - | 17.00 |
| Fringe Benefit Tax | | - | - |
| | | - | 3.32 |
| Profit from discontinuing operations after tax | | - | 182.18 |
| Profit on Transfer of Edible Oil Business before Tax. | | | |
| Current Tax | | - | 16.67 |
| Deferred tax benefit | | - | 1.00 |
| Fringe Benefit Tax | | - | - |
| | | - | - |
| Profit on transfer of Edible Oil Business after tax | | - | 15.67 |
| Profit / (Loss) after tax | | 109.25 | 4,050.31 |
| Appropriations | | | |
| Capital redemption reserve | | - | 877.17 |
| Proposed Dividends | | - | - |
| - Preference shares | | - | 0.37 |
| - Equity shares | | - | - |
| - Interim | | - | 183.15 |
| Corporate Dividend Tax | | - | 25.74 |
| | | 109.25 | 2,963.88 |
| Balance of profit/(loss) brought forward from previous year | | - | (3,428.06) |
| Balance carried to balance sheet | | 109.25 | (464.18) |
| Basic and diluted earnings per share (Rs.) | | 0.60 | 22.97 |
| (Face value Rs. 10 per share) | | | |
| Notes to accounts | 13 | | |

Per our report attached to the balance sheet

For A.F. Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Membership No. 086423
Partner

New Delhi
May 31, 2007

AMIT KHURANA
Company Secretary

SANTOSH KUMAR
Asstt. General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

BEDI R.S.
BHALLA P.K.
MEHRA A.K.
MITTAL D.C.
MOHAN DINESH
SINGH K.P.
Directors

Siel Limited

Cash flow statement for the year ended March 31, 2007

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|---|---|
| A. Cash flow from operating activities : | | |
| Net profit/(loss) before tax after exceptional items | (124.41) | 4,347.47 |
| Add : Depreciation | 1,139.00 | 1,145.49 |
| Deferred revenue expenditure written off | - | 21.67 |
| Interest expense | 20.03 | 118.28 |
| Provision for diminution in the value of long term trade investment | - | 3.45 |
| Provision for doubtful debts / advances | 5.29 | - |
| Foreign Exchange (Gain) / Loss | 0.01 | (0.03) |
| Loss on sale / write off of fixed assets | 19.08 | 0.22 |
| Less : Interest income | 63.14 | 60.38 |
| Dividend on long term non - trade investment | 0.50 | 0.43 |
| Excess provision/liabilities written back | 4.26 | 326.37 |
| Profit on transfer of edible oil business | - | 16.67 |
| Profit on sale of fixed assets | 14.02 | 0.03 |
| Surplus arisen from sale of long term non - trade investment | - | 4,645.68 |
| Operating profit before working capital changes | 977.08 | 586.99 |
| Adjustments for : | | |
| Decrease/ (Increase) in trade / other receivables | 383.71 | (214.69) |
| Decrease/(Increase) in inventories | (29.83) | (571.70) |
| (Decrease)/ Increase in trade / other payables | (409.73) | 383.00 |
| Cash generated from operations | 921.23 | 183.60 |
| Direct taxes paid | (135.19) | (192.06) |
| Net cash inflow/(outflow) from operations | 786.04 | (8.46) |
| B. Cash flow from investing activities : | | |
| Purchase of fixed assets | (271.96) | (209.69) |
| Sale of fixed assets | 29.12 | 0.15 |
| Investment in subsidiary company | (250.00) | (5.00) |
| Sale of investment in subsidiary company | - | 5,038.42 |
| Expenditure incurred on sale of shares of subsidiary company | (129.25) | (558.25) |
| Dividend received | 0.50 | 0.43 |
| Loans/advances to subsidiaries | (50.00) | - |
| Loans/advances to subsidiaries received back | 50.34 | 1,119.76 |
| Interest received | 54.78 | 65.07 |
| Net cash inflow/(outflow) from investing activities | (566.47) | 5,450.89 |
| C. Cash flow from financing activities : | | |
| Proceeds from issue of share capital | - | 280.00 |
| Redemption of Preference shares | - | (877.17) |
| Premium paid on redemption of preference shares | - | (167.54) |
| Repayment of long term borrowings- secured | - | (2,965.41) |
| Repayment of working capital borrowings | (151.04) | (403.73) |
| Repayment of borrowings - unsecured | (23.87) | (1,263.41) |
| Interest paid | (27.71) | (115.84) |
| Dividend paid | - | (183.52) |
| Corporate dividend tax paid | - | (25.74) |
| Net cash inflow/(outflow) from financing activities | (202.62) | (5,722.36) |

Cash flow statement for the year ended March 31, 2007 (Contd.)

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|--|---|---|
| D. Net increase / (decrease) in cash and cash equivalents | 16.95 | (279.93) |
| E. Cash and cash equivalents as at opening* | | |
| Cash and bank balances | 398.94 | 678.84 |
| Cash and cash equivalents as at closing | | |
| Cash and bank balances * | 415.88 | 398.94 |
| Effect of exchange rate changes on foreign currency bank balance | 0.01 | (0.03) |
| | 415.89 | 398.91 |

* Excludes balances with banks on margin account

Per our report attached to the balance sheet

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

MANJULA BANERJI
Membership No. 086423
Partner

New Delhi
May 31, 2007

AMIT KHURANA
Company Secretary

SANTOSH KUMAR
Asstt. General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

BEDI R.S.
BHALLA P.K.
MEHRA A.K.
MITTAL D.C.
MOHAN DINESH
SINGH K.P.
Directors

Siel Limited

SCHEDULES 1 TO 13 ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Schedule 1 : SHARE CAPITAL

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|---|---------------------------------|---------------------------------|
| Authorised | | |
| Equity - 7,00,00,000 shares of Rs.10 each | 7,000.00 | 7,000.00 |
| Preference - 5,00,000 13.5% Redeemable cumulative preference shares of Rs.100 each | 500.00 | 500.00 |
| - 25,00,000 0.01% Redeemable cumulative preference shares of Rs. 100 each | 2,500.00 | 2,500.00 |
| | 10,000.00 | 10,000.00 |
| Issued, subscribed and paid-up | | |
| Equity - 1,83,15,302 (previous year 1,83,15,302) shares of Rs.10 each fully paid-up | 1,831.53 | 1,831.53 |
| | 1,831.53 | 1,831.53 |

Footnotes :

- 1 Pursuant to the Scheme of Arrangement (Scheme) as approved by the Hon'ble High Court of Delhi, which became effective upon filing of the certified copy of the said Order with the Registrar of Companies on September 5, 2003 (refer note 4 of Schedule 13) :
 - (i) the paid up equity share capital of the Company had been reduced from Rs.4126.12 lacs comprising of 4,12,61,206 equity shares of Rs.10 each fully paid up to Rs.1,031.53 lacs comprising of 1,03,15,302 equity shares of Rs.10 each fully paid up by cancelling Rs. 3,094.59 lacs being the paid up amount on 3,09,45,904 equity shares of Rs. 10 each fully paid up. The reduction in capital had been approved under Section 100 of the Companies Act, 1956 by the High Court of Delhi vide its Order dated August 29, 2003.
 - (ii) the shareholders of the Company had been allotted 1 new equity share of Rs.10 each fully paid up aggregating 103,15,302 equity shares for every 4 equity shares of Rs.10 each fully paid up held by them in the Company on October 30, 2003, the record date which had been fixed for this purpose by the Board of Directors.
 - (iii) the shareholders of the Company have also been allotted three new equity shares of Rs.10 each fully paid up aggregating 3,09,45,904 equity shares in Siel Sugar Limited now known as Mawana Sugars Limited for every four equity shares of Rs.10 each fully paid up held by them in the Company on October 30, 2003, the record date which had been fixed for this purpose by the Board of Directors.
- 2 The issued, subscribed and paid-up equity share capital, before giving effect to the Scheme of Arrangement (Scheme) dated August, 26, 2003 (whereby the equity share capital was reduced to Rs. 1031.53 lacs from Rs. 4126.12 lacs) include :
 - (i) 1,15,10,302 equity shares of Rs.10 each allotted as fully paid up pursuant to the Scheme of Amalgamation of erstwhile Shriram Industrial Enterprises Limited (SIEL) with the Company as approved by the High Court of Delhi vide its Order dated April 10, 1992 without payment being received in cash (Refer note 2 of schedule 13)
 - (ii) 469 equity shares of Rs.10 each, allotted as fully paid-up without payment being received in cash pursuant to the Scheme of Arrangement of the erstwhile India Hard Metals Limited (IHM), the then subsidiary of the Company as approved by the Board of Industrial and Financial Reconstruction vide its Order dated April 28, 1994.
 - (iii) 56,57,368 equity shares of Rs. 10 each fully paid-up allotted as bonus shares by capitalisation of share premium.
 - (iv) 12,15,679 equity shares of Rs. 10 each fully paid up allotted against warrants issued alongwith 13% secured redeemable non-convertible Debentures (NCDs) of Rs. 100 each.
 - (v) 73,17,000 equity shares of Rs.10 each issued to certain companies on preferential basis at a premium of Rs.2.30 per share.
- 3 80,00,000 (previous year 80,00,000) equity shares of Rs. 10 each fully paid - up issued at par to Mawana Sugars Limited in terms of the Scheme as approved by the Hon'ble High Court of Delhi.

Schedules 1 TO 13 (Contd.)

Schedule 2 : RESERVES AND SURPLUS

| | As at 31.03.2006 Rs.Lacs | Additions Rs.Lacs | Deductions Rs.Lacs | As at 31.03.2007 Rs.Lacs |
|------------------------------------|--------------------------------|----------------------|-----------------------|--------------------------------|
| Capital | 387.15 | - | - | 387.15 |
| Share premium | 9,673.97 | - | - | 9,673.97 |
| Capital redemption reserve | 877.17 | - | - | 877.17 |
| General reserve | 6,033.04 | - | - | 6,033.04 |
| Surplus in profit and loss account | - | 109.25 | - | 109.25 |
| | 16,971.33 | 109.25 | - | 17,080.58 |

Schedule 3 : LOANS

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|-------------------------------------|---------------------------------|---------------------------------|
| Secured | | |
| Banks | | |
| Working capital demand loans | 99.56 | 250.60 |
| | 99.56 | 250.60 |
| Unsecured | | |
| Deposits | | |
| Fixed # | 1.20 | 4.43 |
| Others | 105.17 | 109.03 |
| Other loans and advances- others ## | 10.59 | 27.37 |
| | 116.96 | 140.83 |
| | 216.52 | 391.43 |

Footnotes :

Do not include any amounts outstanding as on March 31, 2007 which are required to be credited to the Investor Education and Protection Fund.

Rs.10.59 lacs (previous year Rs. 27.37 lacs) due to Mawana Sugars Limited

SECURED

1 WORKING CAPITAL - BANKS

Rs. 99.56 lacs (previous year Rs. 250.60 lacs.) working capital demand loans are secured by hypothecation of stocks/ stores, books debts/ receivables and first charge on fixed assets. (Due within a year Rs. 99.56 lacs; previous year Rs. 250.60 lacs.)

2 All existing charges on assets of Mawana Sugars Limited held by lenders of the Company shall be vacated.

Siel Limited

Schedules 1 TO 13 (Contd.)

Schedule 4 : FIXED ASSETS

| Description | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|--------------------------------|----------------------|-----------------------|--------------------------------|--------------------------------|----------------------------|-----------------------------|--------------------------------|--------------------------------|--------------------------------|
| | As at 31.03.2006 Rs.Lacs | Additions Rs.Lacs | Deductions Rs.Lacs | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs | For the year Rs.Lacs | On deductions Rs.Lacs | As at 31.03.2007 Rs.Lacs | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs |
| Land | 417.75 | - | - | 417.75 | - | - | - | - | 417.75 | 417.75 |
| Buildings | 1,027.79 | 25.69 | 18.92 | 1,034.56 | 193.52 | 27.28 | 3.83 | 216.97 | 817.59 | 834.27 |
| Plant and machinery | 21,319.32 | 302.39 | 87.64 | 21,534.07 | 8,147.06 | 1,106.00 | 68.55 | 9,184.51 | 12,349.56 | 13,172.26 |
| Furniture and fixtures | 74.77 | 0.33 | - | 75.10 | 38.35 | 2.90 | - | 41.25 | 33.85 | 36.42 |
| Vehicles | 63.66 | - | - | 63.66 | 41.48 | 2.82 | - | 44.30 | 19.36 | 22.18 |
| Current year | 22,903.29 | 328.41 | 106.56 | 23,125.14 | 8,420.41 | 1,139.00 | 72.38 | 9,487.03 | 13,638.11 | |
| Previous year | 22,930.70 | 179.05 | 206.46 | 22,903.29 | 7,441.52 | 1,145.49 | 166.60 | 8,420.41 | | 14,482.88 |
| Capital work-in-progress including capital advances | | | | | | | | | 69.23 | 125.68 |
| | | | | | | | | | 13,707.34 | 14,608.56 |

Schedule 5 : INVESTMENTS

| | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs |
|---|--------------------------------|--------------------------------|
| AT COST UNLESS OTHERWISE STATED | | |
| Non - trade investments - Quoted | | |
| Mawana Sugars Limited \$ 50000 Equity shares of Rs.10 each fully paid up | 5.00 | 5.00 |
| The Jay Engineering Works Limited (Refer Note 11. of Schedule 13.) 7770000 (Previous year Nil) Equity shares of Rs. 10 each fully paid up | 777.00 | - |
| Trade investments - Unquoted | | |
| Ceratizit India Pvt.Limited 2300000 Equity shares of Rs.5 each fully paid-up | 230.00 | 230.00 |
| Less: provision for diminution in value | (118.45) | (118.45) |
| Capaxil Agencies Limited * 5 Equity shares of Rs.1000 each fully paid-up | 0.05 | 0.05 |
| Agro Pumpsets and Implements Limited 10 Equity shares of Rs. 500 each fully paid-up | 0.05 | 0.05 |
| Non - trade investments - Unquoted | | |
| Government securities | 0.04 | 0.04 |
| Investment in subsidiary companies | | |
| Non - trade | | |
| Quoted | | |
| Siel Financial Services Limited 9011982 Equity shares of Rs. 10 each fully paid-up | 2,029.67 | 2,029.67 |
| Less: Provision for diminution in value | (2,029.67) | (2,029.67) |
| Unquoted | | |
| Siel Financial Services Limited 730000 5% Preference shares of Rs.100 each fully paid-up | 730.00 | 730.00 |
| Less: Provision for diminution in value | (730.00) | - |
| Carried forward. | 893.69 | 116.69 |

Schedules 1 TO 13 (Contd.)

Schedule 5 : INVESTMENTS (Contd.)

| | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs |
|---|--------------------------------|--------------------------------|
| Brought forward. | 893.69 | 116.69 |
| Unquoted | | |
| Siel Industrial Estate Limited | | |
| 22500000 (Previous year 20000000) Equity shares of Rs.10 each fully paid-up | 2,250.00 | 2,000.00 |
| Less: Provision for diminution in value | (500.00) | (500.00) |
| SFSL Investments Limited | | |
| 15000000 Equity shares of Rs.10 each fully paid-up | 1,500.00 | 1,500.00 |
| Less: Provision for diminution in value | (1,500.00) | (1,500.00) |
| Transiel India Limited (Refer note 12 of Schedule 13.) | | |
| 5000007 Equity shares of Rs.10 each fully paid-up | 500.00 | 500.00 |
| Less: Provision for diminution in value | (500.00) | (500.00) |
| 1000000 15% Preference shares of Rs.100 each fully paid-up | 1,000.00 | 1,000.00 |
| Less: Provision for diminution in value | (900.00) | (900.00) |
| Siel Edible Oils Limited | | |
| 3130000 Equity shares of Rs.10 each fully paid up | 313.00 | 313.00 |
| | 3,056.69 | 2,029.69 |
| Aggregate value of investments | | |
| Quoted (Market value Rs. 795.50 lacs #, previous year Rs. 62.70 lacs) | 782.00 | 5.00 |
| Unquoted | 2,274.69 | 2,024.69 |
| | 3,056.69 | 2,029.69 |

Includes Rs. 777 lacs being the cost of investments at face value as the market quotations are not available.

Footnotes:

All investments are long term investments.

\$ A company under same management.

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

Movements in the investments during the year.

Additions - Quoted

77,70,000 Equity shares of Rs. 10 each fully paid up of The Jay Engineering Works Limited

Additions - Unquoted

25,00,000 Equity shares of Rs.10 each fully paid-up of Siel Industrial Estate Limited

Schedule 6 : DEFERRED TAX ASSETS AND LIABILITIES (NET)

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|--|---------------------------------|---------------------------------|
| Deferred tax assets on : | | |
| Provision for gratuity | 119.61 | - |
| Provision for doubtful debts and advances | 811.78 | - |
| Accrued expenses deductible on payment basis | 57.81 | - |
| Unabsorbed depreciation | 820.95 | - |
| Others | 15.49 | - |
| | 1,825.64 | - |
| Deferred tax liabilities on : | | |
| Depreciation | 1,582.44 | - |
| | 1,582.44 | - |
| Deferred tax assets (net) | 243.20 | - |

Siel Limited

Schedules 1 TO 13 (Contd.)

Schedule 7 : CURRENT ASSETS, LOANS AND ADVANCES

| | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs |
|--|--------------------------------|--------------------------------|
| Current assets | | |
| Inventories | | |
| Stores and spares (at cost or under) | 324.53 | 296.48 |
| Stock in trade (At lower of cost and net realisable value) | | |
| Raw materials, components etc. | 198.46 | 261.03 |
| Work-in-progress | 114.96 | 86.53 |
| Finished goods | 107.48 | 71.56 |
| | <u>745.43</u> | <u>715.60</u> |
| Sundry debtors | | |
| Secured | | |
| Other debts - good | 253.47 | 213.16 |
| Unsecured | | |
| Over six months - good | 0.15 | 0.40 |
| - doubtful | 835.54 | 835.54 |
| Other debts - good | 384.49 | 741.08 |
| | <u>1,473.65</u> | <u>1,790.18</u> |
| Less: Provision for doubtful debts | 835.54 | 835.54 |
| | <u>638.11</u> | <u>954.64</u> |
| Cash and bank balances | | |
| Cash in hand | 10.08 | 7.88 |
| Cheques on hand | 0.07 | 75.00 |
| With scheduled banks on | | |
| Current accounts | 188.02 | 298.89 |
| Deposit accounts | 217.71 | 17.17 |
| Margin accounts | 634.41 | 659.47 |
| Interest accrued on deposits and margin money | 24.77 | 16.41 |
| | <u>1,075.06</u> | <u>1,074.82</u> |
| Loans and advances | | |
| Unsecured and considered good unless otherwise stated | | |
| Loans and advances to subsidiary companies* | | |
| Considered good | - | 0.34 |
| Considered doubtful | 1,523.81 | 1,523.81 |
| Advances recoverable in cash or in kind or for value to be received | | |
| Considered good** | 986.25 | 1,773.27 |
| Considered doubtful | 28.93 | 41.53 |
| Taxation | 1,444.11 | 1,597.45 |
| With customs/excise authorities | 144.85 | 177.98 |
| | <u>4,127.95</u> | <u>5,114.38</u> |
| Less : Provision for doubtful advances | 1,552.74 | 1,565.34 |
| | <u>2,575.21</u> | <u>3,549.04</u> |
| | <u>5,033.81</u> | <u>6,294.10</u> |

Footnotes:

- * Dues from subsidiaries represent non interest bearing loans / advances which can be recalled on demand:
- Loans / advances to Siel Financial Services Limited Rs.365.88 lacs and considered doubtful of recovery (given prior to insertion of section 372 A on October 31, 1998) (previous year Rs.365.88 lacs). Maximum amount due during the year Rs.365.88 lacs (previous year Rs.400.88 lacs).
 - Loans/ advances to SFSL Investments Limited, a wholly owned subsidiary Rs. 1157.93 lacs and considered doubtful of recovery (previous year Rs.1157.93 lacs). Maximum amount due during the year Rs.1157.93 lacs (previous year Rs. 1157.93 lacs).
 - Advances to Siel Edible Oils Limited Rs. Nil (previous year Rs. 0.34 lac.) Maximum amount due during the year Rs. 1.24 lacs (previous year Rs. 0.34 lac)
- ** Includes:
- Loans/advances to The Jay Engineering Works Limited as per the BIFR scheme Rs. Nil (previous year Rs.777 lacs). Maximum amount due during the year Rs. 777 lacs (previous year Rs. 777 lacs). (Refer note 11 of Schedule 13)

Schedules 1 TO 13 (Contd.)

Schedule 8 : CURRENT LIABILITIES AND PROVISIONS

| | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs |
|---|--------------------------------|--------------------------------|
| Current liabilities | | |
| Sundry creditors # | | |
| - Dues of small scale industrial undertakings (refer note 14 of Schedule 13) | 37.94 | 44.84 |
| - Dues of other than small scale industrial undertakings * | 2,557.67 | 3,091.76 |
| Interest accrued but not due on loans | 0.61 | 1.28 |
| | <u>2,596.22</u> | <u>3,137.88</u> |
| Provisions | | |
| Income tax provision | 263.29 | 542.28 |
| Employees leave encashment | 52.90 | 57.90 |
| | <u>316.19</u> | <u>600.18</u> |
| | <u>2,912.41</u> | <u>3,738.06</u> |

Footnotes :

- * - Includes Rs.78.42 lacs (previous year Rs.73.52 lacs) due to subsidiaries.
- # Sundry creditors do not include any amounts outstanding as on March 31, 2007 which are required to be credited to the Investor Education and Protection Fund.

Schedule 9 : OTHER INCOME

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|--|--------------------------------------|--------------------------------------|
| Export benefits | 1.16 | 0.86 |
| Dividend - on long term non- trade investments (Gross) | 0.50 | 0.43 |
| Interest received on term deposit etc (Gross)* | 63.14 | 60.38 |
| Profit on sale of fixed assets | 14.02 | 0.03 |
| Excess provisions /liabilities written back ** | 117.63 | 448.43 |
| Exchange gain | 1.32 | 1.63 |
| Commission received | - | 24.50 |
| Miscellaneous | 52.76 | 45.44 |
| | <u>250.53</u> | <u>581.70</u> |

Footnotes:

- * Income-tax deducted at source Rs.12.38 lacs (previous year Rs 12.36 lacs).
- ** Includes Rs. 4.26 lacs (previous year Rs.326.37 lacs) provision for doubtful debts/advances no longer required written back.

Schedule 10 : EXPENDITURE

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|--------------------------------------|--------------------------------------|
| Manufacturing and other expenses | | |
| Purchases-finished goods | - | 5,328.46 |
| Raw materials consumed | 2,318.69 | 1,998.12 |
| Stores,spares and components | 2,062.06 | 2,379.18 |
| Jobs on contract | 94.99 | 112.46 |
| Power and fuel | 9,104.23 | 8,778.20 |
| Repairs - buildings | 25.24 | 25.14 |
| - plant and machinery | 83.27 | 90.63 |
| - others | 12.56 | 33.60 |
| Carried forward. | <u>13,701.04</u> | <u>18,745.79</u> |

Siel Limited

Schedules 1 TO 13 (Contd.)

Schedule 10 : EXPENDITURE (Contd.)

| | Year ended 31.03.2007 Rs.Lacs | Year ended 31.03.2006 Rs.Lacs |
|---|-------------------------------------|-------------------------------------|
| Brought forward. | 13,701.04 | 18,745.79 |
| Salaries,wages,bonus etc. | 769.76 | 801.45 |
| Provident and other funds | 91.61 | 74.83 |
| Welfare | 53.48 | 47.32 |
| Rent | 10.18 | 19.54 |
| Lease rent | 84.75 | 78.65 |
| Insurance | 67.12 | 67.47 |
| Rates and taxes | 13.40 | 18.59 |
| Legal and professional | 70.33 | 78.77 |
| Increase/(decrease) in excise duty provision on stocks | 7.57 | 0.41 |
| Auditors' remuneration | | |
| As auditors | | |
| - Audit fee | 10.00 | 10.00 |
| - Out of pocket expenses | 0.06 | 0.26 |
| In other capacity | | |
| - For Consolidated Financial Statements | 3.00 | 1.50 |
| - For limited reviews of unaudited financial results | 13.55 | 14.24 |
| - For corporate governance and other certification works | 3.22 | 1.34 |
| - For tax audits | 3.85 | 2.80 |
| Provision for diminution in value of long term trade investment | - | 3.45 |
| Provision for doubtful debts / advances | 5.29 | - |
| Loss on sale/write-off of fixed assets | 19.08 | 0.22 |
| Exchange Fluctuation | 4.45 | - |
| Freight outwards | 18.95 | 109.54 |
| Miscellaneous | 464.55 | 574.04 |
| | <u>15,415.24</u> | <u>20,650.21</u> |
| Movements of finished goods and process stocks | | |
| Opening stocks | 86.53 | 69.35 |
| Work-in-progress | 71.56 | 154.83 |
| Finished goods | <u>158.09</u> | <u>224.18</u> |
| Less: Closing stocks | 114.96 | 86.53 |
| Work-in-progress | 107.48 | 411.22 |
| Finished goods * | <u>222.44</u> | <u>497.75</u> |
| | <u>15,350.89</u> | <u>20,376.64</u> |

* Includes Rs. Nil (Previous year Rs.339.66 lacs) transferred to Siel Edible Oils Limited.

Schedule 11 : INTEREST

| | Year ended 31.03.2007 Rs.Lacs | Year ended 31.03.2006 Rs.Lacs |
|---------------------------|-------------------------------------|-------------------------------------|
| On loans for fixed period | 0.04 | 83.00 |
| Others | 19.99 | 35.28 |
| | <u>20.03</u> | <u>118.28</u> |

Schedules 1 TO 13 (Contd.)

Schedule 12 : EXCEPTIONAL ITEMS

| | Year ended 31.03.2007 Rs.Lacs | Year ended 31.03.2006 Rs.Lacs |
|--|-------------------------------------|-------------------------------------|
| Surplus arisen from sale of long term non-trade investment (refer note 5 of schedule 13) | - | 4,645.68 |
| Profit on transfer of Edible Oil Business. | - | 16.67 |
| | - | 4,662.35 |
| Less : | | |
| Compensation paid to Chairman and Managing Director and his family for executing non-compete undertaking (refer note 13 of schedule 13) | - | (644.20) |
| | - | 4,018.15 |

Schedule 13 : NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

- a) Fixed assets:
Fixed assets are stated at cost of acquisition/ construction less accumulated depreciation. The cost includes all pre-operative expenses relating to construction year in the case of new projects and expansion of existing factories.
- b) Depreciation:
 - i) The Company follows the straight-line method of depreciation (SLM).
 - ii) The rates of depreciation charged on all fixed assets are those specified in Schedule XIV to the Companies Act, 1956.
 - iii) Depreciation is not provided on assets sold/discarded during the year.
 - iv) Depreciation is calculated on a pro-rata basis from the month of acquisition/ installation of the asset and in case of assets costing upto Rs.5,000 each such asset is fully depreciated in the year of purchase.
- c) Investments:
Investments are stated at cost less provision for permanent diminution in value of long-term investments, if any.
- d) Inventories:
Stores and spares are valued at cost or under.
Raw materials, components, work-in-progress and finished goods are valued at lower of cost and net realisable value.
Cost of inventory is ascertained on the 'weighted average' basis. Further, in respect of the manufactured inventories, i.e. process stocks and finished goods, an appropriate share of manufacturing expenses is included on absorption costing basis.
Finished goods purchased for resale are valued at cost or net realisable value, whichever is lower.
- e) Revenue recognition:
Sale of goods is recognised at the point of despatch of finished goods to customers. Sales are inclusive of excise duty and exclusive of sales tax.
- f) Retirement benefits:
The Company has various schemes of retirement benefits such as provident fund, superannuation fund, gratuity fund and leave encashment. The Company's contributions to these funds recognised by the income-tax authorities and the provision for employees' leave encashment determined on an actuarial basis at the year end are charged against revenue every year except that contribution to the gratuity fund of Rs.351.90 lacs (previous year Rs. 338.92 lacs) though provided for in the books of account has not yet been funded.
- g) Taxation :
The provision for 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 reversal in one or more subsequent periods. Deferred

Siel Limited

Schedules 1 TO 13 (Contd.)

Schedule 13 : NOTES TO ACCOUNTS (Contd.)

tax assets are recognised on unabsorbed depreciation based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

h) Foreign exchange transactions:

Exchange differences are dealt with as follows:-

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction.

Current assets (other than inventories) and current liabilities, (other than relating to fixed assets) are restated at the rate prevailing at the year end. In respect of forward contracts, the forward premium or discount is recognised as income or expense over the life of contract in the profit and loss account and the exchange difference between the exchange rate prevailing at the year end and the date of the inception of the forward exchange contract is recognised as income or expense in the profit and loss account.

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

j) Write-off of miscellaneous expenditure:

Deferred revenue expenditure is written off over a period of three years.

2. Pursuant to the Scheme of Amalgamation of the erstwhile Shriram Industrial Enterprises Limited (SIEL) with the Company, as approved by the High Court of Delhi vide its Order dated April 10, 1992 which became effective on May 20, 1992 on filing of the certified copy of the Order of the High Court with the Registrar of Companies, Delhi and Haryana, all the properties, assets, liabilities and reserves of the erstwhile SIEL were transferred to and vested in the Company with effect from the transfer date i.e. April 1, 1990 including those vested in and transferred to the erstwhile SIEL pursuant to the Scheme of Arrangement of DCM Limited approved by the High Court of Delhi by its Order dated April 16, 1990.

3. Pursuant to the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, approved by the High Court of Delhi vide its Order dated July 22, 1996, which became effective on August 29, 1996, on filing of the certified copy of the Order of the High Court of Delhi with the Registrar of Companies, NCT Delhi and Haryana, the Compressors, Appliances and Hard Metals businesses, together with all the property, rights and powers and all the liabilities and duties thereof at their respective book values had been transferred to and vested in the then subsidiary companies namely Siel Compressors Limited, Siel Aircon Limited and Siel Tizit Limited respectively with effect from April 1, 1996, the transfer date.

4. Pursuant to the Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of Delhi vide its Order dated August 26, 2003, which became effective on September 5, 2003 on filing of the certified copy of the Order of the High Court of Delhi with the Registrar of Companies, NCT Delhi and Haryana, the sugar business comprising the undertakings of Mawana Sugar Works and Titawi Sugar Complex, the land admeasuring 24.88 acres situated at 15, Shivaji Marg, New Delhi and certain specified investments of the Company have been transferred to and vested in Mawana Sugars Limited, Shivajimarg Properties Limited (SPL) and Siel Holdings Limited (SHL) respectively with effect from October 1, 2002, the appointed date.

5. During the previous year ended March 31, 2006, the Company had sold the equity shares of Shivajimarg Properties Limited (SPL) to a party, for a consideration of Rs. 26,730 lacs. The Company had credited surplus of Rs. 4,645.68 lacs, after discharging its obligations / liabilities, under "Exceptional Items" in the profit and loss account.

| | As at | As at |
|--|-------------------|------------|
| | 31.03.2007 | 31.03.2006 |
| | Rs. Lacs | Rs. Lacs |
| 6. Capital commitments (net of advances) | 129.71 | 142.58 |
| 7. Contingent liabilities | | |
| a) Claims not acknowledged as debts:-* | | |
| In respect of :- | | |
| - Income tax | 1,462.38 | 1,470.20 |
| - Sales tax | 822.66 | 831.50 |
| - Excise duty | 114.17 | 114.17 |
| - Licence fee for railway siding | 606.83 | 606.83 |
| - Supplier's claim | 166.08 | 156.24 |
| - Others | 108.02 | 108.02 |

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

Schedules 1 TO 13 (Contd.)

Schedule 13 : NOTES TO ACCOUNTS (Contd.)

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|---|---------------------------------|---------------------------------|
| b) Bills discounted | - | 134.63 |
| c) Guarantee given to bank for repayment of financial facilities provided to a wholly owned subsidiary | 700.00 | - |
| - Dues outstanding | 81.49 | - |
| d) The Company has provided bank guarantees aggregating Rs. 1260 lacs 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. 894.49 lacs have been received. These demands are presently under various stages of appeal. | | |
| 8. The Company had surrendered on October 23, 2003 possession of 46.58 acres of its land at 15, Shivaji Marg, New Delhi to the Delhi Development Authority (DDA) pursuant to the Order of Hon'ble Supreme Court. The matter regarding compensation for this surrender is sub-judice before Hon'ble Supreme Court under a review petition. | | |
| 9. Consequent to import of plant and machinery in previous years, the balance of export obligation pending as at March 31, 2007 is US\$ 45.43 millions. During the year, the Board of Directors of the Company, on a review of the status of the export obligation, were of the view that it is unlikely for the Company to fulfill the export obligation within the stipulated time period (i.e. March 30, 2007). As per the existing policy, the Director General of Foreign Trade (DGFT) may consider requests for grant of extension in export obligation period for a period of two years provided the exporter chooses to do any of the following for each year of extension sought :- i. Pay a composition fee of 2% of the total duty saved; or ii. Accept enhancement in export obligation imposed to the extent of 10% of the total export obligation imposed. The Foreign trade policy with effect from April 1, 2006 states that a further extension of two years to the above extension could be considered by DGFT upon the exporter depositing 50% of the duty payable in proportion to the unfulfilled export obligation. In case the exporter is still not able to complete the export obligation the duty already deposited will be deducted from total duty plus interest to be paid for default in the export obligation. The Company has filed an application with DGFT on March 6, 2007 for extension in export obligation period for another two years i.e upto March 30, 2009. At this stage, the Company is not in a position to estimate the liability that would devolve with respect to the export obligation pending decision / final outcome of the application with the DGFT. | | |
| 10. There are various issues relating to sales tax, income tax etc. arisen / arising out of the reorganisation arrangement of DCM Limited which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited and memorandum of understanding between all the companies involved as and when the liabilities/benefits are fully determined. In the opinion of the management, having regard to the current status of the assessment proceedings at various stages the effect of these matters on the accounts could not be determined at this stage. | | |
| 11. During the year, the Company has been allotted 77,70,000 equity shares of Rs. 10/- each fully paid up by The Jay Engineering Works Limited (JEW) in lieu of an interest free loan of Rs. 777 lacs advanced by the Company to JEW in an earlier years. As per the latest audited balance sheet, JEW has accumulated losses of Rs. 2,413.31 lacs as against equity capital and reserves of Rs. 3,195.45 lacs upto March 31, 2007. The net worth of JEW has turned positive and the company has been deregistered from the Board of Industrial and Financial Reconstruction (BIFR) purview. The management of the Company is of the view that no provision in respect of decline in the value of long term investment of Rs. 777 lacs in JEW is necessary at this stage. | | |
| 12. The Company has an investment of Rs.1,500 lacs, comprising Rs.1,000 lacs in preference shares and Rs.500 lacs in equity shares of Transiel India Limited (Transiel), a wholly owned subsidiary. As per the latest audited balance sheet, Transiel has accumulated losses of Rs.1,428.91 lacs upto March 31, 2007. The Company, as a measure of prudence, has made a total provision of Rs. 1,400.00 lacs for the estimated diminution in the value of investment on the basis of its own assessment of the erosion of the net worth of the subsidiary. The management has confirmed to auditors that the provision made is adequate and the remaining balance of investment is good and fully recoverable. | | |
| 13. During the previous year, the Board of Directors of the Company had determined and paid a sum of Rs. 644.20 lacs in full and final settlement to Mr. Siddharth Shriram towards compensation for him and his family to execute a non- compete undertaking at the time of sale of the Compressor business of the Company, which had been included under exceptional items in the profit and loss account. | | |
| 14. a) The names of small scale industrial undertakings as defined under clause (l) of section 3 of the Industries (Development and Regulation) Act, 1951, to whom the Company owes amount outstanding for more than 30 days as at March 31, 2007 are as under:- Chandigarh Electro Controls, Deeksha Packaging, Ellak Chem. Industries (I) Pvt. Ltd., Ganesh Mechancial Works, M & B Trading Co., Mohindra Packaging Industries, Poly Bag Overseas, Sanghvi Pharma Chem Pvt. Ltd. | | |

Siel Limited

Schedules 1 TO 13 (Contd.)

Schedule 13 : NOTES TO ACCOUNTS (Contd.)

- b) The above information has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.
- c) The Company is in the process of identifying the Micro, Small and Medium Enterprises, as defined under "The Micro, Small and Medium Enterprises Development Act, 2006". However, based on the information so far available with the Company i.e upto May 20, 2007 in respect of enterprises so identified there are no delays in the payment of dues to such enterprises.

15. Director's remuneration*

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|--------------------------------------|--------------------------------------|
| Salaries and allowances | 15.40 | 14.90 |
| Contribution to provident and other funds | 1.26 | 1.20 |
| Value of perquisites | 2.38 | 2.06 |
| Directors' fees | 1.52 | 2.14 |

* Do not include contribution to gratuity fund and provision for leave encashment, since the same are paid/determined for the Company as a whole.

16. Segment reporting

- A. Based on the guiding principles given in Accounting Standard (AS) 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's only business segment during the year relates to "Chemicals". The Company's other business relating to "Edible Oils" was discontinued in the previous year itself. As a result the disclosure requirements of AS-17 are not applicable in the current year.

The previous year (i.e. April 1, 2005 to March 31, 2006) figures in respect of the two segments, i.e. "Chemicals" and "Edible Oils", however, have been disclosed as under:

Information about business segments:

(Rs./lacs.)

| PARTICULARS | Chemicals | Oils | Unallocated | Total |
|--|---------------|---------------|---------------|---------------|
| | Previous Year | Previous Year | Previous Year | Previous Year |
| SEGMENT REVENUE | | | | |
| External sales # | 16,036.25 | 5,373.45 | - | 21,409.70 |
| Other income | 144.12 | 323.30 | 53.90 | 521.32 |
| Total revenue | 16,180.37 | 5,696.75 | 53.90 | 21,931.02 |
| RESULTS | | | | |
| Segment results | 677.56 | 203.52 | - | 881.08 |
| Unallocated income / (expenses) | - | - | (493.86) | (493.86) |
| Operating profit | 677.56 | 203.52 | (493.86) | 387.22 |
| Interest expense | - | - | (118.28) | (118.28) |
| Interest income | - | - | 60.38 | 60.38 |
| Net Profit/ (Loss) before tax and exceptional items | 677.56 | 203.52 | (551.76) | 329.32 |
| Exceptional Items | | | | |
| Surplus arisen from sale of long term non-trade investment | - | - | 4,645.68 | 4,645.68 |
| Profit on transfer of Edible Oil Business | - | - | 16.67 | 16.67 |
| Compensation paid to Chairman and Managing Director and his family for executing non-compete undertaking | - | - | (644.20) | (644.20) |
| Net Profit/ (Loss) before tax | 677.56 | 203.52 | 3,466.39 | 4,347.47 |
| Current Tax | - | - | 279.00 | 279.00 |
| Fringe Benefit Tax | - | - | 18.16 | 18.16 |
| Net Profit/ (Loss) after tax | 677.56 | 203.52 | 3,169.23 | 4,050.31 |
| OTHER INFORMATION | | | | |
| | As at | As at | As at | As at |
| | 31.03.2006 | 31.03.2006 | 31.03.2006 | 31.03.2006 |
| A. ASSETS | | | | |
| Segment assets | 17,124.46 | - | - | 17,124.46 |
| Profit and Loss Account | - | - | - | - |
| Unallocated assets | - | - | 5,807.89 | 5,807.89 |
| Total assets | 17,124.46 | - | 5,807.89 | 22,932.35 |
| B. LIABILITIES | | | | |
| Segment liabilities | 1,732.05 | - | - | 1,732.05 |
| Share capital and reserves | - | - | 18,802.86 | 18,802.86 |
| Secured and unsecured loans | - | - | 391.43 | 391.43 |
| Unallocated liabilities | - | - | 2,006.01 | 2,006.01 |
| Total liabilities | 1,732.05 | - | 21,200.30 | 22,932.35 |
| | Previous Year | Previous Year | Previous Year | Previous Year |
| C. OTHERS | | | | |
| Capital expenditure | 187.19 | - | 22.50 | 209.69 |
| Depreciation | 1,129.89 | 11.91 | 3.69 | 1,145.49 |
| Non cash expenses other than depreciation | 7.68 | 4.15 | 13.51 | 25.34 |

#Net of excise duty

Schedules 1 TO 13 (Contd.)

Schedule 13 : NOTES TO ACCOUNTS (Contd.)

B. Segment accounting policies :

In addition to the significant accounting policies applicable to the business segments as set out in note 1 of schedule 13 "Notes to Accounts", 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.

| 17. Earnings per share | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|--|--------------------------------------|--------------------------------------|
| Profit / (loss) after tax | 109.25 | 4,050.31 |
| Less: Preference dividend and dividend tax thereon | - | 0.06 |
| Profit / (loss) attributable to equity shareholders | 109.25 | 4050.25 |
| Weighted average number of equity shares outstanding | 18,315,302 | 17,632,562 |
| Basic and diluted earnings per share in rupees (Face value – Rs.10 per share) | 0.60 | 22.97 |

18. Related party disclosures under Accounting Standard 18

Name of related party and nature of related party relationship

Subsidiaries: SFSL Investments Limited, Siel Financial Services Limited, Transiel India Limited, Siel Industrial Estate Limited, Shivajimarg Properties Limited (upto September 15, 2005) and Siel Edible Oils Limited.

Associates : The Jay Engineering Works Limited (w.e.f. January 04, 2007)

Enterprises over which key management personnel have significant influence: Mawana Sugars Limited (MSL) and Subsidiaries of MSL viz. Siel Holdings Limited.

Key Management Personnel and their relatives:

Mr. Siddharth Shriram and Mr. K.P.Singh

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|--------------------------------------|--------------------------------------|
| (A) Subsidiaries | | |
| Siel Financial Services Limited | | |
| Payments received against loans / advances | - | 35.00 |
| Shivajimarg Properties Limited | | |
| Advances given | - | 0.56 |
| Payments received against loans/ advances given | - | 1,050.12 |
| Siel Edible Oils Limited | | |
| Inter Corporate Deposit given and received back | 50.00 | - |
| Advances given | - | 0.34 |
| Investment in equity shares | - | 313.00 |
| Transfer of edible oils business | - | 308.00 |
| Licence Fee for use of Logo received | 0.25 | - |
| Interest received | 1.62 | - |
| Expenses recovered | 111.46 | - |
| Miscellaneous purchases | 2.20 | - |
| Guarantee given by the Company | 700.00 | - |
| Payments received against loans/ advances given | 0.34 | - |

Siel Limited

Schedules 1 TO 13 (Contd.)

Schedule 13 : NOTES TO ACCOUNTS (Contd.)

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|--------------------------------------|--------------------------------------|
| Transiel India Limited | | |
| Repayment of Loans/ advances | 3.00 | 3.50 |
| Expenses recovered | 0.02 | 0.18 |
| Siel Industrial Estate Limited | | |
| Repayment of Loans/ advances | - | 0.10 |
| Expenses recovered | 0.03 | 0.01 |
| Advances for purchase of land | 40.00 | - |
| Investment in 2500000 equity shares of Rs.10 each | 250.00 | - |
| Balances outstanding included under : | | |
| Loans and advances # | 1,563.81 | 1,524.15 |
| Sundry Creditors | 78.42 | 73.52 |
| Guarantee given by the Company | 700.00 | - |
| (B) Associates | | |
| The Jay Engineering Works Limited | | |
| Expenses recovered | 0.35 | - |
| Investment in 7770000 equity shares of Rs.10 each (conversion of advances in equity shares) | 777.00 | - |
| Amount received on behalf of JEW | 0.25 | - |
| Balance outstanding included under : | | |
| Loans and advances | 8.10 | - |
| C) Enterprises over which key Management personnel have significant influence | | |
| Mawana Sugars Limited | | |
| Sales | 84.15 | 73.06 |
| Commission received | - | 24.50 |
| Purchases | - | 928.62 |
| Expenses recovered | 56.97 | 36.37 |
| Professional / Management fee / Other expenses paid | 132.56 | 139.94 |
| Repayment of loans/ advances | - | 1,368.68 |
| Call money received on 8000000 equity shares of Rs.10 each @ Rs.3.50 per share | - | 280.00 |
| Fixed Assets purchased | 1.35 | - |
| Amount received on behalf of MSL | 5.66 | - |
| Balances outstanding included under : | | |
| Loans and advances / Debtors | 18.25 | - |
| Sundry Creditors / Loans and advances taken | 10.59 | 41.93 |
| (D) Key Management personnel and their relatives | | |
| Mr.Siddharth Shriram | | |
| Guarantee given / to be given on behalf of the Company | - | 250.60 |
| Compensation paid for executing non-compete undertaking | - | 644.20 |
| Remuneration to key management personnel : | | |
| Mr.K.P.Singh | 19.04 | 18.16 |
| Balance outstanding included under : | | |
| Guarantee given / to be given on behalf of the Company | - | 250.60 |

Includes Rs. 1523.81 lacs (previous year Rs. 1523.81 lacs) provided for as doubtful advances.

19. Sales are net of commission of Rs. 58.13 lacs (previous year Rs 64.18 lacs).

Schedules 1 TO 13 (Contd.)

Schedule 13 : NOTES TO ACCOUNTS (Contd.)

20. The following are the particulars of disputed dues on account of sales tax, income – tax and excise duty matters that have not been deposited by the Company:-

| S. No | Name of the Statute | Nature of dues | Net unpaid amount (Rs.Lacs) | Amount paid under protest (Rs.Lacs) | Period to which the amount relates (various years covering the period)# | Forum where dispute is pending |
|-------|---------------------|----------------|-----------------------------|-------------------------------------|--|---|
| 1. | Sales Tax Laws | Sales tax | 0.27 548.99 1782.76 | - 28.55 217.14 | 1973 -74 1978 -79 to 1979 - 80, 1986 - 87 to 1996 - 97 1975-76 to 1977-78 and 1983-84 to 2004-05 | High Court Sales Tax Tribunal Appellate authority upto Commissioner's level |
| 2. | Income Tax Laws | Income-tax | 3.00 1.18 | 5.49 7.38 | 1994-95 2001-02 | High Court Income-tax Appellate Tribunal |
| 3. | Central Excise Laws | Excise Duty | 55.73 56.95 | - 395.73 | 1997-98 1981-82 to 1984-85, 1990-91 to 1992-93, 1997-98 | Central 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 have been decided in favour of the Company but the department has preferred appeal at higher level the details of which are given below:

| S. No | Name of the Statute | Nature | Net unpaid amount (Rs.Lacs) | Period to which the amount relates | Forum where department has preferred appeal |
|-------|---------------------|-------------|-----------------------------|-------------------------------------|---|
| 1. | Central Excise Laws | Excise Duty | 691.28 2.14 | 1992 - 93 to 1997 - 98 1997 - 98 | High Court Customs Excise and Service Tax Appellate Tribunal (CESTAT) |

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

| Particulars | Year ended 31.3.2007 | | Year ended 31.3.2006 | |
|-------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|
| | Amount in foreign currency (Lacs) | Amount in (Rs./Lacs) | Amount in foreign currency (Lacs) | Amount in (Rs./Lacs) |
| Sundry debtors * | 2.31 US \$ | 100.47 | 1.12 US\$ | 50.14 |
| Sundry creditors | 0.16 US \$ | 7.08 | 0.19 GBP | 15.13 |
| Export obligation | 454.30 US \$ | 19593.96 | 501.20 US\$ | 22,358.53 |

* Excluding US\$ NIL (Previous year – US\$ 303,120) on account of bills discounted by the Company as on March 31, 2007.

22. The Board of Directors have approved the amalgamation of Mawana Sugars Limited with the Company in its meeting held on January 11, 2007. The Company has since filed a Scheme of Arrangement with the Hon'ble High Court of Delhi.

The Hon'ble High Court has fixed the date of meeting of creditors on June 11, 2007.

Siel Limited

Schedules 1 TO 13 (Contd.)

Schedule 13 : NOTES TO ACCOUNTS (Contd.)

23. STATEMENT OF ADDITIONAL INFORMATION

(i) PARTICULARS OF CAPACITY AND PRODUCTION

| Description | Unit | CAPACITY | | | | PRODUCTION | |
|---------------------------|---------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Licensed | | Installed | | Year ended 31.03.2007 | Year ended 31.03.2006 |
| | | Year ended 31.03.2007 | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2006 | | |
| Caustic soda | M.T.per annum | 132,000 | 132,000 | 82,500 | 82,500 | M.T. 72,732 | 69,362 |
| Caustic flakes | M.T.per annum | 33,000 | 33,000 | 33,000 | 33,000 | M.T. 12,878 | 11,085 |
| Chlorine (dry and liquid) | M.T.per annum | 116,600 | 116,600 | 73,095 | 73,095 | M.T. 70,339 | 66,544 |
| Hydrogen | M.T.per annum | 2,100 | 2,100 | 2,063 | 2,063 | M.T. 1,985 | 1,878 |
| Hydrochloric acid | M.T.per annum | # | # | 66,000 | 66,000 | M.T. 33,171 | 28,896 |
| Stable bleaching powder | M.T.per annum | # | # | 18,000 | 18,000 | M.T. 14,075 | 14,386 |
| Sodium hypochlorite | M.T.per annum | # | # | 23,100 | 23,100 | M.T. 20,181 | 16,474 |

No licence required. Delicensed

Footnotes:

1. The licences transferred from undivided DCM Limited pursuant to the Scheme of Arrangement are pending endorsement in the name of the Company.
2. The licensed capacity, in some cases, has been given on the basis of Letters of Intent.
3. Installed capacity is as certified by the management and relied upon by the auditors being a technical matter.
4. Production figures representing gross production are inclusive of internal consumption.

(ii) PARTICULARS OF STOCKS AND SALES

| Description | Unit | STOCKS | | | | | | | | SALES * | | | |
|---------------------------|------|----------|------------------|----------|------------------|----------|------------------|----------|------------------|--------------------------|------------------|--------------------------|------------------|
| | | Opening | | | | Closing | | | | Year ended 31.03.2007 | | Year ended 31.03.2006 | |
| | | Quantity | Value Rs.Lacs | Quantity | Value Rs.Lacs | Quantity | Value Rs.Lacs | Quantity | Value Rs.Lacs | Quantity | Value Rs.Lacs | Quantity | Value Rs.Lacs |
| Vanaspati/Refined oil # | M.T. | 657.38 | 287.32 | 163.00 | 74.79 | - | - | 657.38 | 287.32 | - | - | 9,145.75 | 4,223.18 |
| Sugar # | M.T. | 122.58 | 26.92 | 46.00 | 9.35 | - | - | 122.58 | 26.92 | - | - | 4,478.13 | 929.68 |
| Caustic soda | M.T. | 176.75 | 22.64 | 103.30 | 12.90 | 232.85 | 30.17 | 176.75 | 22.64 | 59,797.90 | 12,183.08 | 58,205.56 | 10,981.34 |
| Caustic flakes | M.T. | 31.15 | 5.13 | 96.80 | 16.32 | 274.90 | 46.05 | 31.15 | 5.13 | 12,634.25 | 2,450.36 | 11,151.05 | 1,782.49 |
| Chlorine (dry and liquid) | M.T. | 372.90 | 17.21 | 287.76 | 21.38 | 331.74 | 5.12 | 372.90 | 17.21 | 52,419.60 | 1,284.31 | 50,085.90 | 3,052.15 |
| Hydrochloric acid | M.T. | 131.23 | 3.55 | 29.92 | 0.72 | 211.22 | 4.04 | 131.23 | 3.55 | 25,790.01 | 545.76 | 21,737.70 | 498.95 |
| Hydrogen | M.T. | - | - | - | - | - | - | - | - | 365.24 | 314.31 | 326.38 | 343.41 |
| Stable bleaching powder | M.T. | 191.00 | 20.87 | 47.45 | 4.64 | 195.83 | 20.44 | 191.00 | 20.87 | 14,069.93 | 1,442.45 | 14,242.60 | 1,562.35 |
| Soap # | M.T. | 139.77 | 25.42 | 75.00 | 13.19 | - | - | 139.77 | 25.42 | - | - | 1,025.69 | 220.58 |
| Sodium hypochlorite | M.T. | 72.65 | 2.16 | 50.95 | 1.54 | 60.58 | 1.66 | 72.65 | 2.16 | 20,193.07 | 563.85 | 16,452.31 | 512.99 |
| Others | | - | - | - | - | - | - | - | - | - | 89.15 | - | 75.11 |
| TOTAL | | | 411.22 | | 154.83 | | 107.48 | | 411.22 | | 18,873.27 | | 24,182.23 |

Footnotes :

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

Inventory relating to edible oils business as on March 31, 2006 has been transferred to Siel Edible Oils Limited.

Schedules 1 TO 13 (Contd.)

Schedule 13 : NOTES TO ACCOUNTS (Contd.)

(iii) PARTICULARS OF RAW MATERIALS CONSUMED

| Description | Unit | Year ended 31.03.2007 | | Year ended 31.03.2006 | |
|--------------|------|--------------------------|------------------|--------------------------|------------------|
| | | Quantity | Value Rs.Lacs | Quantity | Value Rs.Lacs |
| Salt | M.T. | 121,465.17 | 2,085.93 | 114,233.49 | 1,799.79 |
| Quick Lime | M.T. | 2,070.30 | 103.49 | 1,797.63 | 83.74 |
| Lime Stone | M.T. | 12,734.00 | 129.27 | 13,768.10 | 114.59 |
| TOTAL | | | 2,318.69 | | 1,998.12 |

(iv) PARTICULARS OF PURCHASES - FINISHED GOODS

| Description | Unit | Year ended 31.03.2007 | | Year ended 31.03.2006 | |
|-------------------------|------|--------------------------|------------------|--------------------------|------------------|
| | | Quantity | Value Rs.Lacs | Quantity | Value Rs.Lacs |
| Soap | M.T. | - | - | 1,090.13 | 198.28 |
| Refined oil / Vanaspati | M.T. | - | - | 9,640.88 | 4,201.56 |
| Sugar | M.T. | - | - | 4,555.13 | 928.62 |
| TOTAL | | | - | | 5,328.46 |

(v) OTHER ADDITIONAL INFORMATION

| Description | Year ended 31.03.2007 | | Year ended 31.03.2006 | |
|---|--------------------------|---------------|--------------------------|---------------|
| | Rs.Lacs | % | Rs.Lacs | % |
| (a) Value of imports on C.I.F. basis - Components and spare parts | 401.22 | | 794.27 | |
| (b) Expenditure in foreign currency (on cash basis) - Travel, etc. | - | | 1.06 | |
| - Others | 12.15 | | 8.87 | |
| (c) Earnings in foreign exchange - Export of goods on F.O.B. basis | 1,181.27 | | 932.33 | |
| (d) Remittance in foreign currency towards dividends - Interim Dividend for the year | - | | 2005-06 | |
| - No.of Non Resident Shareholders | - | | 3 | |
| - No.of Equity Shares held | - | | 1267360 | |
| - Dividend remitted (Rs. in lacs) | - | | 12.67 | |
| (e) Value of imported/indigenous raw materials, stores, spares and components consumed | | | | |
| Imported | 423.41 | 9.67 | 894.24 | 20.43 |
| Indigenous | 3,957.34 | 90.33 | 3,483.06 | 79.57 |
| | 4,380.75 | 100.00 | 4,377.30 | 100.00 |

24 Figures for the year ended March 31, 2007 are not comparable with the figures for the previous year due to transfer of edible oils business at the close of business hours as of March 31, 2006 to Siel Edible Oils Limited, a wholly owned subsidiary.

25 Previous year figures have been regrouped wherever necessary.

Signatures to Schedules 1 to 13

SIDDHARTH SHRIRAM
Chairman and Managing Director

BEDI R.S.
BHALLA P.K.
MEHRA A.K.
MITTAL D.C.
MOHAN DINESH
SINGH K.P.
Directors

New Delhi
May 31, 2007

AMIT KHURANA
Company Secretary

SANTOSH KUMAR
Asstt. General Manager (Accounts)

Siel Limited

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

| S.No. | NAME OF THE SUBSIDIARY | SIEL INDUSTRIAL ESTATE LIMITED | TRANSIEL INDIA LIMITED | SFSL INVESTMENTS LIMITED | SIEL FINANCIAL SERVICES LIMITED | SIEL EDIBLE OILS LIMITED |
|-------|---|--|--|---|--|---|
| 1. | Financial year of the subsidiary | March 31, 2007 | March 31, 2007 | March 31, 2007 | March 31, 2007 | March 31, 2007 |
| 2. | Extent of holding company's interest in the subsidiary | | | | | |
| | - Number of shares | 2,25,00,000 Equity shares of Rs. 10 each fully paid-up | 50,00,007 Equity shares of Rs. 10 each fully paid-up 10,00,000 Preference shares of Rs.100 each fully paid-up | 1,50,00,000 Equity shares of Rs.10 each fully paid-up | 90,11,982 Equity shares of Rs.10 each fully paid-up 7,30,000 Preference shares of Rs.100 each fully paid-up | 31,30,000 Equity shares of Rs.10 each fully paid-up |
| | - % holding (equity) | 100% | 100% | 100% | 93.56% @ | 100% |
| | - % holding (preference) | - | 100% | - | 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. 102.87 lacs | (-)Rs.2.66 lacs | (-)Rs.0.38 lac | (-) Rs.3.86 lacs | (-)Rs. 84.48 lacs |
| | ii) For subsidiary's previous financial years since it became subsidiary | (-)Rs.493.38 lacs | (-)Rs.1428.91 lacs | (-)Rs.2631.66 lacs | (-)Rs.1631.34 lacs | (-)Rs. 85.05 lacs |
| 4. | Net aggregate amount of subsidiary's profits/losses so far as they concern members of the holding company and dealt with in the holding company's accounts. | | | | | |
| | i) For subsidiary's financial year | - | - | - | - | - |
| | ii) For subsidiary's previous financial year since it became subsidiary | - | - | - | - | - |
| 5. | Change in the interest of holding company between the end of subsidiary's financial year and the end of holding company's financial year. | - | - | - | - | - |
| 6. | Material changes between the end of subsidiary's financial year and the end of holding company's financial year. | | | | | |
| | i) Fixed assets | - | - | - | - | - |
| | ii) Investments | - | - | - | - | - |
| | iii) Monies lent by the subsidiary | - | - | - | - | - |
| | iv) Monies borrowed by the subsidiary other than for meeting current liabilities. | - | - | - | - | - |

@ 1601400 equity shares (14.12%) are held by SFSL Investments Limited a wholly owned subsidiary of Siel Limited.

New Delhi
May 31, 2007

AMIT KHURANA
Company Secretary

SANTOSH KUMAR
Asstt. General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

BEDI R.S.
BHALLA P.K.
MEHRA A.K.
MITTAL D.C.
MOHAN DINESH
SINGH K.P.
Directors

Siel Limited

DETAILS OF SUBSIDIARY COMPANIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. Lacs)

| Sr. No. | Particulars | Capital | Reserves | Total Assets | Total Liabilities | Investments | Turnover / Total Income | Profit before Taxation | Provision for Taxation | Profit after Taxation | Proposed Dividend |
|---------|---------------------------------|----------|------------|--------------|-------------------|-------------|-------------------------|------------------------|------------------------|-----------------------|-------------------|
| 1 | Siel Financial Services Limited | 1,862.30 | (1,992.74) | 614.79 | 745.47 | 0.24 | 71.59 | (3.84) | 0.02 | (3.86) | - |
| 2 | SFSL Investments Limited | 1,500.00 | (2,631.66) | 26.52 | 1,158.18 | - | 0.26 | (0.38) | - | (0.38) | - |
| 3 | Siel Industrial Estate Limited | 2,250.00 | (493.38) | 2,229.78 | 473.16 | - | 6.50 | 117.51 | 14.64 | 102.87 | - |
| 4 | Transiel India Limited | 1,500.00 | (1,428.91) | 71.47 | 0.38 | - | - | (2.66) | - | (2.66) | - |
| 5 | Siel Edible Oils Limited | 313.00 | (85.05) | 705.18 | 477.23 | - | 6,222.52 | (82.35) | 2.13 | (84.48) | - |

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF SIEL LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SIEL LIMITED AND ITS SUBSIDIARIES AND AN ASSOCIATE

1. We have examined the attached consolidated balance sheet of Siel Limited and its subsidiaries and an associate, as at March 31, 2007 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the management of Siel Limited. 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 certain subsidiaries, i.e., SFSL Investments Limited, Transiel India Limited, Siel Industrial Estate Limited, Siel Financial Services Limited and Siel Edible Oils Limited, whose financial statements reflect total assets of Rs. 3637.46 lacs as at March 31, 2007 and total revenues of Rs. 6300.86 lacs for the year ended March 31, 2007 (these figures include intragroup balances and intragroup transactions eliminated on consolidation). 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 the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
 4. We did not audit the financial statements of the associate, i.e., The Jay Engineering Works Limited for the year ended March 31, 2007, which have been considered in the preparation of the consolidated financial statements. **However, accounting for investment in the associate using the equity method, whereby, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets has been done on the basis of unaudited accounts of the associate for the nine months ended December 31, 2006. Adjustments, if any which may be necessary in this regard and its consequential impact on these accounts have not been ascertained by the Company. We are unable to express an opinion in the matter (Refer Note 1 of Schedule 14).**
 5. 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 and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India **except that the accounting for investment in the associate are based on unaudited accounts(Refer to comment in para 4 above)**
 6. (i) attention is invited to note 6 which sets out the position regarding the current status of the pending export obligation of US \$ 45.43 millions as at March 31, 2007. The possible liability that would devolve on the Company due to the pending export obligation has not been determined and provided for in the accounts by the Company. We are unable to express an opinion in the matter;
 - (ii) various matters arisen/arising out of the reorganization arrangement of DCM Limited will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 14. The effect of these on the accounts has not been determined by the Company; and
 - (iii) attention is invited to note 15 which sets out the position regarding provision not having being made for the decline in the value of the long term investment in equity shares of a company aggregating Rs 777 lacs. The management is of the view that no provision at this stage is necessary. We are unable to express an opinion in the matter.
- The matters referred to in paragraphs 6(i), (ii) and (iii) above, to the extent covered here above, were also subject matters for qualifications in our audit report on the consolidated financial statements for the year ended March 31, 2006.**
- On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Siel Limited and its aforesaid subsidiaries and other financial information of the components and subject to our comments in paragraphs 4 and 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 consolidated state of affairs of Siel Limited and its subsidiaries and an associate as at March 31, 2007;
 - ii) in the case of the consolidated profit and loss account, of the consolidated results of operations of Siel Limited and its subsidiaries and an associate for the year ended on that date; and
 - iii) in the case of the consolidated cash flow statement, of the consolidated cash flows of Siel Limited and its subsidiaries and an associate for the year ended on that date.

For **A.F. FERGUSON & CO.**
Chartered Accountants

MANJULA BANERJI

Membership No. 086423

Partner

Date : May 31, 2007

Place : New Delhi

Siel Limited

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

| | Schedule | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|--|----------|---------------------------------|---------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' funds | | | |
| Share capital | 1 | 1,831.53 | 1,831.53 |
| Reserves and surplus | 2 | 17,353.58 | 17,254.58 |
| | | <u>19,185.11</u> | <u>19,086.11</u> |
| Loan funds | | | |
| Secured | 3 | 181.05 | 250.60 |
| Unsecured | | 183.05 | 206.17 |
| | | <u>364.10</u> | <u>456.77</u> |
| Total | | <u>19,549.21</u> | <u>19,542.88</u> |
| APPLICATION OF FUNDS | | | |
| Fixed assets | | | |
| Gross block | 4 | 25,624.37 | 25,398.80 |
| Less: Depreciation | | 11,610.90 | 10,467.34 |
| Net block | | 14,013.47 | 14,931.46 |
| Capital work-in-progress | | 29.23 | 125.68 |
| | | <u>14,042.70</u> | <u>15,057.14</u> |
| Less: lease equalisation/ adjustment | | 193.35 | 246.43 |
| | | <u>13,849.35</u> | <u>14,810.71</u> |
| Investments | 5 | 872.16 | 116.93 |
| Deferred tax assets (net) | 6 | 243.20 | - |
| Current assets, loans and advances | | | |
| Inventories | 7 | 2,788.78 | 2,139.77 |
| Sundry debtors | | 966.59 | 1,226.02 |
| Cash and bank balances | | 1,307.84 | 1,108.28 |
| Loans and advances | | 3,330.77 | 4,289.08 |
| | | <u>8,393.98</u> | <u>8,763.15</u> |
| Less: Current liabilities and provisions | | | |
| Current liabilities | 8 | 3,479.13 | 3,561.02 |
| Provisions | | 340.87 | 600.18 |
| Net current assets | | <u>4,573.98</u> | <u>4,601.95</u> |
| Miscellaneous expenditure (to the extent not written off or adjusted) | 9 | 10.52 | 13.29 |
| Total | | <u>19,549.21</u> | <u>19,542.88</u> |
| Notes to consolidated accounts | 14 | | |

Per our report attached
For A.F. Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Membership No. 086423
Partner

New Delhi
May 31, 2007

AMIT KHURANA
Company Secretary

SANTOSH KUMAR
Asstt. General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

BEDI R.S.
BHALLA P.K.
MEHRA A.K.
MITTAL D.C.
MOHAN DINESH
SINGH K.P.
Directors



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

| | Schedule | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|----------|--------------------------------------|--------------------------------------|
| Income | | | |
| Gross Sales | | 25,063.31 | 24,182.48 |
| Less : Excise duty | | 2,738.29 | 2,772.53 |
| Net Sales | | 22,325.02 | 21,409.95 |
| Income from capital market operations | 10 | - | 0.24 |
| Other income | 10A | 357.29 | 754.21 |
| | | 22,682.31 | 22,164.40 |
| Expenditure | | | |
| Manufacturing and other expenses | 11 | 21,533.20 | 20,499.19 |
| Loss from Capital Market Operations | 10 | 0.02 | - |
| Interest | 12 | 26.47 | 118.99 |
| Depreciation | 4 | 1,215.95 | 1,209.99 |
| Miscellaneous expenditure written off | | 2.77 | 24.44 |
| | | 22,778.41 | 21,852.61 |
| Profit / (Loss) before tax and exceptional items | | (96.10) | 311.79 |
| Exceptional Items | 13 | - | 4,001.48 |
| Profit / (Loss) before tax after exceptional items | | (96.10) | 4,313.27 |
| Provision for tax | | | |
| Current tax | | 14.64 | 279.00 |
| Deferred tax benefit | 6 | (243.20) | - |
| Fringe Benefit tax | | 11.69 | 18.24 |
| Profit/(Loss) after tax but before share of results of an associate | | 120.77 | 4,016.03 |
| Share of net profit / (loss) of an associate | | (21.77) | - |
| Profit/(Loss) after tax. | | 99.00 | 4,016.03 |
| Appropriations | | | |
| Capital redemption reserve | | - | 877.17 |
| Transfer to reserve fund | | - | 5.82 |
| Proposed Dividends | | | |
| - Preference shares | | - | 0.37 |
| - Equity shares | | | |
| - Interim | | - | 183.15 |
| Corporate Dividend Tax | | - | 25.74 |
| | | 99.00 | 2,923.78 |
| Balance of profit/ (loss) brought forward from previous year | | - | (3,150.12) |
| Balance carried to balance sheet | | 99.00 | (226.34) |
| Basic and diluted earnings per share (Rs.) (Face value Rs. 10 per share) | | 0.54 | 22.78 |
| Notes to consolidated accounts | 14 | | |

Per our report attached to the consolidated balance sheet

For A.F. Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Membership No. 086423
Partner

New Delhi
May 31, 2007

AMIT KHURANA
Company Secretary

SANTOSH KUMAR
Asstt. General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

BEDI R.S.
BHALLA P.K.
MEHRA A.K.
MITTAL D.C.
MOHAN DINESH
SINGH K.P.
Directors

Siel Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|--|--------------------------------------|--------------------------------------|
| A. Cash flow from operating activities : | | |
| Net Profit / (loss) before tax | (96.10) | 4,313.27 |
| Add : Depreciation | 1,215.95 | 1,209.99 |
| Deferred revenue expenditure written off | - | 24.44 |
| Interest expense | 26.47 | 118.99 |
| Foreign exchange(gain)/ loss | 0.01 | (0.03) |
| Loss on sale of fixed assets (net) | 19.08 | 0.22 |
| Provision for doubtful debts and advances | 5.29 | - |
| Preliminary expenditure written off | 2.77 | - |
| Provision for diminution in value of long term - trade investments | - | 3.45 |
| Less :Interest income | 68.49 | 60.42 |
| Dividend on long term trade investment | 0.52 | 0.43 |
| Provision no longer required written back | 71.10 | - |
| Profit on sale of fixed assets | 14.02 | 0.03 |
| Surplus arisen from sale of investment in subsidiary company | - | 4,645.68 |
| Excess provisions written back | 10.01 | 498.73 |
| Operating profit before working capital changes | 1,009.33 | 465.04 |
| Adjustments for : | | |
| (Increase)/ Decrease in trade / other receivables | 340.15 | (166.60) |
| Decrease /(Increase) in inventories | (649.02) | (470.35) |
| (Decrease) / Increase in trade / other payables | 69.58 | 384.68 |
| Cash generated from operations | 770.04 | 212.77 |
| Direct taxes paid | (151.93) | (192.37) |
| Preliminary expenses paid | - | (4.39) |
| Net cash inflow from operations | 618.11 | 16.01 |
| B. Cash flow from investing activities : | | |
| Purchase of fixed assets | (235.68) | (209.69) |
| Sale of fixed assets | 29.12 | 0.15 |
| Expenditure incurred on sale of investment in subsidiary company | (129.25) | (558.26) |
| Sale of investments in subsidiary Company | - | 5,038.45 |
| Amount received from subsidiary Company, divested during the year | - | 1,085.07 |
| Loans/ advances to holding companies | - | - |
| Interest received | 59.94 | 65.07 |
| Dividend received | 0.52 | 0.43 |
| Net cash inflow/ (outflow) from investing activities | (275.35) | 5,421.22 |
| C. Cash flow from financing activities : | | |
| Proceeds from issue of share capital | - | 280.00 |
| Redemption of preference shares | - | (877.17) |
| Premium paid on redemption of preference shares | - | (167.54) |
| Repayments of long term borrowings- secured | 81.49 | (2,965.41) |
| Repayments of working capital borrowings | (151.04) | (403.73) |
| Repayments of borrowings - unsecured | (23.05) | (1,267.28) |
| Interest paid | (34.22) | (112.67) |
| Dividends paid | - | (183.52) |
| Corporate dividend tax paid | - | (25.74) |
| Net cash (outflow) from financing activities | (126.82) | (5,723.06) |
| D. Net (decrease)/ increase in cash and cash equivalents | 215.94 | (285.83) |
| E. Cash and cash equivalents as at opening | | |
| Cash and bank balances * | 431.22 | 717.13 |
| Less: Cash and Bank balances of a subsidiary, divested during the year | - | 0.11 |
| | 431.22 | 717.02 |

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|--|--------------------------------------|--------------------------------------|
| Cash and cash equivalents as at closing | | |
| Cash and bank balances * | 647.15 | 431.22 |
| Effect of exchange rate changes on foreign currency bank balance | 0.01 | (0.03) |
| | <u>647.16</u> | <u>431.19</u> |

* Excludes balances with banks on margin account

Notes to consolidated accounts

Schedule 14

Per our report attached to the consolidated balance sheet

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

MANJULA BANERJI
Membership No. 086423
Partner

New Delhi
May 31, 2007

AMIT KHURANA
Company Secretary

SANTOSH KUMAR
Asstt. General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

BEDI R.S.
BHALLA P.K.
MEHRA A.K.
MITTAL D.C.
MOHAN DINESH
SINGH K.P.
Directors

Siel Limited

SCHEDULES 1 TO 14 ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS

Schedule 1 : SHARE CAPITAL

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|---|---------------------------------|---------------------------------|
| Authorised | | |
| Equity - 7,00,00,000 shares of Rs.10 each | 7,000.00 | 7,000.00 |
| Preference - 5,00,000 13.5% Redeemable cumulative preference shares of Rs.100 each | 500.00 | 500.00 |
| - 25,00,000 0.01% Redeemable cumulative preference shares of Rs. 100 each | 2,500.00 | 2,500.00 |
| | 10,000.00 | 10,000.00 |
| Issued, subscribed and paid-up | | |
| Equity - 1,83,15,302 (previous year 1,83,15,302) shares of Rs.10 each fully paid-up | 1,831.53 | 1,831.53 |
| | 1,831.53 | 1,831.53 |

Footnotes :

- Pursuant to the Scheme of Arrangement (Scheme) as approved by the Hon'ble High Court of Delhi, which became effective upon filing of the certified copy of the said Order with the Registrar of Companies on September 5, 2003 (refer note 9 of Schedule 14) :
 - the paid up equity share capital of the Company had been reduced from Rs.4126.12 lacs comprising of 4,12,61,206 equity shares of Rs.10 each fully paid up to Rs.1031.53 lacs comprising of 1,03,15,302 equity shares of Rs.10 each fully paid up by cancelling Rs. 3094.59 lacs being the paid up amount on 3,09,45,904 equity shares of Rs. 10 each fully paid up. The reduction in capital had been approved under Section 100 of the Companies Act, 1956 by the High Court of Delhi vide its Order dated August 29, 2003.
 - the shareholders of the Company had been allotted 1 new equity share of Rs.10 each fully paid up aggregating 103,15,302 equity shares for every 4 equity shares of Rs.10 each fully paid up held by them in the Company on October 30, 2003, the record date which had been fixed for this purpose by the Board of Directors.
 - the shareholders of the Company have also been allotted three new equity shares of Rs.10 each fully paid up aggregating 3,09,45,904 equity shares in Siel Sugar Limited now known as Mawana Sugars Limited for every four equity shares of Rs.10 each fully paid up held by them in the Company on October 30, 2003, the record date which had been fixed for this purpose by the Board of Directors.
- The issued, subscribed and paid-up equity share capital, before giving effect to the Scheme of Arrangement (Scheme) dated August, 26, 2003 (whereby the equity share capital was reduced to Rs. 1031.53 lacs from Rs. 4126.12 lacs) include :-
 - 1,15,10,302 equity shares of Rs.10 each allotted as fully paid up pursuant to the Scheme of Amalgamation of erstwhile Shriram Industrial Enterprises Limited (SIEL) with the Company as approved by the High Court of Delhi vide its Order dated April 10, 1992 without payment being received in cash (Refer note 7 of schedule 14)
 - 469 equity shares of Rs.10 each, allotted as fully paid-up without payment being received in cash pursuant to the Scheme of Arrangement of the erstwhile India Hard Metals Limited (IHM), the then subsidiary of the Company as approved by the Board of Industrial and Financial Reconstruction vide its Order dated April 28, 1994.
 - 56,57,368 equity shares of Rs. 10 each fully paid-up allotted as bonus shares by capitalisation of share premium.
 - 12,15,679 equity shares of Rs. 10 each fully paid up allotted against warrants issued alongwith 13% secured redeemable non-convertible Debentures (NCDs) of Rs. 100 each.
 - 73,17,000 equity shares of Rs.10 each issued to certain companies on preferential basis at a premium of Rs.2.30 per share.
- 80,00,000 (previous year 80,00,000) equity shares of Rs. 10 each fully paid up issued at par to Mawana Sugars Limited in terms of the Scheme as approved by the Hon'ble High Court of Delhi.

Schedule 2 : RESERVES AND SURPLUS

| | As at 31.03.2006 Rs. Lacs | Additions Rs. Lacs | Deductions Rs. Lacs | As at 31.03.2007 Rs. Lacs |
|------------------------------------|---------------------------------|-----------------------|------------------------|---------------------------------|
| Capital | 387.15 | - | - | 387.15 |
| Share premium | 9,673.97 | - | - | 9,673.97 |
| Capital redemption reserve | 877.17 | - | - | 877.17 |
| Reserve Fund * | 45.41 | - | - | 45.41 |
| General Reserve | 6,270.88 | - | - | 6,270.88 |
| Surplus in profit and loss account | - | 99.00 | - | 99.00 |
| | 17,254.58 | 99.00 | - | 17,353.58 |

Footnotes :

- * Maintained pursuant to Section 45-1C of the Reserve Bank of India (Amendment) Act, 1997.

SCHEDULES 1 TO 14 (Contd.)

Schedule 3 : LOANS

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|-------------------------------------|---------------------------------|---------------------------------|
| Secured | | |
| Banks | | |
| Working capital demand loans | 99.56 | 250.60 |
| Cash credits/ overdrafts | 81.49 | - |
| | 181.05 | 250.60 |
| Unsecured | | |
| Deposits | | |
| Fixed # | 1.20 | 4.43 |
| Others | 167.39 | 174.37 |
| Interest accrued and due thereon | 3.87 | - |
| Other loans and advances- others ## | 10.59 | 27.37 |
| | 183.05 | 206.17 |
| | 364.10 | 456.77 |

Footnotes :

- # Do not include any amounts outstanding as on March 31, 2007 which are required to be credited to the Investor Education and Protection Fund.
- ## Includes Rs. 10.59 lacs (previous year Rs.27.37 lacs) due to Mawana Sugars Limited

SECURED

1 WORKING CAPITAL - BANKS

Rs. 99.56 lacs (previous year Rs. 250.60 lacs.) working capital demand loans are secured by hypothecation of stocks/ stores, books debts/receivables and first charge on fixed assets. (Due within a year Rs. 99.56 lacs; previous year Rs. 250.60 lacs.)

2 All existing charges on assets of Mawana Sugars Limited held by lenders of the Parent Company shall be vacated.

3 Cash Credit / overdraft of Rs. 81.49 lacs (previous year Rs. nil) have been secured by hypothecation of current assets (present and future) including entire stocks, book debts, loans and advances and first charge on all movable and immovable properties both present and future of Siel Edibles Oils Limited and have been further secured by Corporate Guarantee from the Parent Company.

Schedule 4 : FIXED ASSETS

| Description | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | Lease equalisation/ adjustment # | | NET BLOCK after lease adjustment | | |
|--|--------------------------------|----------------------|-----------------------|--------------------------------|--------------------------------|----------------------------|-----------------------------|--------------------------------|--------------------------------|-------------------------------------|--------------------------------|--|--------------------------------|------------------|
| | As at 31.03.2006 Rs.Lacs | Additions Rs.Lacs | Deductions Rs.Lacs | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs | For the year Rs.Lacs | On deductions Rs.Lacs | As at 31.03.2007 Rs.Lacs | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs | As at 31.03.2007 Rs.Lacs | |
| Assets given on lease | | | | | | | | | | | | | | |
| Plant and machinery | 987.56 | - | - | 987.56 | 589.87 | 63.36 | - | 653.23 | 334.33 | 397.69 | 193.35 | 246.43 | 140.98 | 151.26 |
| | 987.56 | - | - | 987.56 | 589.87 | 63.36 | - | 653.23 | 334.33 | 397.69 | 193.35 | 246.43 | 140.98 | 151.26 |
| Other fixed assets | | | | | | | | | | | | | | |
| Goodwill * | 1,352.53 | - | - | 1,352.53 | 1,352.53 | - | - | 1,352.53 | - | - | - | - | - | - |
| Land | 423.74 | - | - | 423.74 | - | - | - | - | 423.74 | 423.74 | - | - | 423.74 | 423.74 |
| Buildings | 1,027.78 | 25.69 | 18.92 | 1,034.55 | 193.51 | 27.28 | 3.83 | 216.96 | 817.59 | 834.27 | - | - | 817.59 | 834.27 |
| Plant and machinery | 21,331.23 | 306.11 | 87.64 | 21,549.70 | 8,157.06 | 1,106.46 | 68.56 | 9,194.96 | 12,354.74 | 13,174.17 | - | - | 12,354.74 | 13,174.17 |
| Furniture and fixtures | 86.74 | 0.33 | - | 87.07 | 48.29 | 3.26 | - | 51.55 | 35.52 | 38.45 | - | - | 35.52 | 38.45 |
| Vehicles | 66.82 | - | - | 66.82 | 43.20 | 3.10 | - | 46.30 | 20.52 | 23.62 | - | - | 20.52 | 23.62 |
| Trade mark | 122.40 | - | - | 122.40 | 82.88 | 12.49 | - | 95.37 | 27.03 | 39.52 | - | - | 27.03 | 39.52 |
| Current year | 25,398.80 | 332.13 | 106.56 | 25,624.37 | 10,467.34 | 1,215.95 | 72.39 | 11,610.90 | 14,013.47 | - | 193.35 | - | 13,820.12 | - |
| Previous year | 25,303.81 | 179.05 | 84.06 | 25,398.80 | 9,341.07 | 1,209.99 | 83.72 | 10,467.34 | - | 14,931.46 | - | 246.43 | - | 14,685.03 |
| Capital work-in-progress including capital advances | | | | | | | | | | | | | 29.23 | 125.68 |
| | | | | | | | | | | | | | 13,849.35 | 14,810.71 |

Footnotes :

- * Represents Goodwill arising on consolidation and has been written off in an earlier year.
- # Includes Rs.167.11 lacs (previous year Rs.220.19 lacs) being provision for non-performing assets.

Siel Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 5 : INVESTMENTS

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|--|---------------------------------|---------------------------------|
| AT COST UNLESS OTHERWISE STATED | | |
| Non trade Investments - Quoted | | |
| — Mawana Sugars Limited \$ 50000 Equity shares of Rs.10 each fully paid- up | 5.00 | 5.00 |
| — MSD Industrial Enterprises Limited ## 295700 Equity shares of Rs. 10 each fully paid- up | 108.23 | 108.23 |
| Less : Provision for diminution in value | <u>(108.23)</u> | <u>(108.23)</u> |
| In Associate | | |
| — The Jay Engineering Works Limited. (refer note 1 of schedule 14) 7770000 (Previous year Nil) Equity shares of Rs.10 each fully paid- up | 777.00 | - |
| Cost of Acquisition (including Goodwill of Rs. 718.97 lacs) | (21.77) | - |
| Less : Group share of net profit / (loss) | <u>755.23</u> | <u>-</u> |
| Trade investments - Unquoted | | |
| — Ceratizit India Pvt.Limited 2300000 Equity shares of Rs.5 each fully paid-up | 230.00 | 230.00 |
| Less: Provision for diminution in value | <u>(118.45)</u> | <u>(118.45)</u> |
| — Capaxil Agencies Limited * 5 Ordinary shares of Rs.1000 each fully paid-up | 0.05 | 0.05 |
| — Agro Pumpsets and Implements Limited 10 Equity shares of Rs. 500 each fully paid-up | 0.05 | 0.05 |
| Non trade investments - Unquoted | | |
| — Government securities | 0.28 | 0.28 |
| — Deluxe Fabrics Limited ## 100000 Equity shares of Rs.10 each fully paid- up | 10.00 | 10.00 |
| Less: Provision for diminution in value | <u>(10.00)</u> | <u>(10.00)</u> |
| | <u>872.16</u> | <u>116.93</u> |
| Aggregate value of investments | | |
| Quoted (Market value Rs.795.50 lacs# ; previous year Rs 62.70 lacs) | 760.23 | 5.00 |
| Unquoted | 111.93 | 111.93 |
| | <u>872.16</u> | <u>116.93</u> |

Includes Rs. 777 lacs being the cost of investments at face value as the market quotations are not available.

Footnotes:

All investments are long term investments.

\$ A Company under same management

Investment acquired from erstwhile SFSL in terms of Scheme of Amalgamation (refer note 12 of schedule 14)

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

Movements in the investments during the year.

Additions - Quoted

77,70,000 Equity shares of Rs. 10 each fully paid up of The Jay Engineering Works Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 6 : DEFERRED TAX ASSETS AND LIABILITIES (NET)

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|--|---------------------------------|---------------------------------|
| Deferred tax assets on : | | |
| Provision for gratuity | 119.61 | - |
| Provision for doubtful debts and advances | 811.78 | - |
| Accrued expenses deductible on payment basis | 57.81 | - |
| Unabsorbed depreciation | 820.95 | - |
| Others | 15.49 | - |
| | <u>1,825.64</u> | - |
| Deferred tax liabilities on : | | |
| Depreciation | 1,582.44 | - |
| | <u>1,582.44</u> | - |
| Deferred tax assets (net) | <u>243.20</u> | - |

Schedule 7 : CURRENT ASSETS, LOANS AND ADVANCES

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|---|---------------------------------|---------------------------------|
| Current assets | | |
| Inventories | | |
| Stores and spares (at cost or under) | 324.53 | 296.48 |
| Stock in trade (At lower of cost and net realisable value) | 0.04 | 0.06 |
| Shares (refer schedule 7A) | 198.45 | 261.03 |
| Raw materials, components etc. | 114.96 | 86.53 |
| Work-in-progress | 361.89 | 411.22 |
| Finished goods | 1,788.91 | 1,084.45 |
| Land | <u>2,788.78</u> | <u>2,139.77</u> |
| Sundry debtors | | |
| Secured | | |
| Over six months - good | 0.06 | 0.07 |
| Other debts - good | 276.10 | 220.29 |
| Unsecured | | |
| Over six months - good | 63.18 | 49.13 |
| - doubtful | 1,147.54 | 1,171.31 |
| Other debts - good | 627.25 | 956.53 |
| | <u>2,114.13</u> | <u>2,397.33</u> |
| Less: Provision for doubtful debts | <u>1,147.54</u> | <u>1,171.31</u> |
| | <u>966.59</u> | <u>1,226.02</u> |
| Cash and bank balances | | |
| Cash in hand | 10.52 | 7.88 |
| Cheques on hand | 108.60 | 75.00 |
| With scheduled banks on | | |
| current accounts | 203.25 | 324.48 |
| deposit accounts | 324.78 | 23.86 |
| margin accounts | 635.41 | 660.47 |
| Interest accrued on deposits and margin money | 25.28 | 16.59 |
| | <u>1,307.84</u> | <u>1,108.28</u> |

Siel Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 7 : CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|---|---------------------------------|---------------------------------|
| Loans and advances | | |
| Unsecured and considered good unless otherwise stated | | |
| Advances recoverable in cash or in kind or for value to be received | | |
| Considered good * | 1,312.31 | 2,044.58 |
| Considered doubtful | 46.79 | 59.39 |
| Inter corporate deposit | - | - |
| Considered doubtful | 102.50 | 102.50 |
| Taxation | 1,873.61 | 2,066.52 |
| With customs/excise authorities | 144.85 | 177.98 |
| | <u>3,480.06</u> | <u>4,450.97</u> |
| Less : Provision for doubtful advances | 149.29 | 161.89 |
| | <u>3,330.77</u> | <u>4,289.08</u> |
| | <u>8,393.98</u> | <u>8,763.15</u> |

Footnotes:

* Includes:

- a) Loans/advances to The Jay Engineering Works Limited as per the BIFR scheme Rs. Nil (previous year Rs.777 lacs). Maximum amount due during the year Rs.777 lacs (previous year Rs.777 lacs). (Refer note 15 of Schedule 14)

Schedule 7A : STOCK IN TRADE

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|---|---------------------------------|---------------------------------|
| Stock in trade | | |
| (at lower of cost and market price/break -up value) | | |
| Quoted | | |
| Equity shares of Rs.10 each fully paid-up* | | |
| Nagarjuna Fertilisers and Chemicals Limited | 100 0.01 | 100 0.01 |
| Spice Net Limited(formerly Modi Olivetti Limited) | 300 0.03 | 300 0.05 |
| | <u>0.04</u> | <u>0.06</u> |
| Aggregate value of shares held as stock- in - trade | | |
| Quoted (market value Rs.0.04 lac previous year - Rs.0.06 lac) | | |

Footnotes:

- * Acquired from erstwhile SFSL in terms of the Scheme of Amalgamation.

SCHEDULES 1 TO 14 (Contd.)

Schedule 8 : CURRENT LIABILITIES AND PROVISIONS

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|--|---------------------------------|---------------------------------|
| Current liabilities | | |
| Sundry creditors # | | |
| - Dues of small scale industrial undertakings | 40.76 | 44.84 |
| - Dues of other than small scale industrial undertakings | 3,437.76 | 3,514.90 |
| Interest accrued but not due on loans | 0.61 | 1.28 |
| | <u>3,479.13</u> | <u>3,561.02</u> |
| Provisions | | |
| Income tax provision | 280.06 | 542.28 |
| Gratuity | 6.01 | - |
| Employees leave encashment | 54.80 | 57.90 |
| | <u>340.87</u> | <u>600.18</u> |
| | <u>3,820.00</u> | <u>4,161.20</u> |

Footnotes :

- # Sundry creditors do not include any amounts outstanding as on March 31, 2007 which are required to be credited to the Investor Education and Protection Fund.

Schedule 9 : MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

| | As at 31.03.2007 Rs. Lacs | As at 31.03.2006 Rs. Lacs |
|---------------------------------|---------------------------------|---------------------------------|
| Deferred revenue expenditure :- | | |
| Preliminary expenses | 10.52 | 13.29 |
| | <u>10.52</u> | <u>13.29</u> |

Schedule 10 : (LOSS) / INCOME FROM CAPITAL MARKET OPERATIONS

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|---|---|
| Sale of shares, debentures and other securities | - | 1.59 |
| Add : Closing stock (see schedule 7A) | 0.04 | 0.06 |
| | <u>0.04</u> | <u>1.65</u> |
| Less : Opening stock | 0.06 | 1.41 |
| | <u>(0.02)</u> | <u>0.24</u> |
| | <u>(0.02)</u> | <u>0.24</u> |

Siel Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 10A : OTHER INCOME

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|--|---|---|
| Export benefits | 1.16 | 0.86 |
| Dividend on long term non- trade investments | 0.52 | 0.43 |
| Interest received on term deposits etc (Gross) * | 68.49 | 60.42 |
| Excess provisions / liabilities written back ** | 194.48 | 620.79 |
| Profit on sale of fixed assets | 14.02 | 0.03 |
| Exchange gain | 1.32 | 1.63 |
| Commission received | 22.82 | 24.50 |
| Miscellaneous | 54.48 | 45.55 |
| | 357.29 | 754.21 |

Footnotes:

- * -Income-tax deducted at source Rs.12.79 lacs (previous year Rs12.36 lacs).
- ** -Includes Rs.10.01 lacs (previous year Rs.344.25 lacs) provision for doubtful debts/advances no longer required written back
- Includes provision for non performing assets written back.

Schedule 11 : EXPENDITURE

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|---|---|
| Manufacturing and other expenses | | |
| Purchases-finished goods | 5,785.99 | 5,328.46 |
| Raw materials consumed | 2,318.69 | 1,998.12 |
| Stores, spares and components | 2,062.06 | 2,379.18 |
| Jobs on contract | 94.99 | 112.46 |
| Power and fuel | 9,104.23 | 8,779.29 |
| Repairs - Buildings | 25.24 | 25.14 |
| - Plant and machinery | 83.27 | 90.63 |
| - Others | 13.29 | 33.69 |
| Salaries, wages, bonus etc. | 900.39 | 806.64 |
| Provident and other funds | 99.81 | 75.10 |
| Welfare | 57.82 | 47.44 |
| Rent | 18.24 | 19.78 |
| Lease rent | 84.75 | 78.65 |
| Insurance | 69.45 | 67.47 |
| Rates and taxes | 21.83 | 18.75 |
| Legal and professional | 88.39 | 81.57 |
| Increase/ (decrease) in excise duty provision on stocks | 7.57 | 0.41 |
| Auditors' remuneration (including service tax) | | |
| As auditors | | |
| -Audit fee * | 11.25 | 11.23 |
| -Out of pocket expenses | 0.10 | 0.28 |
| In other capacity | | |
| -For Consolidated Financial Statements | 3.00 | 1.50 |
| -For limited reviews of unaudited financial results | 13.55 | 14.24 |
| -For corporate governance and other certification works | 3.44 | 1.34 |
| -For tax audits | 3.85 | 2.90 |
| -For verification of statements and other reports | 0.45 | 1.49 |
| Carried forward | 20,871.65 | 19,975.76 |

SCHEDULES 1 TO 14 (Contd.)

Schedule 11 : EXPENDITURE (Contd.)

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|---|---|
| Brought forward | 20,871.65 | 19,975.76 |
| Provision for diminution in value of long term trade investments | - | 3.45 |
| Provision for Doubtful debts / advances | 5.29 | - |
| Loss on sale/write off fixed assets | 19.08 | 0.22 |
| Freight outwards | 116.43 | 109.56 |
| Land development expenses | 121.35 | - |
| Exchange fluctuation | 4.45 | - |
| Commission paid | 9.35 | - |
| Miscellaneous | 616.20 | 583.77 |
| | <u>21,763.80</u> | <u>20,672.76</u> |
| Movements of finished goods and process stocks | | |
| Opening stocks | | |
| Work-in-progress | 86.53 | 69.35 |
| Finished goods | 411.22 | 154.83 |
| Land | 1,084.45 | 7,684.45 |
| | <u>1,582.20</u> | <u>7,908.63</u> |
| Add: | | |
| Adjustment of land value enhancement as per Court order | 452.96 | - |
| | <u>2,035.16</u> | <u>7,908.63</u> |
| Less: Stock of land in a subsidiary company, divested during the year | - | 6,500.00 |
| | <u>2,035.16</u> | <u>1,408.63</u> |
| Less: Closing stocks | | |
| Work-in-progress | 114.96 | 86.53 |
| Finished goods | 361.89 | 411.22 |
| Land | 1,788.91 | 1,084.45 |
| | <u>2,265.76</u> | <u>1,582.20</u> |
| | <u>(230.60)</u> | <u>(173.57)</u> |
| | <u>21,533.20</u> | <u>20,499.19</u> |

* -Includes remuneration of auditors of the Parent Company and its subsidiaries.

Schedule 12 : INTEREST

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---------------------------|---|---|
| On loans for fixed period | 0.04 | 83.00 |
| Others | 26.43 | 35.99 |
| | <u>26.47</u> | <u>118.99</u> |

Schedule 13 : EXCEPTIONAL ITEMS

| | Year ended 31.03.2007 Rs. Lacs | Year ended 31.03.2006 Rs. Lacs |
|---|---|---|
| Surplus arisen from sale of investment in subsidiary company (refer note 10 of schedule 14) | - | 4,645.68 |
| Less : | | |
| -Compensation paid to Chairman and Managing Director and his family for executing non-compete undertaking (refer note 16 of schedule 14) | - | (644.20) |
| | <u>-</u> | <u>4,001.48</u> |

Siel Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2007

1. BASIS OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS 21) – “ Consolidated Financial Statements” and (AS) 23 “Accounting for investments in Associates in Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.

The subsidiaries (which along with Siel Limited, the Parent Company, constitute the Group) considered in the preparation of these consolidated financial statements are:

| Name | Country of Incorporation | Percentage of voting power, as at March 31, 2007 | Percentage of voting power, as at March 31, 2006 |
|--|--------------------------|--|--|
| Siel Industrial Estate Limited (SIEL-IE) | India | 100.00 | 100.00 |
| Siel Financial Services Limited (SFSL) | India | 93.56* | 93.56* |
| SFSL Investments Limited (SFSL I) | India | 100.00 | 100.00 |
| Transiel India Limited (TIL) | India | 100.00 | 100.00 |
| Siel Edible Oils Limited (SEOL) | India | 100.00 | 100.00 |

* Includes 14.12% held by SFSLI, a wholly owned subsidiary.

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.

Further, the consolidated financial statements of the Jay Engineering Works Limited (JEW), an associate of the Parent Company as per (AS) 23, have been considered in preparation of these Consolidated Financial Statements and the details of the investment in the associate are :

| | | | |
|---|------|--|---|
| A | i | Name of the associate | The Jay Engineering Works Limited |
| | ii | Country of incorporation | India |
| | iii | Principal activities | Manufacture and sale of fans, S.C. pumps, elements, delivery valves, nozzles and nozzle holders |
| | iv | Percentage of ownership interest as at March 31,2007 | 36.89% |
| | v | Original Cost of Investment | Rs.777 lacs |
| | vi | Amount of Goodwill | Rs. 718.97 lacs |
| | vii | Accumulated profit / (loss) as at March 31,2007 | (Rs. 21.77 lacs) |
| | viii | Carrying amount of investment as at March 31, 2007 | Rs. 755.23 lacs |

The audited accounts of the Associate, considered in the preparation of these consolidated financial statements have been drawn upto March 31,2007 and the investment in the above Associate, has been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets.

The Company had given an interest free loan of Rs. 777 lacs to JEW in an earlier year. This loan was converted into equity on January 4, 2007. Consequent to such conversion, JEW became an Associate company in terms of AS – 23. The consolidated accounts of JEW have been audited by their Statutory Auditors for the year ended March 31, 2007. However, audited accounts as on January 4, 2007 have not been obtained by the management in view of annual accounts already having been audited, and provisional accounts are available for the nine months period ended December 31, 2006. Management does not expect any material variation in the value of investment as computed on year end i.e. March 31, 2007 vis-a-vis as on the date of investment i.e. January 4, 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

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

i) Fixed assets

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

ii) Depreciation

- The Group follows the straight-line method of depreciation (SLM).
- The rates of depreciation charged on all fixed assets are those specified in Schedule XIV to the Companies Act, 1956, except for trademarks, which are depreciated over remaining life of Trade Mark as assessed by the Company.
- Depreciation is not provided on assets sold / discarded during the year.
- Depreciation is calculated on a pro-rata basis from the month of acquisition / installation of the asset and in case of assets costing

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

upto Rs.5000 each, such asset is fully depreciated in the year of purchase.

- e) Leased fixed assets.
- i) Lease fixed assets are 'depreciated' by a method derived from the guidance note on "Accounting for Leases" issued by the Institute of Chartered Accountants of India under which 100 % of the cost of the asset is depreciated over the primary lease period. As per this method, the interest rate implicit in the lease is calculated for each of the leases to arrive at the amount of principal recovery during the primary lease period. The depreciation in excess of minimum depreciation prescribed in Schedule XIV to the Companies Act, 1956, on the straight-line method is shown as lease equalisation charge.
 - ii) Leased fixed assets, wherein the lease rentals are classified as non performing asset, depreciation is being charged on the straight -line method at the rates prescribed in the Schedule XIV to the Companies Act, 1956, with effect from the date on which the lease rentals have been classified as non performing assets and not over the primary lease period as indicated in (i) above.

iii) Investments

Investments are stated at cost less provision for permanent diminution in the value of long- term investments, if any.

iv) Inventories

- a) Stores and spares are valued at cost or under.
- b) Stock in trade
 - i) Raw materials, components, work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost of inventory is ascertained on the weighted average basis. Further, in respect of manufactured inventories, i.e., process stocks and finished goods, an appropriate share of manufacturing expenses is included on absorption costing basis.
 - ii) Finished goods purchased for resale are valued at cost or net realisable value, whichever is lower.
- iii) Stock in trade – shares, debentures and other securities are valued at lower of cost and market price/breakup value determined for each category of stock in trade. The cost is ascertained on the basis of annual weighted average purchase price.
- iv) Stock of land is valued at lower of cost and estimated realisable value.

v) Revenue recognition

- a) Sale of goods is recognised at the point of despatch of finished goods to customers. Sales are inclusive of excise duty and exclusive of sales tax.
- b) Lease rentals income is accrued as per the terms and conditions of the agreements entered into with the lessees.
- c) Income from the non-performing assets is recognised in accordance with the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India on January 31, 1998 and as amended from time to time.

Further, provision for non-performing assets viz, investments, fixed assets, current assets and loans and advances is made in accordance with the said guidelines and are reduced against such assets.
- d) Income from sale of land is recognised on receipt of full consideration from customers.

vi) Retirement benefits

The Group has various schemes of retirement benefits such as provident fund, superannuation fund, gratuity fund and leave encashment. The contributions to these funds recognised by the Income-tax authorities and the provision for employees' leave encashment determined on an actuarial basis at the year end are charged against revenue every year except that contribution to the gratuity fund of Rs. 357.91 lacs (previous year Rs. 338.92 lacs) though provided for in the books of account has not yet been funded.

vii) Taxation

The provision for 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 reversal in one or more subsequent periods. Deferred tax assets are recognised on unabsorbed depreciation based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

viii) Foreign exchange transactions

Exchange differences are dealt with as follows: -

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction.

Siel Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

Current assets (other than inventories) and current liabilities (other than relating to fixed assets) are restated at the rate prevailing at the year end. In respect of forward contracts, the forward premium or discount is recognised as income or expenses over the life of contract in the profit and loss account and the exchange difference between the exchange rate prevailing at the year end and the date of the inception of the forward exchange contract is recognised as income or expense in the profit and loss account.

ix) Write off of miscellaneous expenditure

- a) Deferred revenue expenditure is written off over a period of three years.
- b) Preliminary expenses are written off over a period of ten years from the year of commencement of commercial activities.

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

xi) Significant accounting policies of associates which are different from the Parent Company and the impact of which has not been ascertained are as follows :

a) Fixed Assets

Fixed Assets are stated at cost, except for land and buildings which are stated at revalued value. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

b) Depreciation

- i) Depreciation on Fixed Assets is provided on the original cost / revalued cost of the Assets at Written down value rates in the manner prescribed in the schedule XIV of the Companies Act, 1956 except the following :

Plant & Machinery

- The Jay Engineering Works Limited
- Assets acquired after 30th September, 1984 - straight line method
- Shriram Fuel Injection Industries Limited - straight line method
(the subsidiary of JEW)

- ii) Depreciation rates are different from the principal rates specified in Schedule XIV of the Companies Act, 1956 in respect of the following :-

- The Jay Engineering Works Limited
- Assets acquired upto 30th September, 1986 - Depreciation at the equivalent rates applicable under Income tax Rules, 1962 at the time of acquisition.
- Tools and dies (included in Plant & Machinery) individually.
- Costing Rs. 2 lacs and above - Depreciated @ 1/3rd of cost per annum
- Costing up to Rs. 2 lacs - Depreciated fully in the year of acquisition
- Shriram Fuel Injection Industries Limited
- Tools and dies individually costing Rs. 2 lacs and above are depreciated @ 1/3rd of cost per annum on pro-rata basis.

- iii) Depreciation on revalued buildings has been calculated at a written down value on the respective revalued book values at the rates computed by taking the residual value and residual life as certified by valuers.

| | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs |
|--|--------------------------------|--------------------------------|
| 3. Capital commitments (net of advances) | 129.71 | 142.58 |
| 4. Contingent liabilities: | | |
| a) Claims not acknowledged as debts * | | |
| - Income tax | 1,891.78 | 1,945.24 |
| - Sales tax | 822.66 | 831.50 |
| - Excise duty | 114.17 | 114.17 |
| - Licence fee for railway siding | 606.83 | 606.83 |
| - Supplier's claim | 166.08 | 156.24 |
| - Others | 113.43 | 113.43 |

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

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

| | As at 31.03.2007 Rs.Lacs | As at 31.03.2006 Rs.Lacs |
|--|---|--------------------------------|
| b) Bills discounted | - | 134.63 |
| c) Bank guarantees issued | 1.00 | 1.00 |
| d) - Gaurantee given to Bank for repayment of financial facilities provided to a wholly own subsidiary. | 700.00 | - |
| - Dues outstanding | 81.49 | - |
| e) The Parent Company has provided bank guarantees aggregating Rs. 1260 lacs 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. 894.49 lacs have been received. These demands are presently under various stages of appeal. | | |

5. The Parent Company's share of contingent liabilities and capital commitments in an associate are as under :

| | As at 31.03.2007 Rs.Lacs |
|--------------------------------------|---|
| a) Capital commitments | 13.20 |
| b) Contingent liabilities: | |
| Claims not acknowledged as debts | |
| - Income tax demands under appeal | 2.93 |
| - Sales tax demands under appeal | 108.04 |
| - Excise duty demands under appeal* | 69.50 |
| - VRS Compensation** | 7.57 |
| - Others (pertaining to legal cases) | 5.55 |
| c) Bills of exchange discounted | 123.35 |

* Excluding amounts involved in show cause notices.

** As per revised Rehabilitation Scheme sanctioned by BIFR, 14 workers at Calcutta unit are yet to take their voluntary retirement compensation.

6. Consequent to import of plant and machinery in previous years by the Parent Company, the balance of export obligation pending as at March 31, 2007 is US\$ 45.43 millions.

During the year, the Board of Directors of the Parent Company, on a review of the status of the export obligation, were of the view that it is unlikely for the Parent Company to fulfill the export obligation within the stipulated time period (i.e. March 30, 2007).

As per the existing policy, the Director General of Foreign Trade (DGFT) may consider requests for grant of extension in export obligation period for a period of two years provided the exporter chooses to do any of the following for each year of extension sought:-

- i. Pay a composition fee of 2% of the total duty saved; or
- ii. Accept enhancement in export obligation imposed to the extent of 10% of the total export obligation imposed.

The Foreign trade policy with effect from April 1, 2006 states that a further extension of two years to the above extension could be considered by DGFT upon the exporter depositing 50% of the duty payable in proportion to the unfulfilled export obligation. In case the exporter is still not able to complete the export obligation, the duty already deposited will be deducted from total duty plus interest to be paid for default in the export obligation.

The management of the Parent Company has filed an application with DGFT on March 06, 2007 for extension in export obligation period for another two years i.e. upto March 30, 2009. At this stage, the Parent Company is not in a position to estimate the liability that would devolve with respect to the export obligation, pending decision / final outcome of the application with the DGFT.

7. Pursuant to the Scheme of Amalgamation of the erstwhile Shriram Industrial Enterprises Limited (SIEL) with the Parent Company, as approved by the High Court of Delhi vide its Order dated April 10, 1992 which became effective on May 20, 1992 on filing of the certified copy of the Order of the High Court with the Registrar of Companies, Delhi and Haryana, all the properties, assets, liabilities and reserves of the erstwhile SIEL were transferred to and vested in the Parent Company with effect from the transfer date i.e. April 1, 1990 including those vested in and transferred to the erstwhile SIEL pursuant to the Scheme of Arrangement of DCM Limited approved by the High Court of Delhi by its Order dated April 16, 1990.

8. Pursuant to the Scheme of Arrangement under sections 391 to 394 of the Companies Act, 1956, of the Parent Company, approved by the High Court of Delhi vide its Order dated July 22, 1996, which became effective on August 29, 1996, on filing of the certified copy of

Siel Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

the Order of the High Court of Delhi with the Registrar of Companies, NCT Delhi and Haryana, the Compressors, Appliances and Hard Metals businesses, together with all the property, rights and powers and all the liabilities and duties thereof at their respective book values had been transferred to and vested in the then subsidiary companies namely Siel Compressors Limited, Siel Aircon Limited and Siel Tizit Limited respectively with effect from April 1, 1996, the transfer date.

9. Pursuant to the Scheme of Arrangement (Scheme) under sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of Delhi vide its Order dated August 26, 2003, which became effective on September 5, 2003 on filing of the certified copy of the Order of the High Court of Delhi with the Registrar of Companies, NCT Delhi and Haryana, the sugar business of the Parent Company comprising the undertakings of Mawana Sugar Works and Titawi Sugar Complex, the land admeasuring 24.88 acres situated at 15, Shivaji Marg, New Delhi and certain specified investments of the Parent Company have been transferred to and vested in Mawana Sugars Limited, Shivajimarg Properties Limited (SPL) and Siel Holdings Limited (SHL) respectively with effect from October 1, 2002, the appointed date.
10. During the previous year ended March 31, 2006, the Parent Company had sold the equity shares of Shivajimarg Properties Limited (SPL) to a party, for a consideration of Rs.26,730 lacs. The Parent Company had credited surplus of Rs.4645.68 lacs, after discharging its obligations / liabilities, under "Exceptional Items" in the consolidated profit and loss account.
11. The Parent Company had surrendered on October 23, 2003 possession of 46.58 acres of its land at 15, Shivaji Marg, New Delhi to the Delhi Development Authority (DDA) pursuant to the order of Hon'ble Supreme Court.
The matter regarding compensation for this surrender is sub-judice before Hon'ble Supreme Court under a review petition.
12. Pursuant to the Scheme of Amalgamation of erstwhile Siel Financial Services Limited (erstwhile SFSL), a Non banking financial company, with the Company i.e. Shriram Agro-Tech Industries Limited (since renamed as SFSL) under sections 391 and 394 of the Companies Act, 1956 as approved by the High Courts of Madhya Pradesh and Delhi vide their Order dated November 11, 1997, which became effective on January 8, 1998 on filing of the certified copy of the Order of the High Court of Delhi with the Registrar of Companies, Delhi and Haryana, all the properties, assets, movable or immovable, rights and power, together with all present and future liabilities, including contingent liabilities, obligations and reserves of the erstwhile SFSL were transferred to and vested in the SFSL with effect from the transfer date i.e. April 1, 1996 being the transfer date.
13. Sales are net of commission of Rs.58.13 lacs (previous year Rs. 64.18 lacs).
14. There are various issues relating to sales tax, income tax etc. arisen / arising out of the reorganisation arrangement of DCM Limited which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited and memorandum of understanding between all the companies involved as and when the liabilities/benefits are fully determined.
In the opinion of the management, having regard to the current status of the assessment proceedings at various stages the effect of these matters on the accounts of the Parent Company could not be determined at this stage.
15. During the year, the Parent Company has been allotted 77,70,000 equity shares of Rs. 10/- each fully paid up by the Jay Engineering Works Limited (JEW) in lieu of an interest free loan of Rs. 777 lacs advanced by the Parent Company to JEW in an earlier years.
As per the latest audited balance sheet, JEW has accumulated losses of Rs. 2413.31 lacs as against equity capital and reserves of Rs.3,195.45 lacs upto March 31, 2007. The net worth of JEW has turned positive and the company has been deregistered from the Board of Industrial and Financial Reconstruction (BIFR) purview. The management of the Parent Company is of the view that no provision in respect of decline in the value of long term investment of Rs. 777 lacs in JEW is necessary at this stage.
16. During the previous year, the Board of Directors of the Parent Company had determined and paid a sum of Rs. 644.20 lacs in full and final settlement to Mr. Siddharth Shriram towards compensation for him and his family to execute a non- compete undertaking at the time of sale of the Compressor business of the Parent Company, which had been included under exceptional items in the consolidated profit and loss account.
17. Earnings per share

| | Year ended March 31, 2007 (Rs.Lacs) | Year ended March 31, 2006 (Rs.Lacs) |
|---|---|---|
| Profit / (Loss) after tax | 99.00 | 4,016.03 |
| Less: Preference dividend and dividend tax thereon | - | 0.06 |
| Profit / (Loss) attributable to equity shareholders | 99.00 | 4,015.97 |
| Weighted average number of equity shares outstanding | 18,315,302 | 17,632,562 |
| Basic and diluted earnings per share in rupees (face value – Rs.10 per share) | 0.54 | 22.78 |

18. Related party disclosures under Accounting Standard 18
Name of related party and nature of related party relationship
Associates : The Jay Engineering Works Limited (w.e.f. January 4, 2007),

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

Enterprises over which key management personnel have significant influence: Mawana Sugars Limited (MSL) and Subsidiaries of MSL viz. Siel Holdings Limited

Key Management Personnel and their relatives:

Mr. Siddharth Shriram and Mr. K.P.Singh

| | Year ended 31.03. 2007 (Rs.Lacs) | Year ended 31.03.2006 (Rs.Lacs) |
|---|---|---------------------------------------|
| (A) Associates : | | |
| The Jay Engineering Works Limited | | |
| - Expenses recovered | 0.35 | - |
| - Investment in 77,70,000 equity shares of Rs.10/- each (conversion of advances in equity shares) | 777.00 | - |
| - Amounts recovered on behalf of JEW | 0.25 | - |
| Balance outstanding included under : | | |
| - Loans & advances | 8.10 | - |
| (B) Enterprises over which Key Management Personnel have significant influence | | |
| Mawana Sugars Limited | | |
| - Sales | 84.15 | 73.06 |
| - Commission received | - | 24.50 |
| - Purchases | - | 928.62 |
| - Expenses recovered | 56.97 | 36.37 |
| - Professional / Management fee/ other expenses paid | 132.56 | 139.94 |
| - Repayment of loans / advances given | - | 1,368.68 |
| - Call money received on 80,00,000 Shares @ Rs 3.50 per share | - | 280.00 |
| - Fixed Assets purchased | 1.35 | - |
| - Amount received on their behalf | 5.66 | - |
| Balance outstanding included under : | | |
| - Loans and advances | 18.25 | - |
| - Sundry creditors/ Loans and advances taken | 10.59 | 41.93 |
| (C) Key Management Personnel and their Relatives | | |
| - Guarantee given/ to be given on behalf of the Parent Company | - | 250.60 |
| - Compensation paid for executing non compete undertaking | - | 644.20 |
| Remuneration to key management personnel :- | | |
| - Mr. K.P.Singh | 19.04 | 18.16 |
| Balance outstanding included under: | | |
| - Guarantee given/to be given on behalf of the Parent Company | - | 250.60 |
| 19. Director's remuneration* | | |
| Salaries and allowances | 15.40 | 14.90 |
| Contribution to provident and other funds | 1.26 | 1.20 |
| Value of perquisites | 2.38 | 2.06 |
| Director's fees | 1.52 | 2.14 |
| * Do not include contribution to gratuity fund and provisions for leave encashment, since the same are paid/determined for the Parent Company as a whole. | | |
| 20. | SFSL has severely curtailed its operations due to paucity of funds and adverse market conditions. The management is negotiating with certain parties for realising some of the assets and is hopeful of generating funds for this business. In view of the above, the accounts of SFSL have been prepared on a going concern basis. | |
| 21. | The trading operations of TIL have been suspended since June 1999 with a view to prevent further losses. The accounts of TIL for the year ended March 31, 2007 have been prepared on a going concern basis, although the revival of business activities will depend upon more favourable conditions prevailing in the market. | |
| 22. | SIEL-IE is in the process of setting up an Industrial Estate in Rajpura, Distt. Patiala (Punjab) pursuant to Parent Company's signing a | |

Siel Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

MOU with the State Government of Punjab. The Parent Company vide its letter dated February 27, 1995 had assigned the principal MOU to SIEL-IE to develop the industrial estate. In terms of the MOU, the Punjab Government would be acquiring the land and transferring it to SIEL-IE. As at the close of the year, SIEL-IE has taken possession of 540 acres of land out of which 298.46 acres of land has been transferred to SIEL-IE by the Government of Punjab vide conveyance deed dated May 26, 2000. Registration in respect of the balance land of 241.54 acres is still pending as at the close of the year. The amount of Rs.1,600 lacs deposited by SIEL-IE in an earlier year in response to the demand made by the Government of Punjab had been appropriated towards cost of the land in possession of SIEL-IE. In an earlier year, vide Order dated 5.9.2003 issued by the Collector, Land Acquisition (CLA), Government of Punjab, an amount of Rs. 264.70 lacs pertaining to excess development charges already deposited by SIEL-IE had been appropriated against the cost of 115.35 acres of land to be allotted to SIEL-IE. Accordingly, the said amount of Rs. 264.70 lacs has been adjusted in the carrying cost of land in possession of SIEL-IE.

In the matter of cases filed by the land owners for enhancement of compensation, the Additional District Judge, Patiala, had announced an increase of Rs.30,000/- per acre in the basic land price compensation. In addition, compensation for Abadi land, Loss of Income, superstructures, trees, etc has also been granted. SIEL-IE has also filed appeals against the above order in the High Court in April 2006 and the decision on the same is yet to come.

The impact of Basic land price compensation increase, including interest upto October 2006, towards the enhanced compensation will be around Rs.623.40 lacs. Provision for the same has been made in the accounts for the period and total provision amount has been allocated in the following heads :

| | Rs. Lacs |
|--|-----------------|
| Increase in land stocks value, in proportion to land stocks available | 452.96 |
| Amount recoverable from CLA against the cost of 115.35 acres of land to be allotted to the Company | 49.09 |
| Amount charged to Profit & Loss account (towards land already sold of 114.07 acres) | 121.35 |

Out of the above, as per the orders of Hon'able High Court, Chandigarh, SIEL-IE has deposited Rs.229.10 lacs with Additional District Judge, Patiala on 01.11.2006.

Pending final confirmation from Collector Land Acquisition, no provision towards Abadi land compensation, Loss of income etc has been provided for.

23. The State Government of Punjab had taken a decision that the development of the Industrial Estate should take place under the provisions of The Punjab Apartment and Property Regulation Act, 1995. In terms of the provisions of the said Act, Siel Industrial Estate Limited was required to furnish bank guarantees (BG's) against internal development works and pay external development charges (EDC) for external development works to be carried out by Punjab Urban Development Authority (PUDA). However, as per the provisions of the Memorandum of Understanding (MoU) between the Parent Company and Government of Punjab, all development works had to be carried out by the developers and not by or through PUDA. SIEL-IE, accordingly, represented to the Government that the MoU itself was a guarantee and there was, therefore, no need to furnish BG's and also since PUDA has not undertaken to carry out any development works in the area, EDC should also not be charged. This position was accepted in a meeting held under the chairmanship of the State Chief Secretary on July 17, 2002 and this was further approved by the Empowered Committee (ref. Order Inc.1/EC/SIEL/2002 dated January 3, 2003) under the chairmanship of the Hon'ble Chief Minister of Punjab, in terms of which it was agreed that these exemptions were for the Estate as a whole and therefore, the BG's already furnished will be returned and the EDC amounts already paid would be refunded. Accordingly, a notification dated 12th February,2004 was issued by Govt. of Punjab, Department of Housing & Urban Development, Chandigarh exempting SIEL-IE from all the provisions of the Punjab Apartment & Property Regulation Act, 1995 subject to the condition that the exemption shall extend only in respect of the land for which the licence has already been granted by the Competent Authority under the above Act. SIEL-IE has approached the Govt. of Punjab for issuance of a fresh notification exempting the entire land because as per the decision of the empowered committee, SIEL-IE was given exemption from the said Act for the entire land. During the year 2004-05, the Govt. of Punjab has issued the desired notification, exempting SIEL-IE from submission of BGs against internal development works and payment of external development charges (EDC) for external development works, for the entire land. Accordingly, the BGs of Rs. 43.57 lacs and EDC of Rs. 15.88 lacs have been received back from PUDA.

24. In case of SIEL-IE, out of 425.93 acres of land in stock at the close of the year, 150.69 acres of land is earmarked for roads, open spaces, green belts and public spaces in terms of the Government of Punjab regulations, which is required to be transferred back to the Government of Punjab at a later date, free of cost. Consequently, the entire cost of such land has been apportioned over the land available for sale.

Subsequent to the increase in the estimated realizable value of land, the land stocks has been revalued at Rs.1788.91 lacs. After adjustment of increased stocks value subsequent to enhancement i.e. Rs.452.96 lacs, Profits for the period of SIEL- IE are higher by Rs.251.49 lacs.

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

25. Segment reporting

A. Business segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Group's business segments include: chemicals, edible oils and others consisting of financing operations, industrial estate, etc.

B. Geographical segments:

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

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 2 of schedule 14 "Notes to the Consolidated Accounts", 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 consists 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. lacs)

| PARTICULARS | Chemicals | | Oils | | Others | | Unallocated | | Elimination | | Total | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|
| | This Year | Previous Year | This Year | Previous Year | This Year | Previous Year | This Year | Previous Year | This Year | Previous Year | This Year | Previous Year |
| SEGMENT REVENUE | | | | | | | | | | | | |
| External sales # | 16,134.98 | 16,036.25 | 6,192.24 | 5,373.45 | - | 0.25 | - | - | (2.20) | - | 22,325.02 | 21,409.95 |
| Other Income | 64.73 | 144.12 | 30.01 | 323.30 | 71.65 | 207.71 | 122.66 | 53.90 | (0.25) | (35.00) | 288.80 | 694.03 |
| Inter segment | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenue | 16,199.71 | 16,180.37 | 6,222.25 | 5,696.75 | 71.65 | 207.96 | 122.66 | 53.90 | (2.45) | (35.00) | 22,613.82 | 22,103.98 |
| RESULTS | | | | | | | | | | | | |
| Segment result | 334.40 | 677.56 | (74.56) | 203.52 | 82.19 | 18.28 | - | - | - | (35.00) | 342.03 | 864.36 |
| Unallocated expenses (net of income) | - | - | - | - | - | - | (501.92) | (494.00) | - | - | (501.92) | (494.00) |
| Operating profit / (loss) | 334.40 | 677.56 | (74.56) | 203.52 | 82.19 | 18.28 | (501.92) | (494.00) | - | (35.00) | (159.89) | 370.36 |
| Interest expense | - | - | - | - | - | - | (28.09) | (118.99) | 1.62 | - | (26.47) | (118.99) |
| Interest income | - | - | - | - | - | - | 70.11 | 60.42 | (1.62) | - | 68.49 | 60.42 |
| Net profit / (loss) | 334.40 | 677.56 | (74.56) | 203.52 | 82.19 | 18.28 | (459.90) | (552.57) | - | (35.00) | (117.87) | 311.79 |
| Exceptional Items | | | | | | | | | | | | |
| Surplus arisen from sale of long term non-trade investment | - | - | - | - | - | - | - | 4,645.68 | - | - | - | 4,645.68 |
| Profit on transfer of Edible Oil Business | - | - | - | - | - | - | - | 16.67 | - | (16.67) | - | - |
| Compensation paid to Chairman and Managing Director and his family for executing non-competete undertaking | - | - | - | - | - | - | - | (644.20) | - | - | - | (644.20) |
| Net profit / (loss) before tax | 334.40 | 677.56 | (74.56) | 203.52 | 82.19 | 18.28 | (459.90) | 3,465.58 | - | (51.67) | (117.87) | 4,313.27 |
| Current Tax | - | - | - | - | - | - | 14.64 | 279.00 | - | - | 14.64 | 279.00 |
| Deferred Tax Benefit | - | - | - | - | - | - | (243.20) | - | - | - | (243.20) | - |
| Fringe Benefit Tax | - | - | - | - | - | - | 11.69 | 18.24 | - | - | 11.69 | 18.24 |
| Net Profit/ (loss) after tax | 334.40 | 677.56 | (74.56) | 203.52 | 82.19 | 18.28 | (243.03) | 3,168.34 | - | (51.67) | 99.00 | 4,016.03 |
| OTHER INFORMATION | | | | | | | | | | | | |
| | As at 31.03.2007 | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2006 |
| A. ASSETS | | | | | | | | | | | | |
| Segment assets | 16,756.40 | 17,124.46 | 701.67 | 623.46 | 2,935.79 | 2,137.77 | - | - | - | - | 20,393.86 | 19,885.69 |
| Unallocated assets | - | - | - | - | - | - | 5,295.16 | 5,821.23 | (2,319.81) | (2,002.84) | 2,975.35 | 3,818.39 |
| Total assets | 16,756.40 | 17,124.46 | 701.67 | 623.46 | 2,935.79 | 2,137.77 | 5,295.16 | 5,821.23 | (2,319.81) | (2,002.84) | 23,369.21 | 23,704.08 |
| B. LIABILITIES | | | | | | | | | | | | |
| Segment liabilities | 1,414.33 | 1,732.05 | 329.65 | 249.30 | 696.37 | 246.67 | - | - | - | - | 2,440.35 | 2,228.02 |
| Share capital and reserves | - | - | - | - | - | - | 19,705.68 | 19,334.89 | (520.57) | (248.78) | 19,185.11 | 19,086.11 |
| Secured and unsecured loans | - | - | - | - | - | - | 2,044.91 | 2,137.92 | (1,680.81) | (1,681.15) | 364.10 | 456.77 |
| Unallocated liabilities | - | - | - | - | - | - | 1,498.08 | 2,006.09 | (118.43) | (72.91) | 1,379.65 | 1,933.18 |
| Total liabilities | 1,414.33 | 1,732.05 | 329.65 | 249.30 | 696.37 | 246.67 | 23,248.67 | 23,478.90 | (2,319.81) | (2,002.84) | 23,369.21 | 23,704.08 |
| | This Year | Previous Year | This Year | Previous Year | This Year | Previous Year | This Year | Previous Year | This Year | Previous Year | This Year | Previous Year |
| C. OTHERS | | | | | | | | | | | | |
| Capital expenditure | 270.88 | 187.19 | 3.72 | - | - | - | 1.08 | 22.50 | (40.00) | - | 235.68 | 209.69 |
| Depreciation | 1,132.68 | 1,129.89 | 12.56 | 11.91 | 64.39 | 64.50 | 6.32 | 3.69 | - | - | 1,215.95 | 1,209.99 |
| Non cash expenses other than depreciation | - | 7.68 | 0.44 | 4.15 | 2.33 | 2.77 | 5.29 | 13.51 | - | - | 8.06 | 28.11 |

Net of excise duty.

Siel Limited

SCHEDULES 1 TO 14 (Contd.)

Schedule 14 : NOTES TO THE CONSOLIDATED ACCOUNTS (Contd.)

26. Foreign currency exposures of the Parent Company that are not hedged by derivative instruments or otherwise is as follows :

| Particulars | Year ended 31.3.2007 | | Year ended 31.3.2006 | |
|-------------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
| | Amount in foreign currency (Lacs) | Amount in (Rs./Lacs) | Amount in foreign currency (Lacs) | Amount in (Rs./Lacs) |
| Sundry debtors * | 2.31 US\$ | 100.17 | 1.12 US\$ | 50.14 |
| Sundry creditors | 0.16 US\$ | 7.08 | 0.19 GBP | 15.13 |
| Export obligation | 454.30 US\$ | 19,593.96 | 501.20 US\$ | 22,358.53 |

* Excluding US\$ Nil (Previous year – US\$ 303,120) on account of bills discounted by the Parent Company as on March 31, 2007.

27. The Board of Directors of the Parent Company have approved the amalgamation of Mawana Sugars Limited with the Parent Company in its meeting held on January 11, 2007. The Parent Company has since filed a Scheme of Arrangement with Hon'ble High Court of Delhi. The Hon'ble High Court has fixed the date of meeting of Creditors on June 11, 2007.

28. Previous year figures are regrouped and / or rearranged, wherever considered necessary.



ADMISSION SLIP

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

| | |
|---------------------------------|------------------------|
| Folio no./DPID/Client ID | No. of Share(s) |
| Name and address | |
| | |

I HEREBY RECORD MY PRESENCE AT THE 45th ANNUAL GENERAL MEETING OF Siel LIMITED ON THURSDAY, THE 20th SEPTEMBER, 2007 AT 10.00 A.M. AT KAMANI AUDITORIUM, 1, COPERNICUS MARG, NEW DELHI-110001.

SIGNATURE OF THE SHAREHOLDER/PROXY

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

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



PROXY FORM

L.F. No. _____

No. of Shares Held _____

DP.Id

Client Id.

I/We.....
of.....

(write full address)

being a member/members of Siel 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 45th Annual General Meeting of the Company to be held on Thursday, the 20th September, 2007 and at any adjournment thereof.

Signed this.....day of.....2007

Signature.....



- 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 'Siel PROXY'.

Book-Post

To



If undelivered, please return to :

Siel Limited

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

Tel-91-11-25739103; Fax: 91-11-25743659

Email: secretarialdept@mawanasugars.com

Website: www.siellimited.com