

47th ANNUAL REPORT

2008-2009



MAWANA SUGARS LIMITED

Mawana Sugars Limited

BOARD OF DIRECTORS

Mr. Bedi R.S.

Ms. Dutt Anuradha

Mr. Gupta Ravi Vira

Mr. Goila N.K.

Mr. Kakria Sunil

Mr. Mehra A.K.

Mr. Mittal D.C.

Prof. Mohan Dinesh

Mr. Shriram Siddharth

Mr. Singh K.P.

– *Managing Director*

– *Whole-time Director*

– *Chairman and Managing Director*

– *Whole-time Director*

COMPANY SECRETARY

Mr. Khurana Amit

AUDITORS

A.F. Ferguson & Co.

9, Scindia House,

Kasturba Gandhi Marg,

New Delhi - 110 001

BANKERS

State Bank of India

State Bank of Hyderabad

State Bank of Travancore

State Bank of Mysore

Punjab National Bank

Axis Bank Ltd.

REGISTERED OFFICE

5th Floor, Kirti Mahal,

19, Rajendra Place,

New Delhi-110 125

WORKS

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

REGISTRAR & SHARE TRANSFER AGENT

Mas Services Ltd.

T-34, Okhla Industrial Area, Phase - II

New Delhi – 110 020

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

Website : www.masserv.com

E-mail :- info@masserv.com



NOTICE

Notice is hereby given that the 47th Annual General Meeting of the members of Mawana Sugars Limited will be held as scheduled below:

Day : Thursday

Date : 25.02.2010

Time : 11.30 A.M.

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

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 30th September, 2009 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. K.P. Singh, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. R.S.Bedi, who retires by rotation and being eligible, offers himself for reappointment.
4. Not to fill the vacancy in place of Mr. D.C. Mittal, who retires by rotation but does not offer himself for reappointment.
5. 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:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:
"Resolved that pursuant to the provisions of Sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to the approval of Central Government and such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded to the increase in the monthly remuneration (CTC) of Mr. A.K. Mehra, Whole Time Director of the Company from Rs.5,55,000/- p.m. to Rs.6,38,250/- p.m. w.e.f. 1.10.2009.
Resolved further that in addition to the remuneration (CTC) as stated above, a performance based incentive varying from zero to Rs. 15 lacs p.a. would be payable annually based on the achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:
"Resolved that pursuant to the provisions of Sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to the approval of Central Government and such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded to the increase in the monthly remuneration (CTC) of Mr. Sunil Kakria, Managing Director of the Company from Rs.9,57,806/- p.m. to Rs.11,01,486/- p.m. w.e.f. 1.10.2009.
Resolved further that in addition to the remuneration (CTC) as stated above, a performance based incentive varying from zero to Rs. 1 crore p.a. would be payable based on the achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof."

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

Place: New Delhi
Dated: 18.01.2010

(AMIT KHURANA)
COMPANY SECRETARY

Mawana Sugars Limited

NOTICE (Contd.)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. The information as required to be provided under the Listing Agreement entered into with Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed and the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 are enclosed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24.02.2010 to 25.02.2010 (both days inclusive).
4. In compliance of SEBI requirements, Mas Services Limited has been appointed the Registrar and Share Transfer Agent of the Company, who handle share transfer work in Physical as well as in Electronic Form and other related activities at the following address:
Mas Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area, Phase-II
New Delhi - 110020
Phone No. : 011-26387281-83
Fax No. : 011-26387384
Website : www.masserv.com
E-mail : info@masserv.com
5. Members are requested to notify immediately any change in their address to Mas Services Ltd., quoting their folio numbers/DP ID/Client ID etc.
6. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.
8. In terms of Section 109 (A) of the Companies Act, 1956 the Shareholder of the Company may nominate a person to whom the shares held by him/her shall vest in the event of death.
In case any member wishes to avail the nomination facility in respect of shares held by him/her, please write to the Company to obtain the nomination form.
9. The equity shares of the Company have been notified for compulsory trading in demat form by all investors and are available for trading in demat form both on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Shareholders are requested to avail this facility and get their shareholding converted into dematerialised form by sending the Dematerialisation Request Form (DRF) along with the share certificates through their Depository Participant (DP) to M/s Mas Services Limited at the address given under Sl.No.4 above:

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

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

1. **Name** : Mr. K.P. Singh
Age : 73 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 Sogar Pvt. Ltd.
Chairmanship/Membership of the Board Committees : Nil

NOTICE (Contd.)

2.	Name	:	Mr. R.S. Bedi
	Age	:	66 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	:	Delhi Golf Club Ltd.
	Chairmanship/Membership of the Board Committees:		
	Mawana Sugars Ltd.	-	Remuneration Committee - Member

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

ITEM NO. 6

The appointment and remuneration of Mr. A.K. Mehra, Whole Time Director of the Company for a period of 5 years effective from 15.10.2007 was approved by the Board, Remuneration Committee of Directors, Shareholders and the Central Government.

The remuneration (CTC) payable to Mr. A.K. Mehra was revised from Rs.5,00,000/- p.m. to Rs.5,55,000/- p.m. w.e.f. 1.10.2008 by the Board, Remuneration Committee and the shareholders.

In addition to the remuneration (CTC) as stated above, a performance based incentive varying from zero to Rs. 15 lacs p.a. was payable based on the achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof.

Approval from the Central Govt. for the revised remuneration is still awaited.

It is now proposed to further revise the remuneration payable to Mr. A.K. Mehra as stated in Item No. 6 of the notice.

The Remuneration Committee of Directors and the Board of Directors in their respective meetings held on 23.12.2009 has approved the increase in remuneration payable to Mr. A.K. Mehra w.e.f. 1.10.2009.

Such an increase in remuneration may amount to an increase in his remuneration as approved earlier and will therefore be subject to the approval of the Shareholders of the Company and the Central Government and such other approvals as may be necessary in this regard pursuant to the relevant and applicable provisions of the Companies Act, 1956.

Your Directors recommends the resolution for your approval.

This may also be treated as an abstract of the terms of increase in remuneration of Mr. A.K. Mehra, Whole Time Director of the Company as required under Section 302 of the Companies Act, 1956.

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

ITEM NO. 7

The appointment of Mr. Sunil Kakria, Managing Director of the Company for a period of 5 years effective from 7.1.2008 was approved

by the Board, Remuneration Committee of Directors, Shareholders and the Central Government.

The remuneration payable to Mr. Sunil Kakria as fixed by the Remuneration Committee, Board of Directors and Shareholders of the Company was approved by the Central Government for a period of only 3 years i.e. upto 6.1.2011.

The remuneration (CTC) payable to Mr. Sunil Kakria was revised from Rs.8,32,875/- p.m. to Rs.9,57,806/- p.m. w.e.f. 1.10.2008 by the Board, Remuneration Committee and the shareholders.

Approval from the Central Govt. for the revised remuneration is still awaited.

It is now proposed to further revise the remuneration payable to Mr. Sunil Kakria as stated in Item No. 7 of the notice.

The Remuneration Committee of Directors and the Board of Directors in their respective meetings held on 23.12.2009 has approved the increase in remuneration payable to Mr. Sunil Kakria w.e.f. 1.10.2009.

Such an increase in remuneration may amount to an increase in his remuneration as approved earlier and will therefore be subject to the approval of the Shareholders of the Company and the Central Government and such other approvals as may be necessary in this regard pursuant to the relevant and applicable provisions of the Companies Act, 1956.

Your Directors recommends the resolution for your approval.

This may also be treated as an abstract of the terms of increase in remuneration of Mr. Sunil Kakria, Managing Director of the Company as required under Section 302 of the Companies Act, 1956.

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

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

Place : New Delhi
Dated : 18.01.2010

(AMIT KHURANA)
COMPANY SECRETARY

Mawana Sugars Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 47th Annual Report along with Audited Accounts of the Company for the financial year ended September 30, 2009.

FINANCIAL RESULTS (Rs. Lacs)

Sl. No.	Particulars	Amount	
		30.09.2009 (12 months)	30.09.2008 (18 months)
1.	Profit / (Loss) before interest, depreciation, exceptional items and tax	6630.4	212.6
2.	Interest	7062.9	9449.7
3.	Depreciation	5250.4	7533.6
4.	Profit / (Loss) before tax	(5682.9)	(16770.7)
5.	Provision for taxation:		
	- Deferred tax	-	(144.0)
	- Fringe benefit tax	38.9	65.1
6.	Profit / (Loss) after tax	(5721.8)	(16691.8)

DIVIDEND

In the absence of profits during the current financial 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 financial year ended September 30, 2009 is detailed as under:

1. SUGAR DIVISION

The year 2008-09 witnessed country wide cane shortages and consequential decrease in sugar production. The cane crush of Mawana Sugars Limited was 2.30 Mn Tons in 2008-09 as compared to 3.34 Mn Tons last year.

The cane availability in the 2009-10 season will also be low. In view of the above, all out efforts were made to give a thrust on cane development with the main focus being on increasing cane intensity and maintaining cane crop health. There are no arrears of cane payment.

Because of lower production and consequentially lower stocks in the country, sugar prices rose sharply from Rs.1750/Qtl in September 2008 to Rs.2950/Qtl in September 2009.

All the three sugar plants performed satisfactorily during the year. The sugar losses reduced from 2.16% in 2007-08 to 2.06% in 2008-09.

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

The distillery operations were streamlined and rectified spirit was sold to various customers. As the Oil Marketing Companies had entered into three year contract for ethanol supply before our distillery was commissioned we did not manufacture any ethanol this year.

2. CHLOR ALKALI DIVISION

The business performed well during the period October '08 – March '09. However during the period April '09 – September '09 the plant operated at low capacity due to reduced availability of power from Punjab State Electricity Board. The sales during this period were low due to less production and low prices of caustic soda because of surge of imports in to the country at abysmally low prices.

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

Power contributes towards major portion of the input cost and was sourced from the Punjab State Electricity Board. Power availability during the second half of the year was severely affected. The scanty rain fall and drought like conditions in northern India resulted into diversion of major portion of the power to agriculture sector and thus less availability to the industries.

At present, PSEB is sole supplier and other options including power purchase through Energy exchange and own captive power plants are being explored.

JOINT VENTURE

CERATIZIT INDIA PVT. LTD. (Formerly Siel Tizit Limited). During the financial year ended February 2009, Ceratizit recorded a total sales income of 482.45 Mio INR as against 524.65 Mio INR last year, a decrease of 8%. The net profit of 31.77 Mio INR was made during the year as against 82.77 Mio INR last year, a decrease of 62%.

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, relating to the subsidiaries 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

Mr. K.P. Singh and Mr. R.S. Bedi, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Mr. D.C. Mittal, who is also retiring by rotation, has expressed his inability to be reappointed on the Board. The Board has resolved not to fill this vacancy thus caused.

The Board places on record its deep appreciation for the timely caution and invaluable guidance provided by Mr. D.C. Mittal from time to time.

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

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

PARTICULARS OF EMPLOYEES

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

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

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 loss 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

DEMATERIALIZATION OF SHARES

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

As on September 30, 2009, a total of 2,96,95,009 equity shares of the Company, which form 84.95% of the equity share capital, stand dematerialized.

ISSUE OF FURTHER CAPITAL

During the year under review, the Company had allotted 43,83,561 equity shares of Rs.10/- each at a price of Rs.36.50 per share (including a premium of Rs.26.50 per share) to M/s Usha International Limited, Promoter of the Company on preferential basis in terms of the package sanctioned by the Corporate Debt Restructuring (CDR) mechanism of RBI and in accordance with the Securities and Exchange Board of India Guidelines for preferential issues.

LISTING OF SECURITIES OF COMPANY

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

The equity shares of the Company have been delisted w.e.f. 12.1.2009 from the Calcutta Stock Exchange Association Limited, Kolkata.

The listing fee for the year 2009-2010 has been paid to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai.

INFORMATION UNDER LISTING AGREEMENT FOR GDRs

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 18.01.2010

(SIDDHARTH SHRIRAM)
Chairman

Mawana Sugars Limited

ANNEXURE - I TO DIRECTORS' REPORT

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

1. CONSERVATION OF ENERGY:

a) Energy conservation measures taken

- Implementation of Energy saving measures as recommended by CII audit
- Installation of VFDs on boiler fans, maceration pump, transfer pumps etc.
- Installation of Thermo compressor for flash steam recovery
- Modification of power distribution system to optimize load on more efficient Steam turbines
- Replaced fan blades of Cooling towers with energy efficient FRP blades.
- Replacement of old tube lights with energy efficient CFLs

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

- Installation of VFDs
- Replacement of reciprocating air compressors with efficient screw compressors
- Replacement of 125W street light fittings with 50W CFL fittings

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

- Saving in bagasse due to reduction in steam consumption
- Reduction in Power consumption

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

As per Form – A

2. TECHNOLOGY ABSORPTION:

a) Efforts made in technology absorption

As per Form – B

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

- The Company could not export Sugar due to sizeable gap in Sugar production and demand leading to shortage of Sugar in the country.
- International market conditions were not conducive for export of Caustic Soda in the last year and hence no export of Caustic Soda was undertaken by the Company.

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

Sl. No.	PARTICULARS	Year ended 30.09.2009 (12 months)	Period ended 30.09.2008 (18 months)
1.	ELECTRICITY		
	A) Purchased		
	• Unit (KWH Lacs)	1836.57	3260.01
	• Total Amount (Rs Million)	842.08	1377.54
	• Rate / Unit (Rs)	4.59	4.23
	B) Own generation		
	(i) Through Diesel generator		
	• Units (KWH Lacs)	3.69	4.88
	• Units per litre of diesel oil	2.90	3.27
	• Cost / Unit (Rs)	12.10	9.26
	(ii) Through steam turbine generator units (KWH Lacs) own generation by burning bagasse.	846.87	1424.87
2.	COAL		
	Used for steam/power generation		
	• Quantity (MT)	Nil	Nil
	• Total cost (Rs Million)	Nil	Nil
	• Average Rate (Rs/MT)	Nil	Nil
3.	FURNACE OIL		
	• Quantity (MT)	4846	7636
	• Total cost (Rs Million)	94.9	178.07
	• Average Rate (Rs/MT)	19590	23320
4.	OTHERS/INTERNAL GENERATION	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

1.	ELECTRICITY (KWH/MT)		
	• CAUSTIC SODA	2613	2641
	• SUGAR	391	369

Mawana Sugars Limited

ANNEXURE - I TO DIRECTORS' REPORT (Contd.)

FORM-B
[See Rule 2]

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

RESEARCH AND DEVELOPMENT

1	Specific areas in which R & D carried out by the Company	Mawana Sugars Limited has collaborated with Massachusetts Institute of Technology (MIT) USA and set up practice school at Mawana. The following projects were undertaken –	
2	Benefits derived as a result of above R&D	<ul style="list-style-type: none"> - Selective Crystallization of sugar crystals - Sugar Losses in manufacturing process - Efficient Energy Utilization 	
3	Future plan of action	<ul style="list-style-type: none"> - Optimization of process parameters - Improvement in process control - Improvement in quality of sugar - Improvement in energy efficiency 	
4	Expenditure on R&D	Current Year	Previous Period
		01.10.08 – 30.09.09	01.04.07 – 30.09.08
		(12 Months)	(18 Months)
	• Capital (Rs. Lacs)	00.00	00.00
	• Recurring (Rs. Lacs)	142.20	43.60
	• Total (Rs. Lacs)	142.20	43.60
	• Total R&D expenditure as a percentage of total turnover	0.20%	0.04%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1	Efforts, in brief, made towards technology absorption, adaptation and innovation	<ul style="list-style-type: none"> - Provision of quintuple effect evaporator operation at reduced crush - Provision of heating clear juice by 1st vapour - Provision of boiling B-Massecuite by 2nd vapour - Increasing capacity at B-Massecuite conditioning - Installation of Caustic soda re-circulation system - Load balancer at cane cutter for improved cane preparation and power saving 	
2	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	The overall advantages are as follows:	
		<ul style="list-style-type: none"> - Reduction in molasses purity. - Reduction in Steam consumption - Reduction in Chemical cost 	
3	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished		
	• Technology imported	NIL	
	• Year of import	Not Applicable	
	• Has technology been fully absorbed?	Not Applicable	
	• If not fully absorbed, areas where this has not been taken place, reasons thereof and future plans of action.	Not Applicable	

ANNEXURE - II TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

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 practices 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 10 members. The Board comprises of 4 Executive Directors and 6 Non-Executive Directors. All the Non-Executive Directors are Independent Directors. The Board members possess the skills, experience and expertise necessary to guide the Company.

During the year, 8 Board Meetings were held on 26.12.2008, 26.12.2008, 30.1.2009, 18.2.2009, 23.3.2009, 30.4.2009, 28.7.2009 & 14.9.2009. The Company placed before the Board all statutory and other important items recommended by the SEBI committee on Corporate Governance.

The composition of Board of Directors and their attendance at the Board Meetings held during the year ended September 30, 2009 and at the last Annual General Meeting and also the number of other directorship and membership/ chairmanship of Board committees are as follows:

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

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

Mawana Sugars Limited

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

3. Audit Committee

(i) Terms of Reference

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

(ii) Composition

The Audit Sub-Committee comprises of 3 Independent Non-Executive Directors. All the Committee members have sound knowledge of finance and accounting.

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

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

During the year ended 30.9.2009, the Audit Committee met 4 times on 26.12.2008, 30.1.2009, 30.4.2009 and 28.7.2009. The composition of the Committee and their attendance at the Committee meetings held during the year are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 4)
• Mr. Goila N.K.	Non-Executive	Independent	3
• Mr. Mittal D.C.	Non-Executive	Independent	4
• Prof. Mohan Dinesh (Chairman)	Non-Executive	Independent	4

4. Remuneration Committee

(i) Terms of Reference

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

(ii) Composition

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

During the year, only one meeting of the Committee was held on 26.12.2008.

The composition of the Remuneration Committee and their attendance at the Committee Meeting held during the year ended September 30, 2009 is as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended(Total meetings held 1)
• Mr. Bedi R.S.	Non-Executive	Independent	1
• Mr. Mittal D.C. (Chairman)	Non-Executive	Independent	1
• Prof. Mohan Dinesh	Non-Executive	Independent	1

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

(iii) Remuneration Policy

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

The Non-Executive Directors do not draw any remuneration from the Company except sitting fee of Rs.5,000/- for each meeting (Rs.2000/- per meeting upto 30.4.2009) of the Board/Committee thereof attended by them.

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

(iv) Details of Directors' Remuneration

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

- (A) The details of the remuneration to the Executive Directors provided as per accounts for the year ended September 30, 2009 is given below:

Sl. No.	Name	Salary and Allowances (Rs.)	Perquisites (Rs.)	Contribution to Provident and other Funds (Rs.)	Total (Rs.)
1.	Mr. Kakria Sunil	12319672 *	582359	1080000	13982031
2.	Mr. Mehra A.K.	7520100 **	60904	532800	8113804
3.	Mr. Shriram Siddharth	4800000	265263	720000	5785263
4.	Mr. Singh K.P.	1490000	583361	120000	2193361

* including performance linked incentive of Rs.25 lacs.

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

1. Service contract is for 5 years.

2. Notice period is 6 calendar months for Sl. No. 3 & 4 and 3 months for Sl. No. 1.

3. Severance fee is payable in accordance with provisions of Section 318 of the Companies Act, 1956.

4. Directors' remuneration does not include contribution to gratuity fund and provision for compensated absence, since the same are paid/determined for the Company as a whole.

- (B) The details of the sitting fees to the Non-Executive Directors provided as per accounts for the year ended September 30, 2009 are given below:

Sl. No.	Name	Sitting Fee (Rs.)
1.	Mr. Bedi R.S.	22,000
2.	Ms. Dutt Anuradha	15,000
3.	Mr. Goila N.K.	29,000
4.	Mr. Gupta Ravi Vira	18,000
5.	Mr. Mittal D.C.	62,000
6.	Prof. Mohan Dinesh	65,000

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.

During the year the Committee met 12 times on 27.10.2008, 26.11.2008, 26.12.2008, 30.1.2009, 28.2.2009, 30.3.2009, 30.4.2009, 23.5.2009, 29.6.2009, 28.7.2009, 27.8.2009 & 29.9.2009.

Mawana Sugars Limited

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

The composition of the Committee and their attendance at the Committee meetings held during the year ended September 30, 2009 are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 12)
• Mr. Kakria Sunil	Executive	Non-Independent	10
• Mr. Mehra A.K	Executive	Non-Independent	11
• Prof. Mohan Dinesh (Chairman)	Non-Executive	Independent	10

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

During the year, 30 complaints were received from the shareholders. All complaints were replied/resolved to the satisfaction of the shareholders. No complaints are pending as at the end of the financial year.

6. General Body Meetings

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

Financial Year	Location	Date	Time	Special Resolution Passed
2007-2008 (18 months)	Kamani Auditorium 1, Copernicus Marg New Delhi – 110001	18.02.2009	11.00 A.M.	- Increase in the reimbursement of Medical expenses of Mr. K.P. Singh, Whole Time Director of the Company w.e.f. 1.4.2008. - Increase in the monthly remuneration (CTC) of Mr. Sunil Kakria, Managing Director of the Company w.e.f. 1.10.2008. - Increase in the monthly remuneration (CTC) of Mr. A.K. Mehra, Whole Time Director of the Company w.e.f. 1.10.2008.
2006-2007	Kamani Auditorium 1, Copernicus Marg New Delhi – 110001	20.09.2007	10.00 A.M.	Re-appointment and payment of remuneration to Mr. K.P. Singh, Whole Time Director of the Company for a further period of 5 years w.e.f. 20.5.2007.
2005-2006	Kamani Auditorium 1, Copernicus Marg New Delhi – 110001	21.07.2006	10.00 A.M.	Alteration in the Articles of Association of the Company by inserting a new Article 53B to enable the Company to buy-back part of its share capital or other securities in future.

(ii) Two Special Resolutions were passed by the shareholders through Postal Ballot in the previous financial period ended 30.9.2008 (18th months).

(iii) During the year ended September 30, 2009, the Company had obtained shareholders approval through Postal Ballot pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot), Rules, 2001 as under:

Special Resolution dated 15.07.2009

Issue and allotment of equity shares of Rs.10/- each at a price of Rs.36.50 per share (including a premium of Rs.26.50 per share) to the extent of Rs.16 crores pursuant to Section 81 (1A) of the Companies Act, 1956 to Usha International Limited on the preferential basis in terms of CDR package. The result of the Postal Ballot was declared on 31.08.2009 by the Chairman of the Company at the Registered Office of the Company based on the report submitted by the Scrutinizer namely Ms. Mamta Jain, a practicing Company Secretary, appointed for conducting the Postal Ballot process in a fair and transparent manner.

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

The voting pattern of vote cast in favour/against the resolution was as under:

Sl. No.	Particulars	No. of Postal Ballot Forms	No. of shares	% of Total Valid votes
1.	Number of valid postal ballot forms received	1345	19084129	100.00
2.	Votes in favour of the Resolution (No. of shares)	1234	18957715	99.34
3.	Votes against the Resolution (No. of Shares)	111	126116	0.66
4.	Number of invalid postal ballot forms received	18	575	

Result of Postal Ballot: passed with requisite majority on 31.8.2009.

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

7. Disclosures

(i) Related Party Transactions

In terms of the Accounting Standard (AS) 18, "Related Party Disclosures" notified in the Companies (Accounting Standards) Rules, 2006, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the Note No.18 to Schedule 12 – Notes to Accounts of the Annual Report for the year ended September 30, 2009.

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.

(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 30.9.2009 are as under:

Sl. No.	Name of the Director	No. of Equity Shares
1.	Mr. D.C. Mittal	118
2.	Prof. Dinesh Mohan	Nil
3.	Mr. N.K. Goila	Nil
4.	Mr. R.S. Bedi	Nil
5.	Mr. Ravi Vira Gupta	Nil
6.	Ms. Anuradha Dutt	Nil

8. Means of Communication

- (i) Half yearly reports of the Company are not sent to the individual shareholders of the Company.
- (ii) Quarterly results and annual results are published in prominent daily newspapers viz. The Financial Express and Jansatta. The results are sent to the stock exchanges on which the Company is listed in the prescribed format so as to enable the respective stock exchanges to put the same on their own Website. The results are also displayed on the Company's Website. The Notice of AGM along with the Annual Report is sent to the shareholders well in advance of the AGM. The stock exchanges are notified of any important developments

Mawana Sugars Limited

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

that may materially effect the working of the Company. Disclosures with regard to shareholding pattern, change in major shareholdings etc. are also sent to the stock exchanges as required under SEBI Takeover Regulations and SEBI Prohibition of (Insider Trading) Regulations.

- (iii) The Company has its own website namely – www.mawanasugars.com
- (iv) During the 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 25.02.2010 at 11.30 A.M. at Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110001.

- (ii) **Financial Calendar for the year 2009-2010**

Accounting year	October 1, 2009 to September 30, 2010
First Quarter results	January 2010
Second Quarter results	April 2010
Third Quarter results	July 2010
Fourth Quarter results	October 2010 (Unaudited) or December 2010 (Audited)

- (iii) **Date of Book Closure:** 24.02.2010 to 25.02.2010 (both days inclusive)

- (iv) **Listing on Stock Exchanges:**

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

The equity shares of the Company have been de-listed from the Calcutta Stock Exchange w.e.f. 12.1.2009.

Stock Code at BSE: 523371 and NSE: MAWANASUG

Listing fees upto the year 2009-2010 has been paid to BSE & NSE.

- (v) **Stock Market Data for the year ended September 30, 2009**

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

Month & Year	BSE			SENSEX		NSE			NIFTY	
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low
Oct-08	31.70	17.35	258926	13,203.86	7,697.39	-	-	-	-	-
Nov-08	21.30	14.30	160511	10,945.41	8,316.39	-	-	-	-	-
Dec-08	20.70	13.85	202052	10,188.54	8,467.43	-	-	-	-	-
Jan-09	23.10	18.15	177239	10,469.72	8,631.60	-	-	-	-	-
Feb-09	20.25	16.20	156720	9,724.87	8,619.22	-	-	-	-	-
Mar-09	17.50	14.10	139325	10,127.09	8,047.17	17.15	14.60	32468	3123.35	2773.65
Apr-09	25.55	16.05	166111	11,492.10	9,546.29	25.55	15.70	88646	3517.25	2965.70
May-09	32.00	22.60	205317	14,930.54	11,621.30	32.10	23.00	61807	4509.40	3478.70
Jun-09	39.55	30.15	331550	15,600.30	14,016.95	39.45	29.45	167358	4693.20	4143.25
Jul-09	37.40	26.85	216974	15,732.81	13,219.99	37.60	27.00	132200	4669.75	3918.75
Aug-09	52.50	32.20	1244523	16,002.46	14,684.45	52.90	33.65	774064	4743.75	4353.45
Sep-09	47.20	39.50	321466	17,142.52	15,356.72	47.35	39.70	212947	5087.60	4576.60
TOTAL			3580714					1469490		

- (vi) **Registrar and Transfer Agent**

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

Mas Services Limited
T-34, 2nd Floor, Okhla Industrial Area, Phase-II
New Delhi - 110020
Phone No. : 011-26387281-83
Fax No. : 011-26387384
Website : www.masserv.com
E-mail : info@masserv.com

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

(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 September 30, 2009**

No. of Equity Shares held	Folios		Shares	
	Numbers	%	Numbers	%
Up to 500	62363	96.27	3381741	9.67
501-1000	1188	1.83	909647	2.60
1001-2000	643	0.99	929215	2.66
2001-3000	197	0.31	495295	1.42
3001-4000	99	0.15	348651	1.00
4001-5000	70	0.11	325563	0.93
5001-10000	102	0.16	725571	2.08
10001 and above	119	0.18	27841128	79.64
TOTAL	64781	100.00	34956811	100.00

(x) **Categories of shareholders as on September 30, 2009**

Sl. No.	Category	No. of Shares held	% of shareholding
1	Promoters' Holding	23060923	65.97
2	Non-Promoter shareholding		
(a)	Mutual Funds/UTI/Financial Institutions/Banks/ Insurance Companies/FILs etc.	1002547	2.87
(b)	Bodies Corporate	2718372	7.78
(c)	Individuals	7602863	21.74
(d)	NRIs/OCBs/GDRs	572106	1.64
	Total	34956811	100.00

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

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

As on September 30, 2009, a total of 2,96,95,009 equity shares of the Company, which forms 84.95% of the equity share capital, stand dematerialized.

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

(xii) **Outstanding GDRs**

Pursuant to an offer of Global Depository Receipts (GDRs) made by the Company in 1994 – 2,64,235 GDRs representing 2,62,435 underlying equity shares (excluding 1800 shares yet to be received by the Custodian of Depository Receipts from the shareholders) of the Company were outstanding as on September 30, 2009.

(xiii) **Plant Location:**

Sugar Factories:

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

Mawana Sugars Limited

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

Chemical Factory:

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

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

Mr. N.K. Rastogi
Mas Services Limited
T-34, 2nd Floor, Okhla Industrial Area, Phase-II
New Delhi - 110020
Phone No. : 011-26387281-83
Fax No. : 011-26387384
Website : www.masserv.com
E-mail : info@masserv.com

10. Non-mandatory Clauses

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

On behalf of the Board of Directors

(SIDDHARTH SHRIRAM)

Chairman

Place : New Delhi

Dated : 18.01.2010

DECLARATION

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

Siddharth Shriram
Chief Executive Officer



AUDITORS' CERTIFICATE

TO THE MEMBERS OF MAWANA SUGARS LIMITED

We have examined the compliance of conditions of Corporate Governance by Mawana Sugars Limited for the year ended September 30, 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges.

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

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

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

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

Place : New Delhi
Date : 18.01.2010

MANJULA BANERJI
Partner
Membership No. 086423

Mawana Sugars Limited

ANNEXURE - III TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SUGAR BUSINESS

The year 2008-09 witnessed sharp fall in Sugar production in the country from 26 Million Ton in 2007-08 to 15 Million Ton this year. The country's sugar balance moved from a surplus of 8 Million Ton in 2007-08 to a deficit of 8 Million Ton. The Indian sugar economy witnessed a major shift from an exporter to an importer.

Low attractiveness of sugarcane as compared to other crops combinations which provide more revenue to the farmers per hectare and better cash flows to the farmers has resulted in steady decrease in cane acreage in the last two years. The country sugar cane area came down from 4.38 Million Hectare in 2007-08 and 4.25 Million Hectare in 2008-09.

Large quantities of cane are diverted for purposes other than sugar production – Gur, Khandsari, Fodder etc. Sugar cane supplies to sugar mills came down sharply from 73 % to 49% due to large scale diversion to Gur / Khandsari this year.

Lower stocks depleting trend saw sharp increase in sugar prices from Rs.1750/Qtl in September 2008 to Rs.2950/Qtl in September 2009 and retail prices up from Rs.22/kg to Rs.38/kg.

The Government of India was very concerned on sharp increase in sugar prices due to general election in May 2009 and then Assembly elections in three States viz. Maharashtra, Haryana and Arunachal Pradesh in October 2009. The government took serious measures during the year and some of the liberalization steps took a back seat e.g.:

1. Stock limits were imposed.
2. For the first time bulk users whose consumption is over 1 Ton per month were brought into the gambit of stock limits.
3. Future trading in sugar was banned till 31.12.2009
4. Export of sugar banned
5. Imports liberalization
 - Raw sugar allowed duty free till 31.12.2010
 - White sugar allowed duty free till 31.03.2010
6. Weekly/Fortnightly dispatch of Sugar against Free Sale Quota.

India is a major player in the world sugar economy next to Brazil. India (both on supply and demand) and Brazil (on supply) have been driving the world sugar prices. Indian deficit of 8 Million Tons in 2008-09 and another deficit of 6-7.5 Million Tons in 2009-10 and world deficit of 10.7 Million Tons in 2008-09 and 7 Million Tons in 2009-10, brought in heavy participation of funds and speculators in the raw sugar futures contract. The prices went up from 13.65 Cents/lb in October 2008 to 23.23 Cents/lb in November 2009 after touching a 28 year high of 25 Cents/lb. Most analysts feel sugar prices will move further till the Brazilian 2010 crop hits the market in April 2010.

2009-10 Outlook:

Sugar

The year 2009-10 will see another deficit in India and the world market. Indian deficit is seen at 6-7.5 Million Tons and world 7 Million Ton, though lower, compared to 10.7 Million Tons in 2008-09. The season 2009-10 opens with low carry over stock of 2.7 Million Tons. With production of 16 Million Tons and consumption of 23 Million Tons, India

will depend upon 7 Million Ton of imports (5 Million Ton of Raw & 2 Million Ton of White). Indian sugar prices thus will be driven by world sugar prices.

The Government of India has also raised the levy obligation on the mills from 10% to 20%.

Distillery

The international prices of Ethanol are showing an upward trend. This may result in improvement in domestic prices as well. Fresh Ethanol tenders are being floated by the Oil Marketing Companies and we plan to supply around 33% of our production to them.

CHLOR ALKALI DIVISION

Industry Structure and Development

A) Products

The Chlor-Alkali Division produces basic industrial chemicals – Caustic soda, Chlorine, Hydrogen and Hydrochloric acid. These products are used in diverse industrial sectors, either as raw materials or intermediate or auxiliary chemicals. The detail of major industry segments where these products are used is as under:

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

The Chlor-Alkali sector contributes immensely to the manufacturing sector as well as to the external trade of the country. The demand of Chlor-Alkali products has a direct co-relation to the overall growth of the economy of the country.

B) Industry Size

Presently there are a total of 35 Caustic Soda plants in operation in India with a total installed capacity of 2.92 Million MT per annum. During the year 2008-09, 0.181 Million TPA capacities were added in the country. The domestic production of Caustic soda was 2.20 Million MT which is around 77% of the installed capacity. The industry capacity growth was 6.6% whereas the production growth was 1.8% during the year.

The total demand of Caustic Soda was 2.32 Million MT which

ANNEXURE - III TO DIRECTORS' REPORT (Contd.)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

included approximately 0.185 Million MT of imports. The overall consumption of Caustic Soda grew by 2.4%. The average capacity utilisation during the last five years has been 84%, with the lowest utilization (77%) in the year 2008-09. The Chlor-Alkali industry has been badly hit by the global economic recession during this time.

Year	2004-05	2005-06	2006-07	2007-08	2008-09
Production (Million MT)	1.81	1.94	1.99	2.16	2.20
Capacity Utilisation	87.3%	84.5%	86.7%	83.3%	76.7%

The period of October 2008 to September 2009 witnessed extreme volatility in the markets of Caustic Soda and Chlorine, with situations of surplus availability, supplemented with surge of Caustic Soda imports and low demand of Chlorine.

C) International Scenario

During the year 2007-08, there was an imbalance of Chemicals production in China. The exports from China were therefore reduced resulting in firming up of the Caustic Soda prices globally. The Caustic Soda prices in USA during that period doubled from USD 400 to USD 800 per MT while in Far East & Asia region, the prices of Caustic went up from USD 350 to USD 600 per MT.

However with the restoration of the capacities in China during the year 2008-09, the exports of Chlor-Alkali products, particularly Caustic Soda started in full swing. The global economic recession during this period further impacted the Chlor-Alkali business adversely.

The period October'08 to March'09 witnessed a fall in global demand in the Vinyl and PVC sector with a crash in PVC prices from USD 1200 to USD 550 per MT, while April to September'09 saw a steep fall in demand in the Alumina, Pulp and Paper sectors, leading to a drastic fall in the international prices of Caustic Soda. In USA, Caustic Soda export prices fell from a high of USD 800 per MT to a low of USD 40 per MT FOB, while in Far East & Asia, region, the export prices fell from USD 450 per MT to USD 110 per MT FOB.

D) Outlook

There are now signs of revival of economic growth globally. The situation in 2009-10 is likely to improve by quarter Jan to March'10 and end-user segments of Caustic Soda viz. Aluminum, Paper and Soaps, which are fundamentally strong, are likely to show positive growths in the coming year.

The GDP is likely to grow in the range of 6-7% growth. The Caustic Soda prices during the next year are expected to remain firm, with stabilizing of demand in the Paper and Alumina segments which have gone through a difficult time in the last year. Chlorine will remain under pressure, due to surplus availability and volatility in the demand in the end-user segments.

E) Risks and Concerns

I) The lower demand of Chlorine would limit the Caustic Soda production and its availability in the country. The prices of Caustic Soda would be in consonance with the

international prices as the threat of imports of Caustic Soda would bring down domestic prices. The import tariff for Caustic Soda as announced in the Government of India's budget 2009-10 has remained the same at 7.5% thus allowing greater flexibility for imports.

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

II) Power Scenario

Chlor Alkali is a Power intensive industry and any tariff hike/shortages have direct impact on performance of the Unit. During the year, Punjab State Electricity Board (PSEB) had increased tariff by 10% w.e.f. 01.04.2009, which had major adverse impact on the profitability of the Unit.

Apart from tariff increase, there was shortage of power in summer months also, since major portion of power available in Punjab was diverted to agriculture sector due to deficit rainfall.

Not having our own power plant exposes us to uncontrolled power tariff hikes by the State and shortages in electricity supply especially during the paddy season.

Presently the unit is drawing power from PSEB. Other options including purchase of electricity through Energy exchange are being explored.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

HUMAN RESOURCES

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

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

Mawana Sugars Limited

AUDITORS' REPORT

To the Members of Mawana Sugars Limited

1. We have audited the attached balance sheet of Mawana Sugars Limited as at September 30, 2009 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 September 30, 2009 from being appointed as a director in

terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- f) without qualifying our opinion, we draw attention to note 19 of schedule 12 relating to accounting for sugar cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.
- g) *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.*

The matter referred to in paragraph (g) above, to the extent covered here above, was also subject matter of qualification in our audit report on the financial statements for the eighteen months ended September 30, 2008.

Subject to our comment in paragraph (g) above and their consequential effect which could not be determined, on the loss for the year ended September 30, 2009 and eighteen months ended September 30, 2008 and on the debit balance in profit and loss account as at September 30, 2009 and as at September 30, 2008, in our opinion and to the best of our information and according to explanations given to us, 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 September 30, 2009;
- (ii) in the case of the profit and loss account, of the loss 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

Partner

Place : New Delhi
Date : 23.12.2009

Membership No. 086423

AUDITORS' REPORT (Contd.)

ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT TO THE MEMBERS OF MAWANA SUGARS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

- 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, not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Order are not applicable.

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. Accordingly, paragraphs 4 (iii) (f) and (g) of the Order are not applicable.

- 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 are 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.
- 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, cess and other material statutory dues applicable to it and has generally been regular in depositing undisputed statutory dues including tax deducted at source with the appropriate authorities. We are informed that there are no undisputed statutory dues as at the 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 and customs duty which have not been deposited on account of any dispute.

Mawana Sugars Limited

AUDITORS' REPORT (Contd.)

The details of dues of sales tax, income-tax, service tax and excise duty as at September 30, 2009 which have not been deposited on account of disputes are as follows: -

S. No	Name of the Statute	Nature of dues	Amount involved (Rs.Million)	Amount paid under protest (Rs.Million)	Period to which the amount relates (various years covering the period)#	Forum where dispute is pending
1.	Sales Tax Laws	Sales tax	5.27 3.03 194.21	2.03 0.34 20.57	1986-87, 1989-90 1978-79, 1979-80, 1987-88 and 1994-95 1976-77, 1977-78, 1983-84 to 2000-01, 2003-04, 2004-05, 2006-07 and 2009-10	High Court Sales Tax Tribunal Appellate Authority upto Commissioner's level
2	Income Tax Laws	Income Tax	0.85 0.86	0.55 0.74	1994-95 2001-02	High Court Income-tax Appellate Tribunal
3	Central Excise Laws	Excise Duty	19.37 87.58	- 40.31	1998-99, 2000-01, 2005-06 and 2007-08 1981-82 to 1984-85, 1990-91 to 1992-93, 1994-95 to 1998-99, 2000-01, 2001-02, and 2005-06, to 2008-09	Customs Excise and Service Tax Appellate Tribunal (CESTAT) Appellate Authority upto Commissioner's level
		Service Tax	0.53	-	2003-04, 2004-05 to 2006-07 and 2008-09	Appellate Authority upto Commissioner's level

Period in respect of income tax represents assessment year.

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

S. No	Name of the Statute	Nature of dues	Amount involved (Rs. Million)	Period to which the amount relates	Forum where dispute is pending
1.	Sales Tax Laws	Sales tax	3.13 2.59	2000-01 2004-05	Supreme Court High Court
2	Income Tax Laws	Income Tax (Tax Collected at Source)	0.55	2005-06 and 2006-07	High Court
3	Central Excise Laws	Excise Duty	69.13 0.78	1992-93 to 1997-98 1996-97 and 2000-01 to 2002-03	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(g) of our main report, the effect of which has not been determined, the Company's accumulated losses at the year end i.e. September 30, 2009, are less than fifty percent of its net worth. However, the Company has incurred cash losses during the year ended September 30, 2009 and in the immediately preceding financial period ended September 30, 2008.
- 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) As the Company is not a chit fund or nidhi/mutual benefits funds/society, 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) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.



AUDITORS' REPORT (Contd.)

- xvi) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.
- 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) During the year, the Company has issued 43,83,561 equity shares on a preferential basis to a party covered in the register maintained under Section 301 of the Act. In our opinion and as per the information and explanations given to us the price at which the equity shares have been issued are not prejudicial to the interest of the Company.
- xix) During the year, since the Company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.
- xx) The Company has not raised any money by way of public issue during the year.
- 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 September 30, 2009.

For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
Membership No. 086423

Place : New Delhi
Date : 23.12.2009

Mawana Sugars Limited

BALANCE SHEET AS AT SEPTEMBER 30, 2009

	Schedule	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	349.57	305.73
Reserves and surplus	2	2,591.63	2,475.47
		2,941.20	2,781.20
Loan funds			
Secured	3	6,943.52	6,778.39
Unsecured		52.01	35.21
		6,995.53	6,813.60
		9,936.73	9,594.80
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	10,942.21	10,482.54
Less: Depreciation		3,373.83	2,857.18
Net block		7,568.38	7,625.36
Capital work-in-progress		20.76	294.97
		7,589.14	7,920.33
Pre - operative expenditure pending allocation	5	-	19.95
Investments	6	277.47	277.97
Current assets, loans and advances			
Inventories	7	2,042.52	1,331.46
Sundry debtors		148.05	172.04
Cash and bank balances		128.53	114.93
Loans and advances		699.34	815.66
		3,018.44	2,434.09
Less: Current liabilities and provisions			
Current liabilities	8	1,634.99	1,181.58
Provisions		69.20	59.65
		1,314.25	1,192.86
Net current assets		755.87	183.69
Profit and loss Account		9,936.73	9,594.80
	Total		
Notes to accounts	12		

Per our report attached

For A.F. Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Partner
Membership No. 086423

Place : New Delhi
Date : 23.12.2009

AMIT KHURANA
Company Secretary

PANKAJRAI S. MITTAL
Senior General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A.K. MEHRA
Whole Time Director

D.C. MITTAL
DINESH MOHAN
N.K. GOILA
Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Schedule	Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
Income			
Gross Sales		7,153.13	11,122.89
Less : Excise duty		389.91	964.21
Net Sales		6,763.22	10,158.68
Other income	9	166.27	384.56
		6,929.49	10,543.24
Expenditure			
Manufacturing and other expenses	10	6,266.45	10,521.98
Interest	11	706.29	944.97
Depreciation	4	525.04	753.36
(Loss) before tax		(568.29)	(1,677.07)
Provision for taxation		-	(14.40)
Deferred tax		3.89	6.51
Fringe benefit tax			
(Loss) after tax		(572.18)	(1,669.18)
(Loss) of erstwhile Mawana Sugars Limited (MSL) for the period 1.10.2006 to 31.3.2007 (Refer note 2 of Schedule 12)		-	(118.52)
		(572.18)	(1,787.70)
Balance profit/(loss) brought forward from previous period/year		(183.69)	10.93
Balance of profit brought forward from erstwhile Mawana Sugars Limited (Pursuant to the Scheme (Refer note 2 of Schedule 12))		-	697.17
Deducted from General reserve		-	895.91
Balance carried to balance sheet		(755.87)	(183.69)
Basic and diluted earnings per share (Rs.) (Face value Rs. 10 per share)		(18.68)	(64.67)
Notes to accounts	12		

Per our report attached to the balance sheet

For A.F. Ferguson & Co.
Chartered Accountants

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

MANJULA BANERJI
Partner
Membership No. 086423

A.K. MEHRA
Whole Time Director

D.C. MITTAL
DINESH MOHAN
N.K. GOILA
Directors

Place : New Delhi
Date : 23.12.2009

AMIT KHURANA
Company Secretary

PANKAJRAI S. MITTAL
Senior General Manager (Accounts)

Mawana Sugars Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
A. Cash flow from operating activities :		
Net(Loss) before tax	(568.29)	(1,677.07)
Add :		
Depreciation	525.04	753.36
Interest expense	706.29	944.97
Provision for doubtful debts/advances	-	33.18
Loss on sale / write off of fixed assets	1.15	1.28
Less :		
Interest income	15.48	24.01
Excess provision liabilities written back	16.09	80.63
Profit on sale of long term non-trade investment	60.10	-
Profit on sale of fixed assets	0.23	0.35
Operating profit/(loss) before working capital changes	572.29	(49.27)
Adjustments for :		
Decrease/(Increase) in trade / other receivables	123.22	91.11
Decrease/(Increase) in inventories	(711.06)	900.83
(Decrease)/Increase in trade / other payables	299.15	(519.35)
Cash generated from operations	283.60	423.32
Direct taxes (paid)/refund received	(2.76)	29.65
Net cash inflow from operations	280.84	452.97
B. Cash flow from investing activities :		
Purchase of fixed assets	(175.56)	(459.30)
Sale of fixed assets	0.74	12.87
Investment in the subsidiary company	-	(50.00)
Sale of long term non-trade Investment	60.60	77.70
Loans/advances to subsidiaries received back	0.69	-
Interest received	16.55	22.70
Net cash (outflow) from investing activities	(96.98)	(396.03)
C. Cash flow from financing activities :		
Receipt of call in arrears	-	0.09
Proceeds from Issue of Equity shares	43.84	59.17
Premium on issue of Equity shares	116.16	90.83
Proceeds from long term borrowings- secured	546.29	672.79
Repayment of long term borrowings- secured	(517.23)	(247.60)
Proceeds from working capital borrowings	136.07	899.37
Repayment of working capital borrowings	-	(300.00)
Proceeds of borrowings - unsecured	17.80	-
Repayment of borrowings - unsecured	(1.00)	(1,011.11)
Interest paid	(534.04)	(269.34)
Net cash inflow/(outflow) from financing activities	(192.11)	(105.80)
D. Net increase/(decrease) in cash and cash equivalents	(8.25)	(48.86)
E. Cash and cash equivalents as at opening		
Cash and bank balances	1 41.30	41.59
Cash and bank balances acquired on amalgamation of erstwhile Mawana Sugars Limited	-	48.57
Cash and cash equivalents as at closing		
Cash and bank balances	1 33.05	41.30

¹ Excludes balances with banks on margin accounts.

Per our report attached to the balance sheet

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

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

MANJULA BANERJI
Partner
Membership No. 086423

A.K. MEHRA
Whole Time Director

Place : New Delhi
Date : 23.12.2009

AMIT KHURANA
Company Secretary

PANKAJRAI S. MITTAL
Senior General Manager (Accounts)

D.C. MITTAL
DINESH MOHAN
N.K. GOILA
Directors



SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Schedule 1 : SHARE CAPITAL

	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
Authorised		
- 175,000,000 Equity Shares of Rs. 10 each	1,750.00	1,750.00
	1,750.00	1,750.00
Issued, subscribed and paid-up		
- 34,956,811 (previous year 30,573,250) Equity Shares of Rs. 10 each fully paid up	349.57	305.73
	349.57	305.73

Footnotes :

- Pursuant to the Scheme as indicated in note 2 of Schedule 12 on the record date, October 31, 2007, after cancellation of the cross holding, the Company had allotted one new equity share of Rs. 10 each fully paid up to the shareholders of erstwhile Mawana Sugars Limited (MSL) for every two equity shares of Rs. 10 each fully paid up held in erstwhile MSL and one new equity share of Rs. 10 each fully paid up to the shareholders of the Company for every three equity shares of Rs. 10 each fully paid up held in the Company. Accordingly 21,217,657 and 3,438,434 shares were issued to the shareholders of erstwhile MSL and the Company respectively.
- 4,383,561 (previous period 5,917,159) equity shares of Rs. 10 each fully paid up issued to the promoters of the Company (Refer Note 21 of schedule 12)

Schedule 2 : RESERVES AND SURPLUS

	As at 30.09.2008 Rs.Million	Additions Rs.Million	Deductions Rs.Million	As at 30.09.2009 Rs.Million
Capital reserve	1,030.17 ¹	-	-	1,030.17
Share premium	1,357.58	116.16 ²	-	1,473.74
Capital redemption reserve	87.72	-	-	87.72
	2,475.47	116.16		2,591.63

Footnotes :

- Includes Rs. 991.46 million, representing the extinguishment of the debts of erstwhile Mawana Sugars Limited (MSL), which got discharged pursuant to the surplus arising on sale of shares of Shivajimarg Properties Limited.
- Represent premium received on issue of equity shares to the promoter of the Company (Refer note 21 of Schedule 12)

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 3 : LOANS

	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
Secured		
Banks		
Term loans	4,507.85	4,523.21
Cash credits/overdrafts	1,129.76	993.69
Funded Interest Term Loan	608.65	626.51
Other	0.94	1.57
Others		
Term loans	646.95	584.04
Interest accrued and due thereon	49.37	49.37
	6,943.52	6,778.39
Unsecured		
Deposits - Fixed	-	0.03
Others	38.01	35.18
Loan from a Subsidiary company	14.00	-
	52.01	35.21
	6,995.53	6,813.60

Footnotes :

SECURED

1) Banks

- i) Term Loans amounting to Rs. 4038.65 million (previous period Rs. 4400.21million) and Funded Interest Term Loan amounting to Rs. 608.65 million (previous period Rs. 626.51million) are secured by first pari-passu charge on all movable and immovable fixed assets of the Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Company.
(Due within a year Rs. 289.40 million ; (previous period Rs. 53.58 million))
- ii) Cash Credit/overdraft amounting to Rs. 1114.87 million (previous period Rs. 993.69 million) are secured by first pari-passu charge on the current assets of the Company and third pari-passu charge on all the fixed assets of the Company.
- iii) Above Loans are also secured by corporate guarantee issued by SIEL Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the Chairman & Managing Director of the Company. Personal Guarantee shall be released after 25% of the repayment of the loans as per the CDR Restructuring Package.
- iv) Cash Credit/overdraft amounting to Rs. 14.89 million (previous period Rs. Nil) are secured by pledge of sugar stocks with District Co-operative Banks in the state of Uttar Pradesh.
- v) Term Loans amounting to Rs. 469.20 million (previous period Rs. 123.00 million) availed under the "Scheme for extending financial assistance to sugar undertakings, 2007 " of Government of India are secured by residual charge on fixed assets of the sugar units both present and future. These loans are further secured by personal guarantee of the Chairman & Managing Director of the Company. (Due within a year Rs. 46.13 million; (previous period Rs. Nil))
- vi) Rs. 0.94 million (previous period Rs.1.57 million) relates to assets purchased under hire purchase/financing arrangement with a Bank and is secured by way of hypothecation of the specified assets.
(Due with in a year Rs. 0.69 million; previous period Rs. 0.63 million)

2) Others

- i) Term Loan amounting to Rs. 400 million (previous period Rs. 400 million) is secured by first pari-passu charge on all immovable/ movable fixed assets of the Company pertaining to Mawana Sugar Works, Mawana, and Titawi Sugar Complex, Titawi, both in the state of Uttar Pradesh, both present and future and second pari-passu charge on the current assets of the aforesaid Units, both present and future.
(Due within a year Rs. 33.33 million; previous period Rs. Nil).
- ii) Rs. 168.77 million (previous period Rs. 184.04 million) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Company's unit Mawana Sugar Works, situated at Mawana District Meerut in the state of Uttar Pradesh, both present and future (save and except book debts).
(Due within a year Rs. 15.27 million; previous period Rs. 15.27 million).
- iii) Rs. 78.18 million (previous period Rs. Nil) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Company's unit Nanglamal Sugar Complex, situated at Nanglamal District Meerut in the state of Uttar Pradesh, both present and future (save and except book debts).
(Due within a year Rs. 15.85 million; previous period Rs. Nil).

Schedules 1 TO 12 (Contd.)

Schedule 4 : FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 30.09.2008 Rs. Million	Vested in the Comp- any pursuant to the Scheme ⁴ Rs. Million	Additions ³ Rs. Million	Deductions Rs. Million	As at 30.09.2009 Rs. Million	Vested in the Comp- any pursuant to the Scheme ⁴ Rs. Million	For the year ² Rs. Million	Deductions Rs. Million	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
Land	282.68	-	0.56	-	283.24	-	-	-	283.24	282.68
Buildings	820.57	-	226.57	0.61	1,046.53	138.87	24.59	0.19	883.26	681.70
Plant and machinery	9,321.75	-	87.49	7.48	9,401.76	2,685.46	493.23	6.85	3,171.84	6,636.29
Furniture and fixtures	40.41	-	154.23	0.29	194.35	24.13	6.25	0.26	164.23	16.28
Vehicles	17.13	-	0.87	1.67	16.33	8.72	0.97	1.09	7.73	8.41
Current year	10,482.54	-	469.72	10.05	10,942.21	2,857.18	525.04	8.39	3,373.83	7,568.38
Previous period	2,312.51	7,379.49	814.44	23.90	10,482.54	948.70	753.40	10.10	2,857.18	7,625.36
Capital work-in-progress including capital advances									20.76	294.97
									7,589.14	7,920.33

Footnotes :

1. Rs. 1.07 million (previous period Rs. 1.07 million) received as advance against sale of land at Mawana will be adjusted after execution of conveyance deed.
2. Includes depreciation of Rs.Nil (previous period Rs. 0.04 million) on assets used for projects debited to pre-operative expenditure pending allocation.
3. Additions to fixed assets include Rs. 23.43 million (previous period Rs. 35.36 million) on account of borrowing cost capitalised during the year.
4. Consequent to the effectuation of the Scheme of Arrangement for Amalgamation (the "Scheme") in the previous period as stated in note 2 of Schedule 12, the fixed assets have been taken over at their gross book values aggregating Rs. 7379.49 million (including additions/deletions during the period October 1, 2006 to March 31,2007) alongwith accumulated depreciation aggregating Rs. 1165.18 million (including additions/deletions during the period October 1, 2006 to March 31,2007) and capital work -in progress of Rs. 606.81 million.

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 5 : PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION

	As at 30.09.2009 Rs.Million	As at 30.09.2008 Rs.Million
Raw materials consumed	-	27.62
Stores, spares and components	-	0.20
Power and fuel	-	12.92
Salaries,wages,bonus etc.	-	7.23
Welfare	-	0.07
Legal and professional fee	3.23	0.03
Rent	-	1.34
Insurance	-	1.55
Rates and taxes	-	0.01
Miscellaneous expenses	10.37	7.07
Interest on term loan for fixed period	23.43	56.22
Depreciation	-	0.04
	37.03	114.30
Less:		
Stocks produced during trial run	-	34.23
Interest received on deposits etc.	-	0.02
Income from trial run	-	7.86
Miscellaneous income	0.13	2.50
	0.13	44.61
	36.90	69.69
Less: Pre operative expenses capitalised in fixed assets	(36.90)	(49.74)
	-	19.95

Schedule 6 : INVESTMENTS

	As at 30.09.2009 Rs.Million	As at 30.09.2008 Rs.Million
AT COST UNLESS OTHERWISE STATED		
Trade investments - Unquoted		
Ceratizit India Private Limited		
23,00,000 Equity shares of Rs.5 each fully paid-up	23.00	23.00
Less: provision for diminution in value	(11.85)	(11.85)
Capaxil Agencies Limited	1	0.01
5 Equity shares of Rs.1000 each fully paid-up	0.01	0.01
Agro Pumpsets & Implements Limited		
10 Equity shares of Rs. 500 each fully paid-up	0.01	0.01
Mawana Co-operative Development Union Limited	1	#
2 Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)	#	#
Ramraj Co-operative Cane Development Union Limited	1	#
2 Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)	#	#
Non-trade investments - Unquoted		
Government securities(#Rs.4000)	#	#
Siel Holdings Limited		
Nil (Previous period 50,000) Equity shares of Rs. 10 each fully paid up	2	0.50
Investment in subsidiary companies		
Non-trade		
Quoted		
Siel Financial Services Limited		
90,11,982 Equity shares of Rs.10 each fully paid-up	202.97	202.97
Less: Provision for diminution in value	(202.97)	(202.97)

Schedules 1 TO 12 (Contd.)

Schedule 6 : INVESTMENTS (Contd.)

	As at 30.09.2009 Rs.Million		As at 30.09.2008 Rs.Million
Unquoted			
Siel Financial Services Limited			
7,30,000, 5 % Preference shares of Rs.100 each fully paid-up	73.00		73.00
Less : Provision for diminution in value	(73.00)	-	(73.00)
Siel Industrial Estate Limited			
27,500,000 Equity shares of Rs.10 each fully paid-up	275.00		275.00
Less : Provision for diminution in value	(50.00)	225.00	(50.00)
SFSL Investments Limited			
1,50,00,000 Equity shares of Rs.10 each fully paid-up	150.00		150.00
Less: Provision for diminution in value	(150.00)	-	(150.00)
Transiel India Limited (Refer note 15 of schedule 12)			
50,00,007 Equity shares of Rs.10 each fully paid-up	50.00		50.00
Less: Provision for diminution in value	(50.00)	-	(50.00)
10,00,000 15% Preference shares of Rs.100 each fully paid-up	100.00		100.00
Less: Provision for diminution in value	(90.00)	10.00	(90.00)
Siel Edible Oils Limited			
3,130,000 Equity shares of Rs. 10 each fully paid up		31.30	31.30
		277.47	277.97
Aggregate value of investments			
Quoted		-	-
(Market Value Rs. Nil (Previous year Rs. Nil)			
Unquoted		277.47	277.97
		277.47	277.97

Footnotes:

All investments are long term investments.

- 1 Represent investments transferred from DCM Limited under the Scheme of Arrangement and are pending endorsement in the name of the Company.
- 2 Deletions
50,000 Equity shares of Rs. 10 each fully paid up of Siel Holdings Limited

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 7 : CURRENT ASSETS, LOANS AND ADVANCES

	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
Current assets		
Inventories		
Stores and spares (at cost or under)	203.64	194.25
Stock in trade		
(At lower of cost or net realisable value)		
Raw materials, components etc.	455.81	35.11
Work-in-progress	39.69	40.11
Finished goods	1,343.38	1,061.99
	<u>2,042.52</u>	<u>1,331.46</u>
Sundry debtors		
Secured		
Over six months - good	0.07	0.08
Other debts - good	35.14	31.13
Unsecured		
Over six months - good	3.08	1.69
- doubtful	100.84	100.84
Other debts - good ¹	109.76	139.14
	<u>248.89</u>	<u>272.88</u>
Less: Provision for doubtful debts	100.84	100.84
	<u>148.05</u>	<u>172.04</u>
Cash and bank balances		
Cash in hand	1.37	1.15
Cheques on hand	2.31	1.58
With scheduled banks on		
current accounts ²	21.68	11.30
deposit accounts	7.69	27.27
margin accounts	92.57	69.65
Interest accrued on deposits and margin money	2.91	3.98
	<u>128.53</u>	<u>114.93</u>
Loans and advances		
Unsecured and considered good unless otherwise stated		
Loans and advances to subsidiary companies ³		
Considered good	-	0.69
Considered doubtful	152.38	152.38
Advances recoverable in cash or in kind or for value to be received		
Considered good	261.61	333.40
Considered doubtful	2.89	2.89
Taxation	257.95	251.43
With customs/excise authorities	179.78	230.14
	<u>854.61</u>	<u>970.93</u>
Less : Provision for doubtful advances	155.27	155.27
	<u>699.34</u>	<u>815.66</u>
	<u>3,018.44</u>	<u>2,434.09</u>

Footnotes:

- 1 Includes Rs. 13.74 million (previous period Rs. 6.70 million) due from Siel Edible Oils Limited, a company under the same management. Maximum amount due during the year Rs. 21.97 million (previous period Rs. 9.11 million).
- 2 Includes Rs. 0.09 million (previous period Rs. 0.09 million) refundable to shareholders being the excess application money / excess call money received.
- 3 Dues from subsidiaries represent non interest bearing loans / advances which can be recalled on demand:
 - a) Loans / advances to Siel Financial Services Limited Rs. 36.59 million and considered doubtful of recovery (given prior to insertion of section 372 A on October 31, 1998) (previous period Rs. 36.59 million). Maximum amount due during the year Rs. 36.59 million (previous period Rs. 36.59 million).
 - b) Loans/ advances to SFSL Investments Limited, a wholly owned subsidiary Rs.115.79 million and considered doubtful of recovery (previous period Rs. 115.79 million). Maximum amount due during the year Rs. 115.79 million (previous period Rs. 115.79 million).
 - c) Advances to Siel Edible Oils Limited Rs. Nil (previous period Rs. 0.69 million) Maximum amount due during the year Rs. 4.21 million (previous period Rs. 3.59 million)

Schedules 1 TO 12 (Contd.)

Schedule 8 : CURRENT LIABILITIES AND PROVISIONS

	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
Current liabilities		
Sundry creditors ^{1,2}		
- Dues of other than micro and small enterprises	1,452.26	1,166.56
- Dues of micro and small enterprises	2.47	7.01
Interest accrued but not due on loans	180.26	8.01
	<u>1,634.99</u>	<u>1,181.58</u>
Provisions		
- Employees compensated absences	23.29	21.39
- Provision for taxation	45.91	38.26
	<u>69.20</u>	<u>59.65</u>
	<u>1,704.19</u>	<u>1,241.23</u>

Footnotes :

- Sundry creditors do not include any amounts outstanding as at September 30, 2009 which are required to be credited to the Investor Education and Protection Fund.
- Includes Rs. 0.09 million (previous period Rs. 0.09 million) refundable to shareholders being the excess application money/ excess call money received.
 - Includes Rs. 9.01 million (previous period Rs 7.37 million) due to subsidiaries.

Schedule 9 : OTHER INCOME

	Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
Interest received on deposits etc. (Gross) ¹	15.48	24.01
Excess provisions/liabilities written back ²	16.09	80.63
Profit on sale of fixed assets	0.23	0.35
Profit on sale of long term non-trade investment	60.10	-
Exchange gain	0.65	6.90
Rent received ³	28.18	0.26
Export benefits	-	196.42
Miscellaneous ⁴	45.54	75.99
	<u>166.27</u>	<u>384.56</u>

Footnotes :

- Income tax deducted at source Rs. 1.57 million (previous period Rs.4.77 million).
- Includes Rs. Nil (previous period Rs 2.19 million) provision for doubtful debts/advances no longer required written back.
- Income tax deducted at source Rs. 5.72 million (previous period Rs. Nil).
- Income tax deducted at source Rs. 0.93 million (previous period Rs. 0.94 million)

Schedule 10 : Expenditure

	Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
Manufacturing and other expenses		
Raw materials consumed	3,956.37	5,266.34
Stock produced during trial run	-	34.23
Stores,spares and components	557.25	1,065.74
Jobs on contract	81.68	113.29
Power and fuel	873.77	1,428.58
Repairs		
- buildings	11.73	29.23
- plant and machinery	63.78	133.63
- others	41.56	17.60

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 10 : EXPENDITURE (Contd.)

	Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
Salaries,wages,bonus etc.	558.84	772.59
Provident and other funds	43.57	63.42
Welfare	34.93	43.64
Rent	12.70	22.64
Insurance	13.62	20.90
Rates and taxes	26.36	6.11
Legal and professional fee	13.55	55.11
Lease Rent	10.51	13.70
Exchange Fluctuation	6.75	0.78
Auditors' remuneration		
As auditors		
- Audit fee	1.80	1.80
- Out-of-pocket expenses	0.05	0.08
In other capacity		
- For limited review of unaudited financial results	2.10	5.33
- For verification of statements and other reports	2.93	3.86
Bad debts written off	-	14.71
Less: Provision already held	-	14.71
Provision for doubtful debts	-	33.18
Loss on sale/ write off of fixed assets	1.15	1.28
Freight outwards	5.65	202.81
Cash discount	19.87	57.22
Loss on Derivatives	46.27	43.96
Miscellaneous	152.20	227.08
	6,538.99	9,664.13
Increase/(Decrease) in excise duty provision on stocks	8.43	(72.31)
(Increase)/Decrease of finished goods and process stocks		
Closing stocks		
- Work-in-progress	39.69	40.11
- Finished goods	1,343.38	1,061.99
	1,383.07	1,102.10
Opening stocks		
- Work-in-progress ¹	40.11	355.96
- Finished goods ²	1,061.99	1,676.30
	1,102.10	2,032.26
	(280.97)	930.16
	6,266.45	10,521.98

Footnotes :

- 1 Includes stock of Rs. Nil (previous period Rs. 344.46 million) as on 31.3.07 transferred from erstwhile Mawana Sugars Limited pursuant to the Scheme (refer note 2 of schedule 12)
- 2 Includes stock of Rs. Nil (previous period Rs.1665.55 million) as on 31.3.07 transferred from erstwhile Mawana Sugars Limited pursuant to the Scheme (refer note 2 of schedule 12)

Schedule 11 : INTEREST

	Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
On loans for fixed period	516.24	690.12
Others	190.05	254.85
	706.29	944.97

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Fixed assets:

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

(b) Depreciation:

- (i) The Company follows the straight-line method of depreciation (SLM).
- (ii) The rates of depreciation charged on all fixed assets are those specified in Schedule XIV to the Companies Act, 1956.
- (iii) On assets sold/discarded during the year/period, depreciation is provided up to the date of sale/ discard.
- (iv) Depreciation is calculated on a pro-rata basis from the date of acquisition/ installation of the asset and in case of assets costing up to Rs. 5,000 each such asset is fully depreciated in the year/period 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 manufactured inventories i.e. process stocks and finished goods, an appropriate share of manufacturing expenses is included on absorption costing basis including excise duty.

(e) Revenue recognition:

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

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

(f) Research and development expenditure:

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

(g) Employee benefits:

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

(h) Income-tax:

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

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

(i) Foreign exchange transactions:

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

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

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

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

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

- (j) Share/Debt issue expenses and premium on redemption of debentures/ redeemable cumulative preference shares are written-off against share premium account.
- (k) Pre-operative expenses:
Pre-operative expenses, pending allocation represents indirect expenditure incurred during the construction period which will be allocated to capital/ revenue on commissioning of the project.
- (l) Operating Lease:
Operating Lease receipts and payments are recognized as income or expense in the profit and loss account on a straight - line basis over the lease term.

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

For giving effect to the amalgamation in the nature of merger the 'pooling of interests' method as prescribed by the Accounting Standard – 14 "Accounting for amalgamations" notified in the Companies (Accounting Standards) Rules, 2006, was followed in the previous period wherein, the assets and liabilities including contingent liabilities as at October 1, 2006 and the transactions including income and expenses for the period October 1, 2006 to March 31, 2007 of erstwhile MSL (being the period when pending effectuation of the Scheme, the business and activities of erstwhile MSL were being run and managed in trust for the Company) for the six months period ended March 31, 2007 were incorporated in the accounts of the previous period.

		(Rs. in million)	
		As at	As at
		September 30, 2009	September 30, 2008
3	Capital commitments (net of advances)	0.63	44.57
4.	Contingent liabilities :		
	a) Claims against the Company not acknowledged as debts in respect of*:-		
	- Income Tax	149.40	223.13
	- Sales Tax	81.04	84.89
	- Excise Duty/ Service Tax	64.88	62.20
	- License fee for railway siding	60.68	60.68
	- Others	70.84	65.53

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

- b) Guarantee given to bank for repayment of financial facilities provided to a wholly owned subsidiary
- | | | |
|------------------|-------|-------|
| Dues outstanding | 70.00 | 70.00 |
| | 23.05 | 16.07 |
- c) The Company has provided bank guarantees aggregating Rs. 78.18 million (Previous period Rs. 126 million) to Tecumseh Products India Limited (TPIL), to whom it had sold the compressor business in a previous year, for any loss, damage, claim, action, suit etc., arising from various representations /breach of representations including for contingent liabilities existing as at March 31, 1997, or prior to March 31, 1997, which TPIL may eventually be liable to pay, against which demands in respect of sales tax, income tax and central excise matters aggregating Rs. 52.32 million (Previous period Rs. 89.45 million) have been received. These demands are presently under various stages of appeal.
5. 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 validity of this surrender is sub-judice before Hon'ble Supreme Court under a review petition.
6. Research and development expenses amounting to Rs. 14.22 million (previous period Rs.4.36 million) have been charged to the respective revenue accounts.
7. Accounting for taxes on income in accordance with the Accounting Standard (AS) 22 'Accounting for Taxes on Income', notified in the Companies (Accounting Standards) Rules, 2006.

Deferred tax assets and liabilities have been recognized on the basis of projections after considering unabsorbed depreciation and timing differences which will be reversed against future taxes in accordance with AS-22. Accordingly, deferred tax assets have been recognized only to the extent of deferred tax liability, the details of which are as under:

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

(Rs. in million)

Particulars	As at	As at
	September 30, 2009	September 30, 2008
	(DTL) / DTA	(DTL) / DTA
Accelerated depreciation	(1315.30)	(1282.82)
Expenses deductible on payment	250.60	222.79
Others	255.96	255.03
Unabsorbed depreciation only to the extent of Deferred tax liability	808.74	805.00
Net Amount	-	-

8. Sales are net of commission of Rs. 31.90 million (previous period Rs. 24.95 million).
9. The Company had imported plant and machinery in previous years under EPCG Scheme. An export obligation ('EO') amounting to USD 91.68 million was placed on the Company which was to be fulfilled in a period of 8 years starting from April 1997. Subsequently, the said EO was refixed at USD 73.74 million and the EO period was extended to 30.3.2007 in terms of the Foreign Trade Policy Handbook of Procedure (HBP) 2002-2007.

The balance unfulfilled EO as at September 30, 2009 is USD 7.92 million.

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

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

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

At this stage, the Company is awaiting the release orders for export of sugar to fulfill the aforesaid EO.

10. Employee Benefits:

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

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

(Rs. in Million)

	Year ended September 30,2009	18 Months ended September 30,2008
◆ Employers contribution to provident fund	31.71	45.90
◆ Employers contribution to superannuation fund	0.47	10.98
◆ Employees State Insurance Corporation	0.19	1.48

- ii) Defined Benefits Plans

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

(Rs. in Million)

	Gratuity (Funded)		Compensated absence	
	Current year	Previous Period	Current Year	Previous Period
A. Change in the Present value of obligation				
Present value of obligation as at the beginning of the year	109.52	96.60	21.39	17.81
Current service cost	7.75	11.35	3.87	5.58
Interest cost	8.76	10.86	1.71	2.14
Benefits paid	(0.40)	(0.52)	(8.41)	(13.63)
Actuarial loss/ (gain)	(9.08)	(8.77)	4.73	9.49
Present value of obligation as at the end of the year/period	116.55	109.52	23.29	21.39

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

(Rs. in Million)

	Gratuity (Funded)		Compensated absence	
	Current year	Previous Period	Current Year	Previous Period
B. Change in the fair value of plan asset				
Fair value of plan assets as at the beginning of the year	37.74	32.96	-	-
Expected return on plan assets	3.36	4.70	-	-
Contribution by the Company	0.80	0.60	-	-
Benefits paid	(0.40)	(0.52)	-	-
Actuarial gain/(loss)	-	-	-	-
Fair value of plan assets as at the end of the year #	41.50	37.74	-	-
C. Amount recognised in the balance sheet (A - B)	75.05	71.78	23.29	21.39
D. Expenses recognized in the Profit and loss account				
Current service cost	7.75	11.35	3.87	5.58
Interest cost	8.76	10.86	1.71	2.14
Expected Return on plan Assets	3.36	4.70	-	-
Actuarial loss/ (gain)	(9.08)	(8.77)	4.73	9.49
Net Cost	4.07	8.74	10.31	17.21
E. Actuarial Assumptions				
Discount Rate (Per annum)	8.00%	8.00%	8.00%	8.00%
Future Salary increase	5.00%	5.00%	5.00%	5.00%
Expected Rate of return on plan assets	9.40%	9.25%	-	-
Mortality table	LIC (1994-96) duly modified			

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

11. Directors' Remuneration

(Rs. in million)

	Year ended September 30,2009	18 Months ended September 30,2008
Salaries and Allowances	26.13	20.47
Contribution to provident and other funds	2.45	2.43
Value of perquisites	1.49	4.18
Directors fees	0.21	0.27

- Does not include contribution to gratuity fund and provision for compensated absence, since the same are paid/ determined for the Company as a whole.
- The Remuneration paid to a whole time director during the year exceeds the limit prescribed under the Companies Act, 1956 by Rs. 0.65 million. The Company has filed an application to obtain necessary approvals in this regard with the Central Government.

12. Segment reporting

A. Business Segment

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

B. Geographical Segment

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

C. Segment accounting policies:

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

- Segment revenue and expenses:
Segment revenue and expenses are directly attributable to the segments.
- 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.
- Inter segment revenues:
Inter segment revenues between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

PARTICULARS	Sugar		Power		Chemicals		Others		Unallocated		Elimination		Total	
	This Year	Previous Period	This Year	Previous Period	This Year	Previous Period	This Year	Previous Period	This Year	Previous Period	This Year	Previous Period	This Year	Previous Period
	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)	(Rs. / Million)
SEGMENT REVENUE														
External Sales (Net of excise duty)	4,940.36	6,846.64	211.48	361.47	1,535.29	2,640.84	76.09	309.73	-	-	-	-	6,763.22	10,188.68
Inter segment revenue	1,192.96	1,336.41	1,344.34	1,833.75	7.68	1.21	1.50	-	-	-	(2,546.48)	(3,171.37)	-	-
Other income	27.43	259.04	0.03	0.08	2.53	7.18	0.40	0.52	135.88	117.74	-	-	166.27	364.56
Total Revenue	6,160.75	8,442.09	1,555.85	2,195.30	1,545.50	2,649.23	77.99	310.25	135.88	117.74	(2,546.48)	(3,171.37)	6,929.49	10,543.24
RESULTS														
Segment results	127.84	(1,203.83)	221.45	512.96	(0.73)	228.32	0.81	36.09	(226.85)	(329.65)	-	-	349.37	(426.46)
Unallocated expenses (net of income)														(329.65)
Operating Profit/(loss)	127.84	(1,203.83)	221.45	512.96	(0.73)	228.32	0.81	36.09	(226.85)	(329.65)	-	-	122.52	(756.11)
Interest expense	-	-	-	-	-	-	-	-	706.29	944.97	-	-	706.29	944.97
Interest income	-	-	-	-	-	-	-	-	15.48	24.01	-	-	15.48	24.01
Net Profit/(Loss) before tax	127.84	(1,203.83)	221.45	512.96	(0.73)	228.32	0.81	36.09	(917.66)	(1,250.61)	-	-	(668.29)	(1,677.07)
Current Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax benefit	-	-	-	-	-	-	-	-	-	(14.40)	-	-	-	(14.40)
Fringe Benefit Tax	-	-	-	-	-	-	-	-	3.89	6.51	-	-	3.89	6.51
Net Profit/(Loss) after tax	127.84	(1,203.83)	221.45	512.96	(0.73)	228.32	0.81	36.09	(921.55)	(1,242.72)	-	-	(672.18)	(1,669.18)
OTHER INFORMATION														
A. ASSETS														
Segment assets	5,051.22	4,829.12	2,476.14	2,647.72	1,339.36	1,551.77	792.21	566.90	-	-	-	-	9,658.83	9,595.51
Unallocated assets	-	-	-	-	-	-	-	-	1,226.12	1,056.83	-	-	1,226.12	1,056.83
Debit balance in profit and loss account	-	-	-	-	-	-	-	-	755.87	183.69	-	-	755.87	183.69
Total Assets	5,051.22	4,829.12	2,476.14	2,647.72	1,339.36	1,551.77	792.21	566.90	1,981.99	1,240.52	-	-	11,640.92	10,836.03
B. LIABILITIES														
Segment liabilities	686.12	646.31	338.62	66.29	166.41	176.81	20.49	25.54	-	-	-	-	1,221.64	914.95
Share capital/reserves and surplus	-	-	-	-	-	-	-	-	2,941.20	2,781.20	-	-	2,941.20	2,781.20
Secured and unsecured loans	26.76	24.32	-	-	10.72	10.36	-	-	6,996.03	6,778.92	-	-	6,995.53	6,813.60
Unallocated liabilities	-	-	-	-	-	-	-	-	482.55	326.28	-	-	482.55	326.28
Total Liabilities	722.90	670.63	338.62	66.29	177.13	187.17	20.49	25.54	10,381.78	9,886.40	-	-	11,640.92	10,836.03
C. OTHERS														
Capital expenditure	71.81	183.65	5.07	61.34	8.36	37.53	12.29	528.72	123.57	209.40	-	-	-	-
Depreciation	216.66	322.45	159.78	237.20	114.96	171.11	25.25	18.94	8.39	3.67	-	-	-	-

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

13. Based on the information available with the Company, the principle amount and interest due to Micro and Small Enterprise as defined under "The Micro, Small and Medium Enterprises Development Act, 2006 (Act) is Rs. 2.20 million (previous period Rs. 7.01 million) and Rs. 0.27 million (previous period Rs. Nil) respectively.
14. There are various issues relating to sales tax, income tax etc. arisen / arising out of the reorganisation arrangement of DCM Limited which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited and memorandum of understanding between all the companies involved as and when the liabilities/benefits are fully determined.
In the opinion of the management, having regard to the current status of the assessment proceedings at various stages the effect of these matters on the accounts could not be determined at this stage.
15. The Company has an investment of Rs.150 million, comprising Rs.100 million in preference shares and Rs.50 million 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.140.84 million upto March 31, 2009. The Company, as a measure of prudence, has made a total provision of Rs. 140 million 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.
16. Consequent to import of 16385.73 metric tonnes of raw sugar, the Company has an obligation to export 15605.52 metric tonnes of white sugar by December 31, 2009. Against this export obligation, 6415.80 metric tonnes of white sugar has been exported upto the year ended September 30, 2009.
17. Earning per share

		Year ended September 30, 2009	18 Months ended September 30, 2008
(Loss) after tax	Rs. Million	(572.18)	(1669.18)
Weighted average number of equity shares outstanding.	No.	30,633,299	25,809,344
Basic and diluted earnings per share in rupees(face value-Rs.10 per share)	Rs.	(18.68)	(64.67)

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 and Siel Edible Oils Limited.

Enterprises over which key management personnel have significant influence:

Greenfields Commercial Private Limited.

Usha International Limited

Key Management Personnel and their relatives:

Mr. Siddharth Shriram

Mr. K.P. Singh

Mr. A. K. Mehra (w.e.f.October 15, 2007)

Mr. Sunil Kakria (w.e.f. January 7, 2008)

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

Details of Related Party Transactions:

	Year ended September 30,2009 Rs. Million	18 Months ended September 30,2008 Rs. Million
A) Subsidiaries		
Siel Edible Oils Limited		
Sales	109.60	91.89
Interest received	-	0.10
Expenses reimbursed	2.84	0.06
Expenses recovered	3.13	2.32
Miscellaneous purchases	0.11	0.48
Guarantee given by the Company	70.00	70.00
Commission paid	2.95	2.98
Transiel India Limited		
Payment made on behalf of Transiel	0.15	-
Expenses recovered (# Rs. 1556)	-	#
Siel Industrial Estate Limited		
Expenses recovered (# Rs.3028)	-	#
Investment Nil (Previous period 5,000,000 equity shares of Rs.10 each)	-	50.00
Loan taken by the Company	15.00	-
Interest on loan taken	0.52	-
Repayment of Loan	1.00	-
Final Payment for purchase of land	-	7.01
Balances outstanding included under :		
Loans and advances ##	152.38	153.07
Sundry Creditors	9.01	7.37
Guarantee given by the Company	70.00	70.00
Debtors	13.74	6.70
Loan from Subsidiary	14.00	-
B) Enterprises over which key Management personnel have significant influence		
Usha International Limited		
Sale of fixed assets	29.45	-
Expenses recovered	0.74	0.50
Commission Paid on Export sale	-	3.96
Expenses reimbursed	0.27	0.32
Miscellaneous Purchases	0.08	1.49
Payment received against loans and advances	-	0.81
Sale of 50,000 (previous period Nil) Equity shares of Rs. 10 each of Siel Holding Limited	60.60	-
Rent Received	2.88	-
Miscellaneous income	2.92	-
Security Deposit Receipt	5.75	-
Issue of 4383561 (previous period Nil) equity shares of Rs.10/-each fully paid up at a premium of Rs. 26.50 per share on preferential basis	160.00	-
Greenfields Commercial Private Limited		
Issue of Nil (previous period 5917159 equity share of Rs.10/-each fully paid up at a premium of Rs.15.35 per share on preferential basis)	-	150.00
Balances outstanding included under :		
Loans and advances / Debtors	3.24	-
Sundry Creditors / Loans and advances taken	5.75	0.15
C) Key Management personnel and their relatives		
Remuneration to key management personnel :		
Mr. Siddharth Shriram	5.79	9.04
Mr. A.K. Mehra	8.11	5.86
Mr. K.P.Singh	2.19	2.93
Mr. Sunil Kakria	13.98	9.25

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

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

19. The accounts for the year ended September 30, 2009 have been prepared after considering sugar cane purchase price @ Rs. 110 per quintal as an interim measure for paying the price of sugar cane to sugar cane grower in accordance with the Order of Hon'ble Supreme Court dated September 8, 2008 in case No. 18681 of 2008 for sugar season 2007-08 filed by the Company. Necessary adjustments will be made by the Company in accordance with the final order of the Hon'ble Court in this matter.
20. The following are particulars of disputed dues on accounts of sales tax, income-tax, service tax and excise duty matters as at September 30, 2009 that have not been deposited by the Company:

S. No	Name of the Statute	Nature of dues	Amount involved (Rs.Million)	Amount paid under protest (Rs.Million)	Period to which the amount relates (various years covering the period)#	Forum where dispute is pending
1.	Sales Tax Laws	Sales tax	5.27 3.03 194.21	2.03 0.34 20.57	1986-87, 1989-90 1978-79, 1979-80, 1987-88 and 1994-95 1976-77, 1977-78 , 1983-84 to 2000-01, 2003-04, 2004-05, 2006-07 and 2009-10	High Court Sales Tax Tribunal Appellate Authority upto Commissioner's level
2.	Income Tax Laws	Income Tax	0.85 0.86	0.55 0.74	1994-95 2001-02	High Court Income-tax Appellate Tribunal
3.	Central Excise Laws	Excise Duty	19.37 87.58	- 40.31	1998-99, 2000-01, 2005-06 and 2007-08 1981-82 to 1984-85, 1990-91 to 1992-93, 1994-95 to 1998-99, 2000-01, 2001-02 and 2005-06 to 2008-09	Customs Excise and Service Tax Appellate Tribunal (CESTAT) Appellate Authority upto Commissioner's level
		Service Tax	0.53	-	2003-04, 2004-05 to 2006-07 and 2008-09	Appellate Authority upto Commissioner's level

Period in respect of income tax represents assessment year.

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

S. No	Name of the Statute	Nature of dues	Amount involved (Rs. Million)	Period to which the amount relates	Forum where dispute is pending
1.	Sales Tax Laws	Sales tax	3.13 2.59	2000-01 2004-05	Supreme Court High Court
2.	Income Tax Laws	Income Tax (Tax Collected at Source)	0.55	2005-06 and 2006-07	High Court
3.	Central Excise Laws	Excise Duty	69.13 0.78	1992-93 to 1997-98 1996-97 and 2000-01 to 2002-03	High Court Customs Excise and Service Tax Appellate Tribunal (CESTAT)

21. The debts of erstwhile Mawana Sugars Limited have been restructured under a package approved by Corporate Debt Restructuring (CDR) Empowered Group in its meeting held on September 26, 2007. In terms of the CDR package, the Company has issued 43,83,561 equity shares of Rs. 10 each fully paid up at a premium of Rs. 26.50 per share to a promoter of the Company on preferential basis on September 26, 2009 and the proceeds aggregating to Rs. 160.00 million have been utilized as per the CDR package.

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

22. The foreign currency exposure of the Company as on September, 30 2009 is as under:

a) Category wise quantitative data about derivative instruments:

Particulars	Nos.		Amount (in million)	
	Current year	Previous period	Current year	Previous period
Forward contracts against export	Nil	36	Nil	USD 18.36

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

Particulars	Year ended September 30, 2009		Period ended September 30, 2008	
	Amount in foreign currency (million)	Amount in (Rs./ million)	Amount in foreign currency (million)	Amount in (Rs./ million)
Sundry Debtors	-	-	0.157 US \$	6.969
Sundry Creditors	0.05 GBP	3.74	0.066 GBP	5.638
Sundry Creditors	10.33 US \$	497.37	-	-

23. Operating lease:

a) As lessor

During the year the Company has entered into lease arrangements for renting a building for a period of three years with a lock-in period of 2 years, which is renewable as per the terms of Lease agreements.

i) Disclosure in respect of assets given on operating lease

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

ii) Future minimum lease receivable:

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

b) As lessee

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

	Rupees in million	
	Current year	Previous period
Chlorine cylinders	10.51	13.70
Office Premises, Residential Flats etc.	12.70	22.64

The agreements are executed for a period up to 9 years with a renewal/termination clause.

24. The current financial year is for a period of twelve months from October 1, 2008 to September 30, 2009 whereas the corresponding previous period figures were for a period of eighteen months from April 1, 2007 to September 30, 2008.

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

25. The Company has facilitated Agri loan from Punjab National Bank to the farmers who supply sugar cane to the Company. Such loan has to be distributed to such farmers through an Escrow Account to be operated by the Company and the Company has to facilitate repayment of loan by the farmers to the Bank against the payment to be made to them against supply of sugar cane to the Company. A sum of Rs. 1.04 million and Rs. 401.68 million has been lying in Escrow Account as on 30.09.2009 and 30.09.2008 respectively

26. Previous year figures have been regrouped wherever necessary.

Mawana Sugars Limited

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

27. STATEMENT OF ADDITIONAL INFORMATION

(i) PARTICULARS OF CAPACITY AND PRODUCTION

PARTICULARS	UNIT	CAPACITY				PRODUCTION		
		LICENSED		INSTALLED		Year ended 30.09.2009	Period ended 30.09.2008	
		As at 30.09.2009	As at 30.09.2008	As at 30.09.2009	As at 30.09.2008			
Sugar @	Cane Crushing M.T. per day	#	#	29,500	29,500	M.T.	203,806	409,774
Caustic soda	M.T.per annum	132,000	132,000	82,500	82,500	M.T.	59,136	104,422
Caustic flakes	M.T.per annum	33,000	33,000	33,000	33,000	M.T.	10,753	15,619
Chlorine (dry and liquid)	M.T.per annum	116,600	116,600	73,095	73,095	M.T.	56,280	99,944
Hydrogen	M.T.per annum	2,100	2,100	2,063	2,063	M.T.	1,588	2,823
Hydrochloric acid	M.T.per annum	#	#	66,000	66,000	M.T.	35,804	52,262
Stable bleaching powder	M.T.per annum	#	#	18,000	18,000	M.T.	11,155	18,499
Sodium hypochlorite	M.T.per annum	#	#	23,100	23,100	M.T.	12,459	23,959
Absolute/ Industrial Alcohol ##	B.L. per annum	36,000,000	36,000,000	36,000,000	36,000,000	B.L.	12,025,672	13,998,780*

No licence required.

@ Vested in the Company under the Scheme of Arrangement (refer note 2 of schedule 12)

* Excludes Nil (previous period 2772668 B.L.) produced during trial run.

Licenced and Installed Capacity based upon 300 days working

Notes:

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

(ii) PARTICULARS OF STOCKS AND SALES

PARTICULARS	UNIT	STOCKS								SALES *			
		Opening Stock				Closing Stock				Year ended		Period ended	
		As at 01.10.2008		As at 01.04.2007		As at 30.09.2009		As at 30.09.2008		30.09.2009		30.09.2008	
Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million	Quantity	Value Rs. Million
Sugar @	M.T.	61145.00	1,019.51	96,311.00	1,413.11	43,788.95	930.31	61,145.00	1,019.51	221,161.25	4,786.61	444,940.00	6,593.22
Caustic soda	M.T.	690.66	10.74	232.85	3.02	495.26	6.95	690.66	10.74	48,578.21	1,115.56	88,344.99	1,879.00
Caustic flakes	M.T.	285.05	6.06	274.90	4.61	119.10	2.21	285.05	6.06	10,588.15	271.11	15,000.05	328.55
Chlorine (dry and liquid)	M.T.	357.90	0.93	331.74	0.51	629.90	3.22	357.90	0.93	39,739.44	78.59	74,407.09	418.35
Hydrochloric acid	M.T.	269.61	0.56	211.22	0.40	355.46	0.89	269.61	0.56	30,578.15	31.39	43,238.61	97.62
Hydrogen	M.T.	-	-	-	-	-	-	-	-	293.18	41.49	511.15	49.22
Stable bleaching powder	M.T.	251.73	2.26	195.83	2.04	378.05	4.17	251.73	2.26	11,028.68	100.81	18,120.73	189.54
Sodium hypochlorite	M.T.	45.37	0.14	60.58	0.17	59.60	0.19	45.37	0.14	12,444.77	39.13	23,974.21	75.74
Industrial Alcohol	B.L.	324,447.80	5.64	-	-	9,820,175.60	240.91	324,447.80	5.64	2,527,700.00	69,0215,940,000.00	369.93	1,121.72
Others			16.15		252.44		154.53		16.15		619.42		
TOTAL			1,061.99		1,676.30		1,343.38		1,061.99		7,153.13		11,122.89

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

@ Vested in the Company under the Scheme of Arrangement (refer note 2 of schedule 12)

Schedules 1 TO 12 (Contd.)

Schedule 12 : NOTES TO ACCOUNTS (Contd.)

(iii) PARTICULARS OF RAW MATERIALS CONSUMED

Raw Materials	UNIT	Year ended 30.09.2009		Period ended 30.09.2008	
		Quantity	Value Rs. Million	Quantity	Value Rs. Million
Sugar cane	M.T.	2,304,523.61	3,664.04	3,995,809.25	4,925.32
Salt	M.T.	102,461.19	232.30	172,590.12	298.34
Quick Lime	M.T.	3,856.94	16.49	3,376.01	16.79
Lime Stone	M.T.	7,480.72	6.81	16,104.71	15.69
Others			36.73		10.20
TOTAL			3,956.37		5,266.34

(iv) OTHER ADDITIONAL INFORMATION

Particulars	Year ended 30.09.2009		Period ended 30.09.2008	
	Rs. Million	%	Rs. Million	%
(a) Value of imports on C.I.F. basis				
- Raw Materials	401.99		-	
- Stores, spares and components	56.05		79.20	
- Capital goods	15.53		0.65	
(b) Expenditure in foreign currency				
- Travel etc.	2.72		0.01	
- Technical consultancy fees	0.32		0.03	
- Others	19.32		0.02	
(c) Earnings in Foreign Exchange				
- Export on FOB basis	6.68		1,476.60	
- Miscellaneous Receipts	0.08		-	
(d) Value of Imported/Indigenous				
Raw materials, stores and spares and components consumed				
Imported	53.76	1.19	91.49	1.44
Indigenous	4,459.86	98.81	6,240.59	98.56
TOTAL	4,513.62	100.00	6,332.08	100.00

Signatures to Schedules 1 to 12

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A.K. MEHRA
Whole Time Director

D.C. MITTAL
DINESH MOHAN
N.K. GOILA
Directors

Place : New Delhi
Date : 23.12.2009

AMIT KHURANA
Company Secretary

PANKAJRAI S. MITTAL
Senior General Manager (Accounts)

Mawana Sugars Limited

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

S.No.	NAME OF THE SUBSIDIARY	SIEL INDUSTRIAL ESTATE LIMITED	TRANSIEL INDIA LIMITED	SFSL INVESTMENTS LIMITED	SIEL FINANCIAL SERVICES LIMITED	SIEL EDIBLE OILS LIMITED
1.	Financial year of the subsidiary	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
2.	Extent of holding company's interest in the subsidiary					
	- Number of shares	27,500,000 Equity shares of Rs. 10 each fully paid-up	5,000,007 Equity shares of Rs. 10 each fully paid-up 1,000,000 Preference shares of Rs.100 each fully paid-up	15,000,054 Equity shares of Rs.10 each fully paid-up	9,011,982 Equity shares of Rs.10 each fully paid-up 730,000 Preference shares of Rs.100 each fully paid-up	3,130,000 Equity shares of Rs.10 each fully paid-up
	- % holding (equity)	100%	100%	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. 0.22 million	Rs.1.92 million	(-) Rs. 0.05 million	Rs. 5.03 million	Rs. 6.52 million
	ii) For subsidiary's previous financial years since it became subsidiary	(-) Rs. 49.77 million	(-) Rs.140.84 million	(-) Rs.263.24 million	(-) Rs.159.32 million	(-) Rs. 22.40 million
4.	Net aggregate amount of subsidiary's profits/losses so far as they concern members of the holding company and dealt with in the holding company's accounts.					
	i) For subsidiary's financial year	-	-	-	-	-
	ii) For subsidiary's previous financial year since it became subsidiary	-	-	-	-	-
5.	Change in the interest of holding company between the end of subsidiary's financial year and the end of holding company's financial year.	-	-	-	-	-
6.	Material changes between the end of subsidiary's financial year and the end of holding company's financial year.					
	i) Fixed assets	-	-	-	-	-
	ii) Investments	-	-	-	-	-
	iii) Monies lent by the subsidiary	-	-	-	-	-
	iv) Monies borrowed by the subsidiary other than for meeting current liabilities.	-	-	-	-	-
7.	Additional information					
	i) Paid up capital	Rs. 275.00 million	Rs. 150.00 million	Rs. 150.00 million	Rs. 186.23 million	Rs. 31.30 million
	ii) Reserves	Rs. (48.44) million	Rs. (140.76) million	Rs. (263.25) million	Rs. (195.44) million	Rs. (22.01) million
	iii) Total Assets	Rs. 230.14 million	Rs. 9.27 million	Rs. 2.59 million	Rs. 65.60 million	Rs.71.57 million
	iv) Total liabilities	Rs.3.69 million	Rs. 0.03 million	Rs. 115.83 million	Rs. 74.81 million	Rs. 62.54 million
	v) Miscellaneous Expenditure (To the extent not written off or adjusted)	Rs. 0.12 million	-	-	-	Rs. 0.26 million



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

vi) Details of investments (Except in case of investments in subsidiaries)	-	-	-	200 GOI 2012 bonds (7.40%) Rs.23542/- 295700 equity shares of Rs 10/- each MSD Industrial Limited Costing Rs 10,822,620/- * 100,000 equity shares of Rs 10/- each of Deluxe Fabrics limited Costing Rs 1,000,000/- *	-
vii) Turnover	Rs. 3.23 million	Rs. 1.34 million	Rs. 0.03 million	Rs. 0.51 million	Rs. 541.12 million
viii) Profit before taxation	Rs. 1.12 million	Rs. 1.25 million	Rs. (0.05) million	Rs. (0.34) million	Rs. 6.47 million
ix) Provision for taxation	Rs. 0.27 million	Rs. 0.15 million	-	Rs. 0.39 million	Rs.(0.04) million
x) Profit after taxation	Rs. 0.84 million	Rs. 1.10 million	Rs. (0.05) million	Rs. (0.73) million	Rs. 6.50 million
xi) Proposed dividend	-	-	-	-	-

@ 1,601,400 equity shares (14.12%) are held by SFSL Investments Limited a wholly owned subsidiary of Mawana Sugars Limited.

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

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A.K. MEHRA
Whole Time Director

D.C. MITTAL
DINESH MOHAN
N.K. GOILA
Directors

Place : New Delhi
Date : 23.12.2009

AMIT KHURANA
Company Secretary

PANKAJRAI S. MITTAL
Senior General Manager (Accounts)



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

1. We have audited the attached consolidated balance sheet of Mawana Sugars Limited and its subsidiaries, as at September 30, 2009 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 Mawana Sugars 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 the subsidiaries, viz., 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. 70.86 million as at September 30, 2009 and total revenues of Rs. 436.01 million and cash flows amounting to Rs. 19.34 million for the year ended on that date as considered in consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" notified in the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of Mawana Sugars Limited and its subsidiaries included in the consolidated financial statements.
5. Without qualifying our opinion, we draw attention to note 19 of schedule 13 relating to accounting for sugar cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of

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

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

The matter referred to in paragraph 6 above, to the extent covered here above, was also subject matter of qualification in our audit report on the consolidated financial statements for the eighteen months ended September 30, 2008.

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

- i) in the case of the consolidated balance sheet, of the consolidated state of affairs of Mawana Sugars Limited and its subsidiaries as at September 30, 2009;
- ii) in the case of the consolidated profit and loss account, of the consolidated results of operations of Mawana Sugars Limited and its subsidiaries for the year ended on that date; and
- iii) in the case of the consolidated cash flow statement, of the consolidated cash flows of Mawana Sugars Limited and its subsidiaries for the year ended on that date.

For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI

Partner

Membership No. 086423

Place : New Delhi
Date : 23.12.2009

Mawana Sugars Limited

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2009

	Schedule	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	349.57	305.73
Reserves and surplus	2	2,596.17	2,480.01
		<u>2,945.74</u>	<u>2,785.74</u>
Loan funds			
Secured	3	6,966.57	6,794.46
Unsecured		45.40	42.66
		<u>7,011.97</u>	<u>6,837.12</u>
Total		<u>9,957.71</u>	<u>9,622.86</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	11,190.63	10,732.61
Less: Depreciation		3,603.63	3,081.22
Net block		7,587.00	7,651.39
Capital work-in-progress		20.76	294.97
		<u>7,607.76</u>	<u>7,946.36</u>
Less: lease equalisation/ adjustment		4.08	10.42
		<u>7,603.68</u>	<u>7,935.94</u>
Pre - operative expenditure pending allocation	5	-	19.95
Investments	6	11.20	11.70
Current assets, loans and advances			
Inventories	7	2,270.13	1,538.46
Sundry debtors		171.81	203.46
Cash and bank balances		137.41	142.75
Loans and advances		761.68	868.20
		<u>3,341.03</u>	<u>2,752.87</u>
Less: Current liabilities and provisions	8		
Current liabilities		1,668.65	1,211.12
Provisions		71.17	60.58
		<u>1,601.21</u>	<u>1,481.17</u>
Net current assets			
Miscellaneous expenditure (to the extent not written off or adjusted)	9	-	0.66
Profit and loss account		741.62	173.44
Total		<u>9,957.71</u>	<u>9,622.86</u>
Notes to consolidated accounts	13		

Per our report attached

For A.F. Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Partner
Membership No. 086423

Place : New Delhi
Date : 23.12.2009

AMIT KHURANA
Company Secretary

PANKAJRAI S. MITTAL
Senior General Manager (Accounts)

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A.K. MEHRA
Whole Time Director

D.C. MITTAL
DINESH MOHAN
N.K. GOILA
Directors



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Schedule	Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
Income			
Gross Sales		7,584.26	12,028.27
Less : Excise duty		389.91	964.21
Net Sales		7,194.35	11,064.06
Other income	10	171.15	396.65
		7,365.50	11,460.71
Expenditure			
Manufacturing and other expenses	11	6,694.33	11,448.78
Interest	12	707.67	947.56
Depreciation	4	532.42	765.01
Less : Lease equalisation reserve adjustment		6.34	9.75
Miscellaneous expenditure written off		0.66	0.39
		7,928.74	13,151.99
(Loss) before tax		(563.24)	(1,691.28)
Provision for tax			
Current tax		0.81	-
Deferred tax benefit		-	(14.40)
Fringe Benefit tax		4.13	6.99
(Loss) after tax but before share of results of an associate		(568.18)	(1,683.87)
Share of net profit / (loss) of an associate		-	2.18
(Loss) after tax		(568.18)	(1,681.69)
(Loss) of erstwhile Mawana Sugars Limited (MSL) for the period 1.10.2006 to 31.3.2007 (Refer note 3 of Schedule 13)		-	(118.52)
		(568.18)	(1,800.21)
Balance of profit/ (loss) brought forward from previous period/year		(173.44)	9.90
Balance of profit brought forward from erstwhile Mawana Sugars Limited (MSL) (Pursuant to the Scheme (Refer note 3 of Schedule 13))		-	697.17
Deducted from General reserve		-	919.70
Balance carried to balance sheet		(741.62)	(173.44)
Basic and diluted earnings per share (Rs.) (Face value Rs. 10 per share)		(18.55)	(65.16)
Notes to consolidated accounts	13		

Per our report attached to the consolidated balance sheet

For A.F. Ferguson & Co.
Chartered Accountants

SIDDHARTH SHRIRAM
Chairman and Managing Director

MANJULA BANERJI
Partner
Membership No. 086423

SUNIL KAKRIA
Managing Director

A.K. MEHRA
Whole Time Director

Place : New Delhi
Date : 23.12.2009

AMIT KHURANA
Company Secretary

PANKAJRAI S. MITTAL
Senior General Manager (Accounts)

D.C. MITTAL
DINESH MOHAN
N.K. GOILA
Directors

Mawana Sugars Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
A. Cash flow from operating activities :		
Net(Loss) before tax	(563.24)	(1,691.28)
Add : Depreciation	526.08	755.26
Interest expense	707.67	947.56
Provision for doubtful debts/advances	-	33.18
Loss on sale / write off of fixed assets	1.39	1.28
Preliminary/ Misc expenditure expenses wrtitten off	0.66	0.39
Less : Interest income	16.58	25.63
Excess provision liabilities written back	16.18	89.38
Profit on sale of long term non-trade investment	60.10	-
Profit on sale of fixed assets	0.23	0.35
Operating profit/(loss) before working capital changes	579.47	(68.97)
Adjustments for :		
Decrease/(Increase) in trade / other receivables	122.89	41.26
Decrease/(Increase) in inventories	(731.67)	898.16
(Decrease)/Increase in trade / other payables	303.75	(499.55)
Cash generated from operations	274.44	370.90
Direct taxes (paid)/refund received	(4.30)	29.07
Net cash inflow from operations	270.14	399.97
B. Cash flow from investing activities :		
Purchase of fixed assets	(177.96)	(459.45)
Sale of fixed assets	2.93	12.87
Sale of long term non-trade Investment	60.60	77.70
Interest received	17.27	24.31
Net cash (outflow) from investing activities	(97.16)	(344.57)
C. Cash flow from financing activities :		
Receipt of call in arrears	-	0.09
Proceeds from Issue of Equity shares	43.84	59.17
Premium on issue of Equity shares	116.16	90.83
Proceeds from long term borrowings- secured	546.29	672.79
Repayment of long term borrowings- secured	(517.23)	(247.60)
Proceeds from working capital borrowings	143.05	907.29
Repayment of working capital borrowings	-	(300.00)
Proceeds of borrowings - unsecured	2.51	-
Repayment of borrowings - unsecured	-	(1,009.88)
Interest paid	(535.19)	(272.32)
Net cash inflow/(outflow) from financing activities	(200.57)	(99.63)
D. Net increase/(decrease) in cash and cash equivalents	(27.59)	(44.23)



CONSOLIDATED CASH FLOW STATEMENT (Contd.)

		Year ended 30.09.2009 Rs. Million	18 Months ended 30.09.2008 Rs. Million
E. Cash and cash equivalents as at opening			
Cash and bank balances	1	69.06	64.72
Cash and bank balances acquired on amalgamation of erstwhile Mawana Sugars Limited		-	48.57
Cash and cash equivalents as at closing			
Cash and bank balances	1	41.47	69.06

¹ Excludes balances with banks on margin accounts.

Per our report attached to the consolidated balance sheet

For A.F. Ferguson & Co.
Chartered Accountants

MANJULA BANERJI
Partner
Membership No. 086423

SIDDHARTH SHRIRAM
Chairman and Managing Director

SUNIL KAKRIA
Managing Director

A.K. MEHRA
Whole Time Director

D.C. MITTAL
DINESH MOHAN
N.K. GOILA
Directors

Place : New Delhi
Date : 23.12.2009

AMIT KHURANA
Company Secretary

PANKAJRAI S. MITTAL
Senior General Manager (Accounts)

Mawana Sugars Limited

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

Schedule 1 : SHARE CAPITAL

	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
Authorised		
175,000,000 Equity Shares of Rs. 10 each	1,750.00	1,750.00
	1,750.00	1,750.00
Issued, subscribed and paid-up		
34,956,811 (previous period 30,573,250) Equity Shares of Rs. 10 each fully paid up	349.57	305.73
	349.57	305.73

Footnotes :

- Pursuant to the Scheme as indicated in note 3 of Schedule 13 on the record date, October 31, 2007, after cancellation of the cross holding, the Parent Company had allotted one new equity share of Rs. 10 each fully paid up to the shareholders of erstwhile Mawana Sugars Limited (MSL) for every two equity shares of Rs. 10 each fully paid up held in erstwhile MSL and one new equity share of Rs. 10 each fully paid up to the shareholders of the Parent Company for every three equity shares of Rs. 10 each fully paid up held in the Parent Company. Accordingly 21,217,657 and 3,438,434 shares were issued to the shareholders of erstwhile MSL and the Parent Company respectively.
- 4,383,561 (previous period 5,917,159) equity shares of Rs. 10 each fully paid up issued to the promoters of the Parent Company (Refer Note 20 of schedule 13)

Schedule 2 : RESERVES AND SURPLUS

	As at 30.09.2008 Rs. Million	Additions Rs. Million	Deductions Rs. Million	As at 30.09.2009 Rs. Million
Capital Reserve	1,030.17 ¹	-	-	1,030.17
Share premium	1,357.58	116.16 ²	-	1,473.74
Capital redemption reserve	87.72	-	-	87.72
Reserve Fund ³	4.54	-	-	4.54
	2,480.01	116.16	-	2,596.17

Footnotes :

- Includes Rs. 991.46 million, representing the extinguishment of the debts of erstwhile Mawana Sugars Limited (MSL), which got discharged pursuant to the surplus arising on sale of shares of Shivajimarg Properties Limited.
- Represent premium received on issue of equity shares to the promoter of the Parent Company (Refer note 20 of Schedule 13)
- Maintained pursuant to Section 45-1C of the Reserve Bank of India (Amendment) Act, 1997

SCHEDULES 1 TO 13 (Contd.)

Schedule 3 : LOANS

	As at 30.09.2009 Rs. Million	As at 30.09.2008 Rs. Million
Secured		
Banks		
Term Loans	4,507.85	4,523.21
Cash credits/ overdrafts	1,152.81	1,009.76
Funded Interest term loan	608.65	626.51
Other	0.94	1.57
Others		
Term Loans	646.95	584.04
Interest accrued and due thereon	49.37	49.37
	6,966.57	6,794.46
Unsecured		
Deposits		
Fixed	-	0.03
Others	45.17	42.63
Interest accrued and due thereon	0.23	-
	45.40	42.66
	7,011.97	6,837.12

Footnotes :

SECURED

1) Banks

- i) Term Loans amounting to Rs. 4038.65 million (previous period Rs. 4400.21 million) and Funded Interest Term Loan amounting to Rs. 608.65 million (previous period Rs. 626.51 million) are secured by first pari-passu charge on all movable and immovable fixed assets of the Parent Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Parent Company. (Due within a year Rs. 289.40 million ; previous period Rs. 53.58 million)
- ii) Cash Credit/overdraft amounting to Rs. 1114.87 million (previous period Rs. 993.69 million) are secured by first pari-passu charge on the current assets of the Parent Company and third pari-passu charge on all the fixed assets of the Parent Company.
- iii) Above Loans are also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the Chairman & Managing Director of the Parent Company. Personal Guarantee shall be released after 25% of the repayment of the loans as per the CDR Restructuring Package of the Parent Company.
- iv) Cash Credit/overdraft amounting to Rs. 14.89 million (previous period Rs. Nil) are secured by pledge of sugar stocks of the Parent Company with District Co-operative Banks in the state of Uttar Pradesh.
- v) Term Loans amounting to Rs. 469.20 million (previous period Rs. 123.00 million) availed under the "Scheme for extending financial assistance to sugar undertakings, 2007" of Government of India are secured by residual charge on fixed assets of the sugar units of the Parent Company both present and future. These loans are further secured by personal guarantee of the Chairman & Managing Director of the Parent Company. (Due within a year Rs. 46.13 million ; (previous period Rs. Nil))
- vi) Cash credit / over draft of Rs.23.05 million (previous period Rs. 16.07 million) have been secured by hypothecation of current assets (present and future) including entire stocks, book debt, loans & advances and first charge on all movable and immovable properties both present and future of Siel Edible Oils Limited and have been further secured by corporate guarantee from the Parent Company.
- vii) Rs. 0.94 million (previous period Rs.1.57 million) relates to assets purchased under hire purchase/financing arrangement with a Bank and is secured by way of hypothecation of the specified assets. (Due with in a year Rs. 0.69 million; previous period Rs. 0.63 million)

2) Others

- i) Term Loan amounting to Rs. 400 million (previous period Rs. 400 million) is secured by first pari-passu charge on all immovable/ movable fixed assets of the Parent Company pertaining to Mawana Sugar Works, Mawana, and Titawi Sugar Complex, Titawi, both in the state of Uttar Pradesh, both present and future and second pari-passu charge on the current assets of the aforesaid Units of the Parent Company, both present and future. (Due within a year Rs. 33.33 million; previous period Rs. Nil).
- ii) Rs. 168.77 million (previous period Rs. 184.04 million) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Mawana Sugar Works, situated at Mawana District Meerut in the state of Uttar Pradesh both present and future. (save and except book debts) (Due within a year Rs. 15.27 million; previous period Rs. 15.27 million).
- iii) Rs. 78.18 million (previous period Rs. Nil) from Government of India under Sugar Development Fund (SDF) is secured by an exclusive second charge on all movable and immovable properties of the Company's unit Nanglamlal Sugar Complex, situated at Nanglamlal District Meerut in the state of Uttar Pradesh, both present and future (save and except book debts). (Due within a year Rs. 15.85 million; previous period Rs. Nil).

