

5th
Annual Report
2006-2007

MONNET SUGAR LIMITED

MONNET SUGAR LIMITED

BOARD OF DIRECTORS

Shri P. C. Gupta	Chairman
Shri M. S. Gujral	
Shri Sandeep Jajodia	
Shri Amitabh S. Mudgal	
Shri J. P. Lath	Whole-time Director

BANKERS

Punjab National Bank
State Bank of Bikaner & Jaipur

AUDITORS

M/s. O. P. Bagla & Co.
New Delhi

REGISTERED OFFICE

Plot No. 216, Sector-C
Urli Industrial Complex
Raipur-493 221 [Chhattisgarh]

CORPORATE OFFICE

Monnet House,
11, Masjid Moth,
Greater Kailash-II,
New Delhi - 110 048

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NOTICE

NOTICE is hereby given that the 5th Annual General Meeting of **MONNET SUGAR LIMITED** will be held on Friday, 28th September, 2007 at 4.30 P.M. at Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh- 492101, to transact the following business:—

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2007, Profit & Loss Account for the year ended on that date along with Auditors' Report & Directors' Report thereon.
2. To appoint a director in place of Shri P.C. Gupta, who retires by rotation.
3. To appoint a director in place of Shri M.S. Gujral, who retires by rotation.
4. To appoint auditors and fix their remuneration.

By order of the Board of Directors
MONNET SUGAR LIMITED

Date : 31st July, 2007.
Place : New Delhi

Sd/-
(VIDHI KHARBANDA)
COMPANY SECRETARY

Registered Office :-

216, Sector C, Urla Industrial Complex,
Raipur-493221.

Corporate Office :-

Monnet House,
11, Masjid Moth,
Greater Kailash - II,
New Delhi-110048.

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxy in order to be valid must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. Members desiring any information on the Accounts are requested to write to the Company at least one week before the date of the meeting so as to enable the Management to keep the information ready.
3. The Share Transfer Books of the Company shall remain closed from Friday, 21st September, 2007 to Friday, 28th September, 2007 [both days inclusive].

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2007.

FINANCIAL RESULTS

	2006-2007	(Rs. in Crores) 2005-2006
Sales (Net of Excise) & Other Income	94.51	88.02
Profit before depreciation	-1.70	12.64
Depreciation	3.90	3.88
Profit for the year	(5.60)	8.76
Provision for Income Tax	0.00	0.66
Provision for Income Tax Adjustment	0.02	0.00
Provision for FBT	0.05	0.06
Profit after taxation	(5.67)	8.04
Add: Transfer from Debenture Redemption Reserve	0.00	2.00
Balance as per last year	4.60	(5.45)
Balance carried to Balance Sheet	(1.07)	4.60

RESULTS OF OPERATIONS

Description	2006-07	2005-06
Sugarcane crushed (lac quintals)	56.60	45.57
Sugar production (lac quintals)	5.54	4.26
Average Recovery (%)	9.79	9.36

The Company has generated a Net Loss of Rs. 566.99 lacs during the financial year 2006-07 as compared to Net Profit of Rs. 804.36 lacs during the preceding year 2005-06. The reason of losses during the year is because of steep fall in the price of sugar and increase in the prices of raw materials such as cane price etc.

SALE OF SUGAR PLANT

Subsequent to authority given to the Board of Directors by the shareholders through Special Resolution passed in the Extra-ordinary General Meeting held on 27th August, 2005, the Company has negotiated the deal to sell its sugar mill on as is where is basis as a slump sale to Sir Shadi Lal Enterprises Ltd. The closing formalities and finalization of documents are underway. The closing of the deal and transfer of sugar mill is expected to be completed before the agreed date of closing of the deal.

NEW VENTURES

The Company plans to start some new business activity after exiting from the sugar business.

DIVIDEND

Due to Loss during the year under review, no dividend is being recommended by the Board of Directors.

DIRECTORS

Pursuant to Section 255 of the Companies Act, 1956, Shri P.C. Gupta, Chairman and Shri M.S. Gujral, Director, retire by rotation on the day of 5th Annual General Meeting and being eligible offer themselves for reappointment.

RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA), your directors confirm having:

- followed in the preparation of Annual Accounts, the applicable accounting standards, with proper explanation relating to material departures, if any;
- selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- taken proper and sufficient care 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;
- prepared the accounts on a 'going concern' basis.

MONNET SUGAR LIMITED

DEPOSITORY SYSTEM

As on 31st March, 2007, about 95.36% of the shares of your Company have been dematerialized. Since the Securities and Exchange Board of India (SEBI) has made trading in the Company's shares mandatory in dematerialized form, those members who are still holding their shares in physical form are advised to dematerialize their shareholding.

STATUTORY DISCLOSURES

- i) All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2006-07. A declaration to this effect signed by the Whole-time Director of the company is annexed to this report as **Annexure-II**.
- ii) The Whole-time Director and Head of Finance have certified to the board with regard to the financial statements and other matters as required in clause 49 of the listing agreement and the said certificate is annexed to this report as **Annexure-III**.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis is given in Annexure-IV and forms an integral part of this report.

CORPORATE GOVERNANCE REPORT

Pursuant to clause 49 of the Listing Agreement, necessary measures are taken to comply with the requirements of said clause. A report on Corporate Governance along with a certificate of compliance from the Auditors, is given in Annexure-V and forms an integral part of this report.

RISK MANAGEMENT

Your Company's Risk Management Policy is backed by strong internal control systems. The risk management framework consists of centrally issued policies and divisionally laid down procedures to ensure that the business risks are adequately covered including their monitoring and implementation. The policy is periodically reviewed by the Board and Audit Committee with emphasis on maintaining its effectiveness in dynamic business environment.

AUDIT COMMITTEE

The Audit Committee of Board of Directors constituted in terms of Clause 49 of the Listing Agreement and pursuant to Section 292A of The Companies Act, 1956 consists of Shri P.C. Gupta as Chairman, Shri M.S. Gujral and Shri Amitabh S. Mudgal, as its members.

AUDITORS

The Auditors' Report and Notes to the Accounts as referred in the Auditors' Report are self explanatory and therefore, do not call for any further comments or explanation.

M/s. O.P. Bagla & Co., Chartered Accountants, New Delhi, Auditors of the Company, hold the office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has not invited or accepted any deposits during the year from the Public under Section 58A of The Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

As required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant data is enclosed as **Annexure-I** forming part of this report.

PERSONNEL

Since none of the employee is drawing salary in excess of the limits laid down under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended up-to-date, the same are not applicable.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to offer their sincere thanks to the various Departments of the Central and State Government, Financial Institutions, Bankers to the Company, all Customers, Suppliers and contractors for their continued valued assistance and support. Your Directors also wish to place on record their appreciation for dedicated services rendered by all officers, staff and workers of the Company at all levels.

For and on behalf of Board of Directors

Place : New Delhi
Date : 31st July, 2007

Sd/-
[P. C. Gupta]
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217[1][e] of Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 and forming part of the Directors' Report for the period ended 31st March, 2007.

A. CONSERVATION OF ENERGY :

- | | | | |
|----|---|---|---|
| a] | Energy conservation measures taken | : | The Company has installed various energy savings equipments such as Cards of DC Drive has been modified & Clear Juice Heating with Semi Kestrel Vapour Cell, Modification of cooling tower and its pipelines. |
| b] | Additional Investments and proposals, if any, being implemented for reduction of consumption of energy | : | The Company has upgraded the 20 ton Boiler by modifying the Hot air distribution for efficient generation of Steam so as to conserve the energy cost. |
| c] | Impact of measures of [a] and [b] above for reduction of energy consumption and consequent impact on the cost of production of goods. | : | The consumption of energy as well as cost per unit of production of the same has gone down effectively. |
| d] | Total energy consumption and energy consumption per unit of production are as per Form A annexed. | | |

B. TECHNOLOGY ABSORPTION

- e] Efforts made in technology absorption are as per **Form B** annexed.

C. FOREIGN EXCHANGE EARNING AND OUTGO

- | | | | |
|----|---|---|-----|
| f] | Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans. | : | NIL |
| g] | Total Foreign Exchange used and earned | : | |
| | - Used | | NIL |
| | - Earned | | NIL |

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

**Current Year
(2006-2007)**

**Previous Year
(2005-2006)**

A. POWER AND FUEL CONSUMPTION :

1. Electricity

a] Purchased

- Units	NIL	NIL
- Total Amount (Rs. in lacs)	NIL	NIL
- Rate/Unit (Rs.)	NIL	NIL

b] Own Generation

[i] Through Diesel Generator

- Units (in KWH)	3,95,222	14,96,937
- Units per ltr. of Diesel Oil	2.98	2.98
- Cost/Unit (Rs.)	10.49	10.65

[ii] Through Steam Turbine

- Units (in KWH)	1,48,79,405	1,13,89,457
- Units per ltr. of Fuel Oil/Gas	2.04	2.96
- Cost/Unit	3.00	2.72

2. Coal (Specify quality and where used)

Quantity (tonnes)
Total Cost (Rs. in lacs)
Average rate (Rs. per ton)

NIL
NIL
NIL

3. Furnace Oil/LDO

Quantity (K. Ltrs)
Total Cost (Rs. in lacs)
Average rate (Rs.)

A.M
A.M
A.M

NIL
NIL
NIL

4. Others/(Own Baggage)

Quantity (MT)
Total Cost (Rs. in lacs)
Average rate (Rs. per ton)

A.M
A.M

99,225
899.27
906.3

B. CONSUMPTION PER MT OF FERRO ALLOYS

Electricity (in KWH)
Furnace Oil (Litres)
Steam Coal (Tonnes)
Others

NIL
NIL
NIL
NIL

C. CONSUMPTION PER BAG OF SUGAR

Electricity (in KWH)
Furnace Oil (Litres)
Steam Coal (Tonnes)
Fire Wood (MT)
Other-Baggage (Qtls.)

26.87
NIL
NIL
Negligible
1.79

26.21
NIL
NIL
Negligible
2.74

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT :

i] Specific areas in which R&D carried out by the Company
The Company is continuing its efforts on R&D work in developing disease free, healthy and sugar rich varieties of sugar cane in its command areas.

ii] Benefits derived as a result of the above R&D :-
The new and high sugar varieties of cane will increase the sugar recovery.
iii] Future plan of action
The Company will continue the above efforts on R&D work.

iv] Expenditure on R&D
(a) Capital
(b) Recurring
(c) Total
(d) Total R&D expenditure as percentage of Total Turnover

NIL
NIL
NIL
NIL

B. TECHNOLOGY, ABSORPTION, ADAPTATION & INNOVATION :

1) Efforts, in brief, made towards technology absorption, adaptation and innovation :
The Company is continuously making efforts to adopt latest and most modern technology in the cane crushing process and also for sugar manufacturing process.

MANAGEMENT DISCUSSION AND ANALYSIS**Industry Structure and Developments**

The consolidation and expansion in sugar industry that has taken place in last couple of years have resulted in supply of sugar growing faster than the demand. Consequently, increased demand of sugarcane led to pressure on cane areas and over-supply brought down the sugar prices to lowest levels. In the present scenario, running smaller units of 5000 tcd has become unviable.

Opportunities and Threats

The Sugar Industry is going through the critical phase. The opportunities to grow are limited due to limited cane areas available to sugar industry. Consolidation in the industry as mentioned above, has also become a threat to small sugar mills specially those having capacity around 5000 tcd. Therefore, to sustain in the sugar business, it has become imperative to either go in for consolidation or exit in time.

Segment-wise or Product-wise Performance

During the year, the company was engaged mainly in the manufacturing and selling of sugar, Molasses and cogeneration of power for captive use.

Outlook

It is expected that the Sugar production will remain the same as in the previous year and consequently, the sugar prices will remain depressed and hence, the margins will be affected.

Risks and Concerns

The risks that relate to the industry as a whole primarily comprise of sugar cane pricing, government policies in relation to cane pricing, export policies and weather. The risks specific to the Company are uninterrupted and adequate supply of sugar cane by the growers and the quality of sugar cane produced in sugar cane area allocated to the Company. The Company constantly endeavours to improve the quality of sugar cane for achieving higher yield. The efforts are being constantly made to ensure continued supply of sugar cane during the season.

Internal Control Systems and their Adequacy

Your Company has adequate internal control systems commensurate with the size and nature of the business and are supplemented by an extensive programme of internal audits, reviews by management and documented policies, guidelines, and procedures to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly. Your Company has an independent MIS and Audit Department to oversee the day to day functioning of the Company. The Company has proper budgeting system and the actual performance is continuously evaluated and the corrective measures are taken from time to time.

Discussion on Financial Performance with respect to Operational Performance

Selling price of sugar is a function of market dynamics. With the addition of capacities in Northern India, availability of sugarcane and sale of sugar will come under tremendous pressure. Therefore, your Company has already started to optimize the available resources and cut the manufacturing expenses to mitigate the risk of shrinking margins.

Material Developments in Human Resources/Industrial Relations front

Industrial relations in the Company are satisfactory. The relations with the labour are cordial and friendly.

The operations of the plant are under the charge of an independent Chief Executive Officer, who has rich experience and qualifications in the field.

Cautionary Note

Certain statements in the "Management Discussion and Analysis" section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may effect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

Monnet believes in conducting its affairs in a fair and professional manner and in maintaining the high standards.

The Company is committed to following good Corporate Governance practices through a series of measures which include having professional Directors on the Board, adopting pragmatic policies and effective systems and procedures, sharing of information with shareholders on a regular basis through newspapers, audits and checks.

The policies and actions of the Company, while being in full compliance of applicable laws and regulations, are dictated by the underlying objective of maximizing shareholder value on a long-term basis.

BOARD OF DIRECTORS:

The Board of Directors consists of five directors, i.e. an Independent & Non-executive Chairman and four other Non-executive Directors. Two of these four directors are independent.

The Board of Directors meets at least once in a quarter to review the Company's performance and more often, if considered necessary, to transact any other business.

Present structure of the Board of Directors is as following: —

Name	Category	No. of Directorships in other Companies	No. of Committee Memberships in other Companies
Shri P. C. Gupta	Chairman	0	0
Shri M. S. Gujral	Director	6	6
Shri Sandeep Jajodia	Director	3	1
Shri Amitabh S. Mudgal	Director	4	2
Shri J. P. Lath	Whole-time Director	4	3

During the year, six Board Meetings were held. The dates on which the Board Meetings were held are as follows: — 19th May 2006, 17th June 2006, 26th July 2006, 20th September 2006, 31st October 2006 and 31st January 2007.

The last Annual General Meeting was held on 29th September, 2006. Following are the details of attendance of Directors at Board Meetings and at the Annual General Meeting held during the year:—

Name	No. of Board Meetings held during the tenure of the Directors	No. of Board Meetings attended	Last AGM attendance
Shri P. C. Gupta	6	5	No
Shri M. S. Gujral	6	5	No
Shri Sandeep Jajodia	6	6	Yes
Shri Amitabh S. Mudgal	6	2	No
Shri J. P. Lath	6	6	Yes

INFORMATION IN CASES OF APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS AS REQUIRED UNDER LISTING AGREEMENT IS GIVEN AS UNDER:—

SHRI P.C. GUPTA

Shri P.C. Gupta is an Ex-Chairman of National Mineral Development Corporation, Ex-Chairman and Managing Director of Sponge Iron India Ltd. Ex-Managing Director of Vijayanagar Steel Plant, Ex-Managing Director of Manganese Ore India Limited. He has 36 years experience in mining and mineral based industry including 22 years experience in senior management positions in various public sector undertakings. He is responsible for turning around NMDC and has been awarded 'Excellent Chief Executive' award among others.

SHRI M.S. GUJRAL

Shri M.S. Gujral did his Master of Arts from the Punjab University before joining the Army.

After a short stint as an Army Officer, Shri M.S. Gujral joined the Indian Railways in 1948. He rose to the position of Chairman of Railway Board and retired from the Indian Railways in 1983.

After retiring from the railways, Shri M.S. Gujral was given the assignment of Chairman of Coal India Ltd. for a period of two years.

After retirement from Coal India, Shri M.S. Gujral's services were utilized on a number of high power committees of Government of India. He was nominated by the Government of India as a Special Director on a number of Companies under BIFR.

MONNET SUGAR LIMITED

AUDIT COMMITTEE:

The Audit Committee comprises solely of Independent Directors. Shri P. C. Gupta is the Chairman of the Committee. Shri M.S. Gujral, and Shri Amitabh S. Mudgal are the other Members of the Committee. The Whole-time Director and Finance Head along with the Statutory Auditors are invitees to the meeting. The terms of reference of this Committee cover the matters specified for Audit Committees under clause 49 of the Listing Agreement as well as in section 292A of the Companies Act, 1956.

REMUNERATION COMMITTEE:

The Remuneration Committee comprises of Shri P.C. Gupta and Shri Amitabh S. Mudgal. The terms of reference of this Committee cover the matters specified for Remuneration Committees under clause 49 of the Listing Agreement.

DETAILS OF REMUNERATION TO WHOLE-TIME-DIRECTOR

The break up of remuneration paid to the Whole-Time-Director is as follows: —

Name Position	Shri J. P. Lath Whole-Time-Director
Salary (Rs.)	926400
Commission/Allowance (Rs.)	NIL
Perquisites (Rs.)	302279
Total (Rs.)	1228679
Stock Option Granted (Nos)	NIL

SITTING FEE PAID TO NON-EXECUTIVE DIRECTORS IS AS GIVEN BELOW: -

Directors	Sitting Fees (Rs.)	ESOP granted (No. of Shares)
Shri Sandeep Jajodia	30,000	NIL
Shri P. C. Gupta	33,000	NIL
Shri M. S. Gujral	33,000	NIL
Shri Amitabh S. Mudgal	12,000	NIL

INVESTORS' GRIEVANCE COMMITTEE/SHAREHOLDERS' COMMITTEE: —

The Company's Registrars and Share Transfer Agents MCS Ltd., New Delhi, handle the Investor grievances, in consultation with the Secretarial Department of the Company. The Registrars have adequate skilled staff with professional qualifications and advanced computer systems for speedy redressal of the investor grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerized to ensure timely settlement. It normally takes 15 days from the date of receipt of the complaint for disposal of investor grievances. Nevertheless, the Company has constituted an Investors' Grievance Committee in accordance with the requirements of Clause 49 of the Listing Agreements for attending to investors' complaints pertaining to transfers/transmission of shares, dividend enquiry, and any other related matters. The present members of the Committee are Shri P.C. Gupta, Shri J. P. Lath and Shri Amitabh S. Mudgal, Directors.

SHARE TRANSFER COMMITTEE

Name	Category	Number of Meetings held during the tenure of the Members	Number of Meetings attended during the year
Shri P.C. Gupta	Director	16	12
Shri J. P. Lath	Director	16	13
Shri Amitabh S. Mudgal	Director	16	6

The Committee of the Company has been given the powers to deal with all matters related to transfers, transmission, and issuance of duplicate share certificates, split and/or consolidation requests. The Share Transfer Committee meets regularly.

COMPLIANCE OFFICER:

Ms. Vidhi Kharbanda
Monnet House, 11 Masjid Moth,
Greater Kailash, Part-II, New Delhi-110 048

MONNET SUGAR LIMITED

STATUS OF COMPLAINTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007.

1. Number of complaints received from the investors [including the opening Balance as on 01.04.2006] comprising of enquiries regarding status of listing of shares of the Company, Non-receipt of Share Certificates allotted pursuant to demerger, transfer and transmission etc.	12
2. Number of complaints resolved	10
3. Number of complaints not solved as at 31st March, 2007	2
4. Complaints Pending as at 31st March, 2007	2
5. Number of shares pending for Transfer as at 31st March, 2007	0

GENERAL BODY MEETINGS :

Date	AGM	Details of General Meetings of Shareholders	
		Place of Meeting	Time
30th September, 2006	4th AGM	Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh-492101	4.30 p.m.
30th September, 2005	3rd AGM	Plot No. 216, Sector-C, Urla Industrial Complex, Raipur	3.00 p.m.
30th September, 2004	2nd AGM	Plot No. 216, Sector-C, Urla Industrial Complex, Raipur	3.30 p.m.

DISCLOSURES:

There were no transactions of the Company of material nature with the promoters, the Directors or the management, or their subsidiaries or relatives during the year, which would have potential conflict with the interest of the Company at large.

Means of Communication: The Company publishes the quarterly results, circulates the same to the stock exchanges and also puts the same on EDIFAR website. The Company also sends the Annual Report to all the shareholders. Besides, the Company announces through stock exchanges all the material information as and when the same becomes applicable as per listing norms.

Quarterly Results : Normally published in The Pioneer and Veer Arjun

Whether it also displays official news and Presentations made to institutional investors or to analysts : N.A.

Whether M D & A is a part of annual report : Yes

GENERAL SHAREHOLDER INFORMATION:

1. Annual General Meeting :

Day, Date and Time : Friday, 28th September, 2007 at 4.30 p.m.
Venue : Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh-492101

2. Financial Calendar for 2006-07 (Tentative) :

Financial year ending : 31st March
First Quarter Results : 26th July, 2007
Half Yearly Results : on or before 31st October, 2007
Third Quarter Results : on or before 31st January, 2008
Fourth Quarter Results/Audited Annual Accounts : on or before 30th April, 2008/30th June, 2008.

3. Book Closure Dates : 21-09-2007 to 28-09-2007 (both days inclusive)

4. Dividend Payment : N.A.

5. Registered Office : Plot No. 216, Sector-C, Urla Industrial Complex, Raipur-493221, Chhattisgarh

MONNET SUGAR LIMITED

6. Listing of Shares on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai & listing of shares is awaited on Madhya Pradesh Stock Exchange, Indore.

1. Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai-400 001

2. *M. P. Stock Exchange
"Palika Plaza", Phase-II
201, IInd Floor, MTH Compound,
Indore-452 001 (M.P.)

* Listing application is pending before Madhya Pradesh Stock Exchange.

7. Stock Code :

Scrip Code, BSE : 532723
Demat ISIN No. in NSDL & CDSL : INE493H01014

8. Registrar & Share Transfer Agents :

MCS Ltd.
Venkatesh Bhawan,
W-40, Okhla Industrial Area, Phase-II,
New Delhi - 110 020
Tel. : 011-41406149
Fax : 011-41709881

9. SHARE TRANSFER SYSTEM:

Share Transfer Committee is normally held every 15 days and approves the physical transfers received periodically. Physical Shares sent for transfer are duly transferred within 15-20 days of receipt of documents, if found in order. Shares under objection are in general returned within 15 days. Share Transfer Agents have been authorized to sign the share certificates on behalf of the Company for expeditious disposal of transfer requests.

10. DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH, 2007:

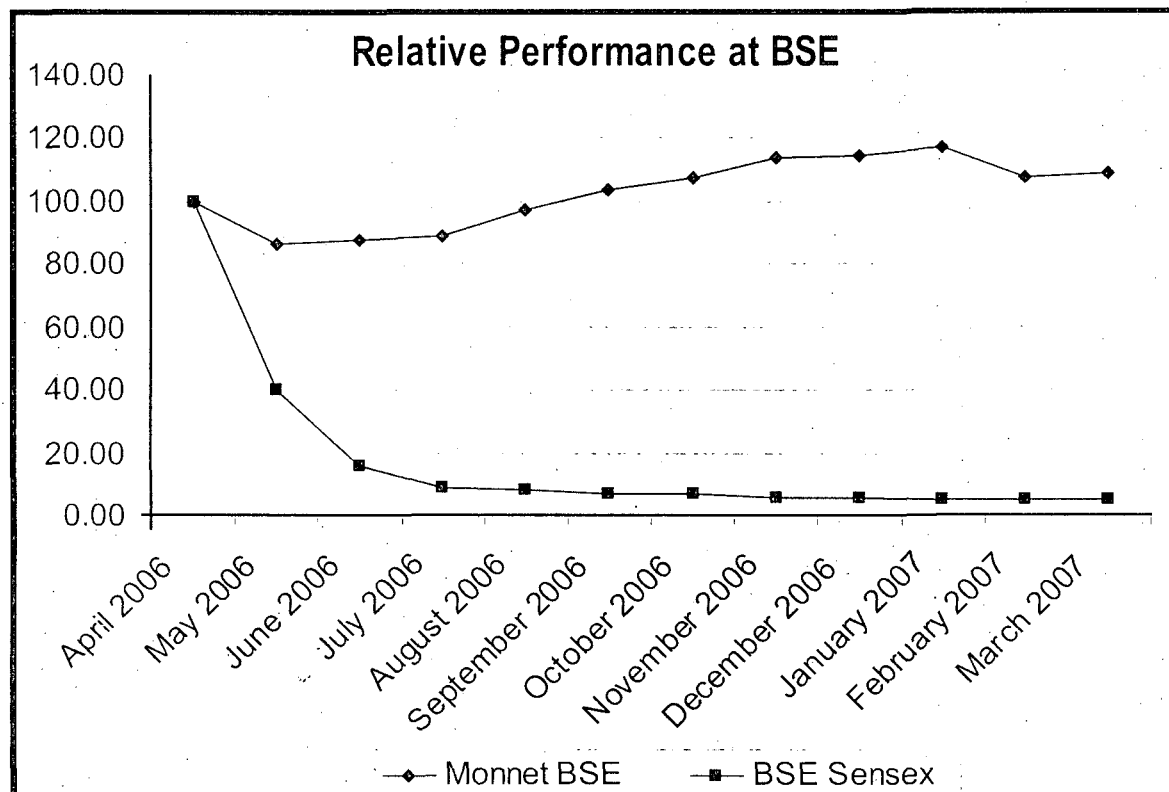
Category	No. of Folios	% of Shareholders	No. of Shares	% of Capital
1 - 500	1516	90.34	177474	2.39
501 - 1000	75	4.47	51331	0.69
1001 - 2000	32	1.90	51860	0.70
2001 - 3000	12	0.72	31563	0.43
3001 - 4000	0	0.00	0	0.00
4001 - 5000	1	0.06	4500	0.06
5001 - 10000	6	0.36	42104	0.57
Above 10000	36	2.15	7053692	95.16
TOTAL	810	100.00	7412524	100.00

11. STOCK PRICE DATA (FOR THE PERIOD APRIL, 2006 TO MARCH, 2007) :

Year	Month	BSE High (Rs.)	BSE Low (Rs.)	Monthly Volume (Rs. Lacs)
2006	April	6,850.00	121.00	15.38
2006	May	1,320.00	439.00	10.60
2006	June	417.95	175.15	1.63
2006	July	166.40	85.00	21.69
2006	August	107.95	83.10	29.31
2006	September	97.00	75.00	51.91
2006	October	85.00	61.20	68.59
2006	November	81.25	60.00	36.98
2006	December	68.75	53.10	48.10
2007	January	64.50	53.70	23.03
2007	February	68.15	52.00	30.35
2007	March	59.90	45.00	13.41

12. STOCK PERFORMANCE:

The performance of the Company's share relative to the BSE Sensitive Index (on closing rates at the end of each month in Bombay Stock Exchange Ltd.) considering 100 as the base is given in the Chart below:



13. SHAREHOLDING PATTERN AS AT 31ST MARCH, 2007:

Category	No. of Shares held	% of Shareholding
Promoters/Persons Acting in Concert	5853798	78.97
Banks, Financial Institutions and Insurance Companies	749140	10.12
Mutual Funds & UTI	53364	0.72
Foreign Institutional Investors	NIL	NIL
NRI/OCBs	89060	1.20
GDRs	NIL	NIL
Private Corporates Bodies	369283	4.98
Resident Individuals	294459	3.97
Any Other : HUF	3140	0.04
Directors & their relatives	280	0.00
TOTAL	7412524	100.00

14. NOMINATION FACILITY:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their holding in the company, as permitted under section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

15. BANK DETAILS/ECS MANDATE:

Shareholders holding shares in physical form are requested to notify/send the following to the Company to facilitate better services.

- (i) any change in their address/bank details, and;
- (ii) particulars of their bank account, in case the same have not been sent earlier.

Payment of dividend through ECS minimizes the risk of loss/late delivery of dividend warrant. Therefore, it is in your interest to provide ECS mandate to the Company. Those holding Shares in physical form can also avail this facility. An ECS Mandate form is enclosed.

Interested shareholders may send the filled-in ECS Mandate Form being sent with the Annual Report. Ensure to enclose a cancelled blank cheque of your bank account. Please check before hand that the concerned branch of your bank provides the ECS facility.

16. ADDRESS FOR INVESTOR SERVICES CENTRE (ISC) :

Monnet House
11, Masjid Moth, Greater Kailash,
Part-II, New Delhi-110048
Phone: 011-29218542-46
Fax : 011-29218541
e-mail : isc_msl@monnetgroup.com

CERTIFICATE

To The Members of
MONNET SUGAR LIMITED,

We have reviewed the implementation of Corporate Governance procedures by **MONNET SUGAR LIMITED**, for the year ended on 31st March, 2007, with the relevant records and documents maintained by the Company, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further 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 **O.P. BAGLA & CO.,**
Chartered Accountants

Place : New Delhi
Date : 31st July, 2007

Sd/-
(Atul Aggarwal)
Partner

AUDITORS' REPORT

The Members of
MONNET SUGAR LIMITED

We have audited the attached Balance Sheet of **MONNET SUGAR LIMITED** as at 31st March, 2007 and Profit & Loss Account for the Year Ended 31st March, 2007 annexed thereto and Cash Flow statement for the period ended on that date. 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.

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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in the paragraphs 4 & 5 of the said order to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph 1 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 purpose 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 such books.
 - c) The Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the profit and loss account and balance sheet and Cash Flow Statement 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 representation received from the directors and taken on records by the Board of Directors, we report that, none of the director is disqualified as on 31st March, 2007 from being appointed as Director u/s 274(1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and other Notes thereon in Schedule - 21 give the information as required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with accounting principles generally accepted in India :-
 - i) In the case of the Balance Sheet of the State of affairs of the Company as at 31.3.2007.
 - ii) In the case of the Profit & Loss Account of the **PROFIT** for the Year Ended on that date.
 - iii) In the case of Cash Flow Statement of the cash flows for the year ended on that date.

For **O.P. BAGLA & CO.**
Chartered Accountants

Sd/-

(Atul Aggarwal)

Partner

M. No. 92656

Place : New Delhi
Dated : 30/06/2007

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2007

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
b) As explained to us, major fixed assets have been physically verified by the management during the year. We have been informed that the discrepancies noticed on such verification as compared to book record were not material and have been properly dealt with in the books of account. In our opinion the frequency of verification is reasonable.
c) As the Company has disposed off an insignificant part of fixed assets during the year, paragraph 4 (i) (c) of the said order is not applicable.
2. a) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of these stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
c) In our opinion the Company is maintaining proper records of inventories. The discrepancies noticed on such verification between the physical stocks and book records were not significant and the same has been properly dealt with in the books of account.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other Parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, paragraph 4 (iii) (b), (c) and (d) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods. During the course of audit, no major weakness has been noticed in the underlying internal controls.
5. In our opinion and according to information and explanations given to us, there are no transactions that needed to be entered in the register maintained under section 301 of the Act.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975.
7. In our opinion and according to the information and explanations given to us, the Company has adequate internal audit system commensurate with its size and nature of its business.
8. The Central Government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacturing activities of the company. We have been informed that such accounts and records have been maintained. We have not, however, made a detailed examination of the same.
9. a) As per information and explanations given to us the Company has been regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Octroi, entry tax and other statutory dues with the appropriate Authorities. There are no undisputed statutory dues at the year end outstanding for a period of more than six months from the date they become payable.

MONNET SUGAR LIMITED

- b) We have been informed that following disputed demands have not been deposited as appeals are pending with Appellate Authorities as detailed below :-

S.No.	Nature of Demand	Pending Amount (Rs. in Lacs)	Forum where appeal is pending
1.	Excise Duty (Molasses)	0.61	Commissioner Central Excise, Meerut-I
2.	Excise Duty (Molasses)	2.26	CESTAT, New Delhi
3.	Excise Duty (Capital Goods)	2.94	CESTAT, New Delhi
4.	Excise Duty (Capital Goods)	0.99	Commissioner Central Excise, Meerut-I

10. Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that there is no default in repayment of dues to the Financial Institution or bank or debenture holders as at the year end.
11. There are accumulated losses of the company as at the end of the year. The Company has also incurred cash losses during the financial year covered by our audit. The Company has not incurred cash losses during the immediately preceding financial year.
12. 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.
13. According to information and explanations given to us the Company has not given any guarantees for loans taken by others from Banks/Financial Institutions.
14. According to the information and explanations given to us the term loans taken by the company have been applied for the purposes for which the loans were obtained.
15. According to the information and explanations given to us the funds raised on short term basis have not been utilized for long term investment and vice versa.
16. During the year the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained u/s 301 of the Companies Act 1956. As such paragraph 4 [xviii] of the order is not applicable.
17. Since the Company has not raised money by way of Public Issue during the year paragraph 4 [xx] of the order is not applicable.
18. 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 31.03.2007.
19. Other clauses of the order are not applicable to the Company for the year under report.

For **O.P. BAGLA & CO.**
Chartered Accountants

Place : New Delhi
Dated : 30/06/2007

Sd/-
(Atul Aggarwal)
Partner
M. No. 92656

MONNET SUGAR LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

DESCRIPTION	SCHEDULE NO.	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	74,859,722.50	74,859,722.50
Reserves & Surplus	2	246,909,058.00	303,607,577.74
		321,768,780.50	378,467,300.24
LOAN FUNDS			
Secured Loans	3	593,829,750.03	740,137,112.43
Unsecured Loans	4	17,000,000.00	17,000,000.00
		610,829,750.03	757,137,112.43
TOTAL		932,598,530.53	1,135,604,412.67
APPLICATION OF FUNDS			
FIXED ASSETS			
{a} Gross Block	5	866,882,487.00	866,156,995.69
{b} Less : Depreciation		354,579,202.61	316,034,784.68
Net Block		512,303,284.39	550,122,211.01
Capital Work In Progress		97,950,000.00	0.00
		610,253,284.39	550,122,211.01
Investments	6	201,500,000.00	0.00
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	666,022,075.64	596,560,048.62
Sundry Debtors	8	53,269,009.00	51,273,438.00
Cash & Bank Balances	9	117,469,699.28	24,225,596.67
Loans & Advances	10	95,175,382.14	55,484,855.53
		931,936,166.06	727,543,938.82
LESS : CURRENT LIABILITIES & PROVISIONS	11	811,090,919.91	142,163,124.16
		811,090,919.91	142,163,124.16
NET CURRENT ASSETS		120,845,246.15	585,380,814.66
MISCELLANEOUS EXPENDITURE			
[To the extent not written off or adjusted]	12	0.00	101,387.00
TOTAL		932,598,530.53	1,135,604,412.67
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	21		

In terms of our Report of even date annexed.
For **O.P. Bagla & Co.**
Chartered Accountants

Sd/-
Atul Aggarwal
Partner

Sd/-
(J. P. Lath)
Director

Sd/-
(Amitabh S. Mudgal)
Director

Place : New Delhi
Date : 30.06.2007

Sd/-
(Vidhi Kharbanda)
Co. Secretary

Sd/-
(D. B. Mathur)
Vice President (Accounts)

MONNET SUGAR LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

DESCRIPTION	SCHEDULE NO.	YEAR ENDED 31.03.2007 Rs.	YEAR ENDED 31.03.2006 Rs.
INCOME			
Sales		1,009,082,772.00	940,856,498.00
Less : Excise Duty		70,691,584.00	60,698,886.20
		938,391,188.00	880,157,611.80
Other Income	13	6,693,648.83	1,625,267.58
Increase/Decrease in Stocks	14	68,767,232.45	52,165,408.49
		1,013,852,069.28	933,948,287.87
EXPENDITURE			
Raw Material Consumed	15	812,563,888.84	623,404,027.66
Stores & Spares Consumed	16	25,773,566.00	15,145,871.00
Power & Fuel		11,053,854.00	16,999,845.00
Salaries, Wages & Amenities	17	65,634,649.75	55,721,658.54
Repairs and Maintenance	18	17,999,201.00	5,727,416.00
Administrative, Selling & Other Expenses	19	29,794,705.29	27,378,168.09
Financial Charges	20	68,061,977.42	63,139,641.43
Depreciation		38,954,955.61	38,841,551.57
		1,069,836,797.91	846,358,179.30
PROFIT/(LOSS) BEFORE TAX		(55,984,728.64)	87,590,108.57
Provisions for:			
Income Tax		0.00	6,546,000.00
Fringe Benefit Tax		525,000.00	608,000.00
Income Tax Adjustment		188,791.00	0.00
PROFIT/(LOSS) AFTER TAX		(56,698,519.64)	80,436,108.57
Transferred from Debenture Redemption Reserve		0.00	20,000,000.00
Balance as per last year		45,979,565.76	(54,456,542.71)
Surplus Carried Over		(10,718,953.88)	45,979,565.86
EARNING PER SHARE (BASIC/DILUTED)		(7.65)	10.85

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

21

In terms of our Report of even date annexed.

For **O.P. Bagla & Co.**

Chartered Accountants

Sd/-
Atul Aggarwal
Partner

Sd/-
(J. P. Lath)
Director

Sd/-
(Amitabh S. Mudgal)
Director

Place : New Delhi
Date : 30.06.2007

Sd/-
(Vidhi Kharbanda)
Co. Secretary

Sd/-
(D. B. Mathur)
Vice President (Accounts)

MONNET SUGAR LIMITED

SCHEDULES

DESCRIPTION	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
1. SHARE CAPITAL		
Authorised		
22,500,000 Equity Shares (Previous Year 7,800,000) of Rs. 10/- each	225,000,000.00	78,000,000.00
	<u>225,000,000.00</u>	<u>78,000,000.00</u>
Issued, Subscribed & Paid up		
- 7412524 Equity Shares of Rs. 10/- each fully paid up in cash	74,125,240.00	74,125,240.00
- Share Forfeited Account	734,482.50	734,482.50
	<u>74,859,722.50</u>	<u>74,859,722.50</u>
2. RESERVES & SURPLUS		
Capital Reserve		
Capital Reconstruction Reserve	36,752,291.88	36,752,291.88
Share Premium Account		
As per Scheme of Arrangement	220,875,720.00	220,875,720.00
Profit & Loss Account	(10,718,953.88)	45,979,565.86
	<u>246,909,058.00</u>	<u>303,607,577.74</u>
3. SECURED LOANS		
A. Term Loans		
From Bank	0.00	351,137,281.00
From Financial Institutions	0.00	110,291,950.00
B. Working Capital Facilities		
From Banks	593,456,389.79	277,539,137.83
C. From Limited Companies		
Against Vehicles	373,360.24	1,168,743.60
	<u>593,829,750.03</u>	<u>740,137,112.43</u>
NOTES :		
1. Term Loan from IIBI for sugar project are secured against first charge on all movable and immovable fixed assets (present and future) situated at Company's factory at Block Unn, Distt. Muzaffarnagar (U.P) ranking pari-passu with other term lenders		
2. Term Loan from IndusInd Bank & UTI Bank are secured against Subservient charge on all movable and immovable fixed assets and Current Assets situated at Company's factory at Block Unn, Distt. Muzaffarnagar (U.P.).		
3. Working Capital facilities from banks are secured against first charge on movable assets. It is further secured against second charge on fixed assets (present and future) situated at Company's factory at Block Unn, Distt. Muzaffarnagar (U.P.).		
4. All the term loans and working capital facilities are guaranteed by one of the Directors of the company.		
5. Loans from Limited Companies are secured against hypothecation of vehicles financed.		
4. UNSECURED LOANS		
Chinatrust Commercial Bank	17,000,000.00	17,000,000.00
	<u>17,000,000.00</u>	<u>17,000,000.00</u>

MONNET SUGAR LIMITED

5. FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1.4.2006	ADDITIONS	SALE	AS AT 31.03.2007	UPTO 31.03.2006	FOR THE YEAR	ADJUST- MENT OF SALES	UPTO 31.03.2007	AS AT 31.03.2007	AS AT 31.03.2006
Land & Site Development	4,703,756.00	1,282.00	0.00	4,705,038.00	0.00	0.00	0.00	0.00	4,705,038.00	4,703,756.00
Building	160,526,350.00	270,324.00	0.00	160,796,674.00	41,027,884.00	5,288,026.48	0.00	46,315,910.48	114,480,763.52	119,498,466.00
Plant & Machinery	682,647,015.00	1,143,560.00	0.00	683,790,575.00	264,780,792.00	32,435,193.21	0.00	297,215,985.21	386,574,589.79	417,866,223.00
Furniture & Fixture	815,694.00	0.00	0.00	815,694.00	417,014.00	51,633.86	0.00	468,647.86	347,046.14	398,680.00
Office Equipment	5,931,166.00	111,811.00	0.00	6,042,977.00	2,703,550.00	326,594.70	0.00	3,030,144.70	3,012,832.31	3,227,616.00
Computer	4,230,307.00	43,000.00	0.00	4,273,307.00	3,059,965.00	389,340.31	0.00	3,449,325.31	823,981.69	1,170,322.00
Vehicles	7,302,708.00	0.00	844,486.00	6,458,222.00	4,045,560.00	464,167.07	410,538.00	4,099,189.07	2,359,032.94	3,257,148.00
Current Year	866,156,996.00	1,569,877.00	844,486.00	866,882,487.00	316,034,785.00	38,954,955.61	410,538.00	354,579,202.61	512,303,284.39	550,122,211.00
Previous Year	855,527,526.69	10,965,939.00	336,470.00	866,156,995.69	277,309,358.11	38,841,551.57	116,125.00	316,034,784.69	550,122,211.01	578,218,168.58

DESCRIPTION	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
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6. INVESTMENTS

Amount Paid for Purchase of 10,07,500
Equity Shares of M/s Cambridge Construction
[Delhi] Ltd.

201,500,000.00	0.00
201,500,000.00	0.00

7. INVENTORIES

(As certified by the management)

Raw Materials	2,114,146.16	3,071,770.34
Stores & Spares	18,419,918.00	16,767,500.00
Finished Goods	636,447,112.15	557,883,323.20
Work in Process	9,040,899.33	18,837,455.09
	666,022,075.64	596,560,048.62

8. SUNDRY DEBTORS

(Unsecured Considered Good, except
where indicated otherwise)

a) Debts outstanding for a period
exceeding six months

- Considered Good	24,539,330.00	4,878,250.00
- Considered Doubtful	3,988,067.00	4,028,336.00

b) Other Debts

- Considered Good	24,741,612.00	42,366,852.00
	53,269,009.00	51,273,438.00

9. CASH & BANK BALANCES

Cash in hand & imprest

2,607,991.16	722,618.47
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Balance with Scheduled Banks

- in current accounts	3,743,701.12	6,564,677.20
- in fixed deposit & margin accounts	110,000,000.00	14,715,294.00
National Saving Certificates	1,000.00	1,000.00
Post Office Saving A/c	1,117,007.00	2,222,007.00
	117,469,699.28	24,225,596.67

MONNET SUGAR LIMITED

DESCRIPTION	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
10. LOANS & ADVANCES [Unsecured Considered Good, except where indicated otherwise]		
Loans	10,000,000.00	0.00
Advances recoverable in cash or kind or for value to be received [Including Rs. 3,60,912/- Considered doubtful]	81,880,152.87	46,783,419.53
Security Deposits		
- with Govt. Depts.	268,000.00	274,000.00
- with Others	225,502.00	227,002.00
Prepaid Expenses	1,346,207.00	1,715,500.00
Income Tax Advances	1,455,520.27	6,484,934.00
	95,175,382.14	55,484,855.53
11. CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors for Supplies, Expenses & Others	253,943,269.91	87,614,682.16
Advances against Sales	7,273,310.00	4,577,562.00
Advances against Sale of Assets	500,000,000.00	0.00
Other Liabilities	45,327,402.00	39,338,690.00
Security Deposit Received	4,021,938.00	3,478,190.00
B. Provisions		
For Income Tax	0.00	6,546,000.00
For Fringe Benefit Tax	525,000.00	608,000.00
	811,090,919.91	142,163,124.16
12. MISCELLANEOUS EXPENDITURE [To the extent not written off/adjusted]		
Preliminary Expenses		
Balance B/f	101,387.00	202,774.00
Less : Written off	101,387.00	101,387.00
	0.00	101,387.00
DESCRIPTION	YEAR ENDED 31.03.2007 Rs.	YEAR ENDED 31.03.2006 Rs.
13. OTHER INCOME		
Interest	6,506,054.70	1,072,506.00
Other Income	187,594.13	552,761.58
	6,693,648.83	1,625,267.58
14. INCREASE/DECREASE IN STOCKS		
Work in Process	18,837,455.03	1,458,990.00
Finished Goods	557,883,324.00	526,743,712.00
'A'	576,720,779.03	528,202,702.00
Closing Stock		
Work in Process	9,040,899.33	18,837,455.09
Finished Goods	636,447,112.15	557,883,323.20
Excise Duty on Stocks	0.00	3,647,332.20
'B'	645,488,011.48	580,368,110.49
'B' - 'A'	68,767,232.45	52,165,408.49

MONNET SUGAR LIMITED

DESCRIPTION	YEAR ENDED 31.03.2007 Rs.	YEAR ENDED 31.03.2006 Rs.
15. RAW MATERIAL CONSUMED		
Opening Stock	3,071,770.00	0.00
Purchases	811,606,265.00	626,475,798.00
	814,678,035.00	626,475,798.00
Less : Closing Stock	2,114,146.16	3,071,770.34
	812,563,888.84	623,404,027.66
16. STORES & SPARES CONSUMED		
Opening Stock	16,767,500.00	13,012,441.00
Purchases	27,425,984.00	18,900,930.00
	44,193,484.00	31,913,371.00
Less : Closing Stock	18,419,918.00	16,767,500.00
	25,773,566.00	15,145,871.00
17. SALARIES, WAGES & AMENITIES		
Salary, Wages & Allowances	59,261,414.00	50,156,426.00
Staff Welfare	1,771,782.75	1,509,333.54
Employers Contribution to P.F. etc.	3,683,594.00	3,375,034.00
Material Handling Expenses	917,859.00	680,865.00
	65,634,649.75	55,721,658.54
18. REPAIRS & MAINTENANCE		
Machinery	14,313,165.00	3,091,198.00
Building	1,258,660.00	2,003,766.00
Others	2,427,376.00	632,452.00
	17,999,201.00	5,727,416.00
19. ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Printing & Stationery	504,860.00	529,490.50
Rent, Rates & Taxes	1,250,342.00	898,261.00
Vehicle Expenses	2,214,923.36	2,873,895.39
Communication Expenses	1,635,285.07	1,521,138.55
Travelling & Conveyance	3,179,031.50	2,484,114.50
Insurance Charges	1,576,428.00	1,968,594.00
Legal & Professional Charges	7,384,291.00	8,134,533.00
Advertisement, Publicity & Sales Promotion	894,721.87	444,600.41
Directors' Sitting Fees	108,000.00	87,000.00
Auditors' Remuneration :		
- As Audit Fees	150,000.00	150,000.00
- For Tax Audit Fees	15,000.00	16,530.00
- For Income Tax Matters	39,000.00	31,000.00
- For Co. Law, Certification & Other Matters	196,620.00	115,638.00
Internal Audit Fee & Expenses	185,196.00	11,224.00
Miscellaneous Expenses	2,929,788.85	1,002,944.00
Sales Commission	4,171,266.00	4,129,542.00
Loss on Sale of Fixed Assets	173,948.00	110,345.00
Preliminary Exp. w/off	101,387.00	101,387.00
Packing Forwarding Expenses	2,111,030.00	1,293,313.00
Hire Charges	973,586.64	1,474,617.74
	29,794,705.29	27,378,168.09
20. FINANCIAL CHARGES		
Interest Paid	58,570,933.67	59,778,323.43
Bank Charges	540,425.75	179,959.00
Other Financial Charges	8,950,618.00	3,181,359.00
	68,061,977.42	63,139,641.43

21. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Company has prepared its financial statements in accordance with generally accepted accounting principles and also in accordance with the requirements of the Companies Act, 1956.

2. Income and Expenditure

Accounting of Income & Expenditure is done on accrual basis except interest on late payment received from debtors which is accounted for on receipt basis.

3. Sales

- a) Sales are shown inclusive of Excise Duty and net of discount & rebate etc.
- b) The company has excluded interdivision sales as required by AS-9 of ICAI.

4. Revenue in respect of claims are recognised only when the same are reasonably ascertained.

5. Fixed Assets & Depreciation

- a) Fixed assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction & installation.
- b) Depreciation is charged on Straight Line Method at the rates provided in Schedule XIV of the Companies Act.
- c) Cenvat credit availed on capital goods is accounted for by credit to respective fixed assets and henceforth depreciation has been charged on net cost of Fixed Assets.

6. Inventories

Inventories are valued on the following basis :

- a) Finished Goods - at lower of cost or estimated realisable value (including Excise Duty)
- b) Work-in-Progress - at cost
- c) Raw Materials - at cost
- d) Stores and Spares - at cost

7. Excise Duty

Cenvat credit, to the extent availed, is adjusted towards cost of materials.

8. Gratuity/Retirement Benefits :

Retirement benefits are accounted for on accrual basis on the basis of arithmetical calculations.

9. Contingent Liabilities

Contingent Liabilities are determined on the basis of available information and are disclosed by way of notes to the accounts.

10. Sales Tax

The company has received partial sales tax exemption on by-products of the company as per the scheme formulated by State Government Authorities.

MONNET SUGAR LIMITED

11. Sundry Debtors

Interest on overdue bills is accounted for on receipt basis.

12. Preliminary and Share Issue Expenses

Preliminary Expenses are written off equally in five financial years.

13. Unless specifically stated to be otherwise, these policies are consistently followed.

B. NOTES ON ACCOUNTS

		<u>Current Year</u>	<u>Previous Year</u>
		<u>(Rs. in Lacs)</u>	
1.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	NIL	NIL
2.	Letters of Credit opened in favour of inland/overseas suppliers	NIL	NIL
3.	Guarantees (Rs. in Lacs)		
	Counter guarantees issued to Bankers in respect of guarantees issued by them	NIL	NIL
4.	Contingent Liabilities not provided for (Rs. in Lacs)		
	- In respect of demand of Sales Tax	NIL	NIL
	- In respect of show cause notice/orders received from Excise Deptt. For Molasses/Pressmud/Bagasse pending before higher authorities	6.80	4.31
	- In respect of Other Excise Matters for Modvat excess claimed pending before higher authorities.	NIL	NIL
	- In respect of Entry Tax	NIL	NIL
	- In respect of Sugarcane rate disputed and not confirmed	NIL	NIL
5.	Remuneration to the Whole Time Director(s)		
	- Salary & Allowances	926400	1148593
	- Perquisites	292919	415265
	- Contribution to Provident Fund	9360	9360
6.	Details of Licenced and Installed Capacities & Production :		
	Sugar		
	Licenced Capacity TCD	5000	5000
	*Installed Capacity TCD	5000	5000
	Production Qtls	553725	425900

* As certified by the management and relied upon by the Auditors being a technical matter.

7. Details of Raw Material Consumed :

	Unit	<u>CURRENT YEAR</u>		<u>PREVIOUS YEAR</u>	
		<u>Qty</u>	<u>Value</u>	<u>Qty</u>	<u>Value</u>
Sugar Cane	QTL	5660496	778840394	4557000	599264228

MONNET SUGAR LIMITED

8. Particulars of Sales/Stock :

	Unit	CURRENT YEAR		PREVIOUS YEAR	
		Qty	Value	Qty	Value
A. Opening Stock					
Sugar	QTL	270586	499420580	299001	462165846
Misc.		-	58462743	-	64577866
B. Sales					
Sugar	QTL	490823	876805926	454315	837140827
Misc.		-	61585262	-	103715671
C. Closing Stock					
Sugar	QTL	333488	595509522	270586	499420580
Misc.		-	40937590	-	58462743

9. The inventories are taken as per records duly certified by the Company. The same have been valued in accordance with Accounting Policies.

10. Balance confirmations have not been received from some of the parties showing debit/credit balances.

11. No information has been furnished by any of the Creditors of their being a Small Scale industrial unit. Hence, the amount due to Small Scale industrial units as on March 31, 2007 are not ascertainable.

12. Expenditure in Foreign Currency :-

- Travelling Expenses NIL NIL

13. Value of Imports on CIF Basis NIL NIL

14. To comply with the guidance note on "Accounting Treatment of Excise Duty" issued by The Institute of Chartered Accountants of India, Excise Duty amounting to Rs.320.52 has been included in the value of inventories as on 31.3.2007 and the corresponding amount of Excise Duty Payable has been included in other liabilities. However, this has no impact on the profit for the year.

15. Claim against the company not acknowledged as debt (Rs. in Lacs) 7.00 7.00

16. In the opinion of the Management the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet except stated otherwise.

17. The company has purchased during the year 1007500 Equity Shares of M/s Cambridge Construction (Delhi) Limited, which constitutes 99.95% of paid-up capital of the company. Pending transfer of these shares, the said company has not been considered as subsidiary company.

18. Segmental Reporting :

The business activity of the company falls within one broad segment viz "Sugar. Power generated by the company is used by Sugar division. Sale of finished products are within the country. Hence the disclosure requirement of Accounting Standard 17 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

19. Deferred Tax :

The Company has no Deferred Tax Liability arising from timing differences as per provisions of AS-22, "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. The Calculation of Deferred Tax since the date of Demerger results in Deferred Tax Assets. Further following a policy of prudence, the management has decided not to provide for Deferred Tax Asset arising out of unabsorbed depreciation and carried forward losses which can be set-off against future taxable income.

20. Earning per share (EPS)–The numerators and denominators used to calculate Basic and Diluted Earning per share :

	Year Ended 31.03.2007	Year Ended 31.03.2006
Profit attributable to the Equity Shareholders - [A] (Rs. in Lacs)	(56,698,520)	804.36
Basic/Weighted average number of Equity Shares outstanding during the year [B]	7412524	7412524
Nominal value of Equity Shares (Rs.)	10	10
Basic/Diluted Earning per share (Rs.) - [A] [B]	(7.65)	10.85

Calculation of Profit attributable to Shareholders :

Profit Before Tax (Rs. in Lacs)	(55,984,729)	875.90
Less : Provisions for taxation/Income Tax Adjustments	(713791)	71.54
Profit attributable to Shareholders	(56,698,520)	804.36

21. Capital work in progress includes advances given for Real Estate Projects.**22. Previous period figures have been regrouped or recasted wherever considered necessary.**

Signature to the Schedule 1 to 19

For **O.P. Bagla & Co.**

Chartered Accountants

Sd/-

Atul Aggarwal

Partner

Sd/-

(J. P. Lath)

Director

Sd/-

(Amitabh S. Mudgal)

Director

Sd/-

(Vidhi Kharbanda)

Co. Secretary

Sd/-

(D. B. Mathur)

Vice President (Accounts)

Place : New Delhi

Date : 30.06.2007

MONNET SUGAR LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956)

I. Registration Details

Registration No. 1 5 0 4 0 State Code 1 0
Balance Sheet Date 3 1 0 3 2 0 0 7
Date Month Year

II. Capital Raised During the Year

Public Issue N I L
Private Placements N I L
Right Issue N I L
Bonus Issue N I L

III. Position of Mobilisation and Deployment of Funds

Total Liabilities 1 7 4 3 6 8 9 4 5 0
Sources of Funds
Paid-up Capital 7 4 8 5 9 7 2 3
Secured Loans 5 9 3 8 2 9 7 5 0
Application of Funds
Net Fixed Assets 5 1 2 3 0 3 2 8 4
Net Current Assets 1 2 0 8 4 5 2 4 6
Misc. Expenditure N I L
Total Assets 1 7 4 3 6 8 9 4 5 0
Reserves & Surplus 2 4 6 9 0 9 0 5 8
Unsecured Loans 1 7 0 0 0 0 0 0
Investments 2 0 1 5 0 0 0 0 0
Capital Work in Progress 9 7 9 5 0 0 0 0
Accumulated Losses N I L

IV. Performance of the Company

Turnover including other income 9 4 5 0 8 4 8 3 7
Profit Before Tax [5 5 9 8 4 7 2 9]
Earnings Per Share (Rs.) [7 . 6 5]
Total Expenditure 1 0 0 1 0 6 9 5 6 5
Profit After Tax [5 6 6 9 8 5 2 0]
Dividend Rate % N I L

V. Generic Names of Principal Products/Services of the Company

Item Code No. (ITC Code) N. A.
Product Description N. A.

In terms of our Report of even date annexed.
For **O.P. Bagla & Co.**
Chartered Accountants

For and on behalf of the Board

Sd/-
Atul Aggarwal
Partner

Sd/-
(J. P. Lath)
Director

Sd/-
(Amitabh S. Mudgal)
Director

Place : New Delhi
Date : 30.06.2007

Sd/-
(Vidhi Kharbada)
Co. Secretary

Sd/-
(D. B. Mathur)
Vice President (Accounts)

MONNET SUGAR LIMITED

CASH FLOW STATEMENT FOR 2005-2006

	2006-2007 (Amount in Rs.)	2005-2006 (Amount in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra Ordinary Items	(55,984,729)	87,590,109
Adjusted for :		
Depreciation	38,954,956	38,841,552
Preliminary Expenses/Misc. Expenditure	101,387	101,387
Interest Received	(6,506,055)	(1,072,506)
Interest Paid	58,570,934	59,778,323
Profit/Loss on Sale of Fixed Assets	173,948	110,345
Dividends Received	0	0
Operating Profit before Working Capital Changes	35,310,441	185,349,210
Adjusted for :		
Trade and Other Receivables	(46,715,511)	8,679,255
Inventories	(69,462,027)	(55,344,905)
Trade Payable	675,556,796	(8,592,461)
Cash Generated from Operations	594,689,698	130,091,097
Interest Paid	(58,570,934)	(68,548,544)
Direct Taxes Paid	(2,313,377)	0
Deferred Tax	0	0
Cash Flow before Extraordinary Items	0	0
Extraordinary Items	0	0
Net Cash from Operating Activities	533,805,387	61,542,554
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,569,977)	(9,954,064)
C.W.I.P.	(97,950,000)	0
Sale of Fixed Assets	260,000	1,909,000
Capital Reconstruction Reserve as per Scheme of Arrangement	0	0
Other Reserves	0	0
Purchase of Investments	(201,500,000)	0
Sale of Investments	0	0
Miscellaneous Expenditure	0	0
Interest Received	6,506,055	0
Dividend Received	0	0
Net Cash used in Investing Activities	(294,253,922)	(6,792,819)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	0	0
Calls in Arrears	0	0
Share Application Money	0	0
Proceeds from Long Term Borrowings	(146,307,362)	0
Repayment of Finance Lease Liabilities	0	0
Dividend & Dividend Taxes Paid	0	0
Net Cash used in Financing Activities	(146,307,362)	(27,366,767)
Net increase in Cash and Cash Equivalents (A + B + C)	93,244,103	27,382,968
Cash and Cash Equivalents as at 1.4.2006	24,225,597	66,144,613
Cash and Cash Equivalents as at 31.3.2007	117,469,699	93,527,581

In terms of our Report of even date annexed.
For **O.P. Bagla & Co.**
Chartered Accountants

Sd/-
Atul Aggarwal
Partner

Sd/-
(J. P. Lath)
Director

Sd/-
(Amitabh S. Mudgal)
Director

Place : New Delhi
Date : 30.06.2007

Sd/-
(Vidhi Kharbanda)
Co. Secretary

Sd/-
(D. B. Mathur)
Vice President (Accounts)

MONNET SUGAR LIMITED

MONNET SUGAR LIMITED

Regd. Office & works : Plot No. 216, Sector-C, Urla Industrial Complex
Raipur - 493221 [Chhattisgarh]

DPID *	
Client ID *	

ATTENDANCE SLIP

No. of Shares held	
Ledger Folio No.	

I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the **5TH ANNUAL GENERAL MEETING** of MONNET SUGAR LIMITED held on Friday, the 28th day of September, 2007 at 4.30 P.M. at Monnet Marg, Mandir Hasaud, Raipur-492101.

Name & Address of the Shareholder (in BLOCK Letters).....

Name of the Proxy holder.....
(if applicable)

* Applicable for Investors holding shares in electronic form.

Member's/Proxy's Signature.....

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE HALL.

MONNET SUGAR LIMITED

Regd. Office & works : Plot No. 216, Sector-C, Urla Industrial Complex
Raipur - 493221 [Chhattisgarh]

DPID *	
Client ID *	

PROXY FORM

No. of Shares held	
Ledger Folio No.	

I/We.....

of.....being a member/members

of the above-named Company hereby appoint.....of.....

.....or failing him/her.....

of.....

as my/our proxy to vote for me/us on my/our behalf at the **5TH ANNUAL GENERAL MEETING** of the Company to be held on Friday, the 28th day of September, 2007 at 4.30 P.M. and at any adjournment thereof.

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

Affix
Re. 1/-
Revenue
Stamp

* Applicable for Investors holding shares in electronic form.

[Signature]

Note : This Proxy form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

BOOK POST

If Undelivered please return to :

MONNET SUGAR LIMITED

Monnet House, 11, Masjid Moth,
Greater Kailash - II,
New Delhi - 110048