

**51st
ANNUAL
REPORT**

2013-2014
(15 MONTHS)



MAWANA SUGARS LIMITED

Mawana Sugars Limited

BOARD OF DIRECTORS

Mr. Ravinder Singh Bedi
Prof. Dinesh Mohan
Mr. Piar Chand Jaswal

COMPANY SECRETARY

Mr. Ritesh Jain

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants
9, Scindia House
Kasturba Gandhi Marg
New Delhi – 110001

BANKERS

Punjab National Bank
State Bank of Hyderabad
State Bank of Travancore
State Bank of Mysore
Axis Bank Ltd.

REGISTERED OFFICE

5th Floor, Kirti Mahal
19, Rajendra Place, New Delhi – 110125

Phone No: 91-11-25739103

Fax No: 91-11-25743659

CIN: L74100DL1961PLC003413

E-mail: corporate@mawanasugars.com

Website: www.mawanasugars.com

CORPORATE OFFICE

Plot No.15, Institutional Area, Sector - 32,
Gurgaon - 122002, Haryana

Phone No: 91-124-4298000

Fax No: 91-124-4298300

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 Limited

T-34, Okhla Industrial Area, Phase-II,
New Delhi-110020

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

Website : www.masserv.com

E-mail : info@masserv.com

NOTICE

Notice is hereby given that the 51st Annual General Meeting of the members of Mawana Sugars Limited will be held as scheduled below:

Day : Monday
Date : 23.03.2015
Time : 10.00 AM
Place : Shriram Bharatiya Kala Kendra (Lawn)
1, Copernicus Marg, Mandi House, New Delhi – 110001

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the financial period 2013-14 (15 Months) comprising of the audited Balance Sheet as at 31st, December, 2014 and the Statement of Profit and Loss account along-with the cash flow statement for the financial period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Prof. Dinesh Mohan (DIN-00077959) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. A.F. Ferguson & Co., Chartered Accountants (ICAI Registration Number 112066W) as Statutory Auditors of the company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a ORDINARY RESOLUTION:
Resolved that, pursuant to Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement including any statutory modification(s) or reenactment thereof for the time being in force, Prof. Dinesh Mohan (DIN-00077959), Director of the Company, in respect of whom a notice in writing has been received from a member signifying his intention to propose him as a candidate for the office of director, be and is hereby appointed as an Independent Director on the Board of the Company to hold office for a period of 5 (five) consecutive years upto December 31, 2019.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a ORDINARY RESOLUTION:
Resolved that, pursuant to Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement including any statutory modification(s) or reenactment thereof for the time being in force, Mr. R S Bedi (DIN-01408189), Director of the Company, in respect of whom a notice in writing has been received from a member signifying his intention to propose him as a candidate for the office of director, be and is hereby appointed as an Independent Director on the Board of the Company to hold office for a period of 5 (five) consecutive years upto December 31, 2019.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a ORDINARY RESOLUTION:
Resolved that, pursuant to Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement including any statutory modification(s) or reenactment thereof for the time being in force, Mr. Piar Chand Jaswal (DIN-07100098), who was appointed by the Board of Directors as an Additional Director under the provisions of Section 161 of the Companies Act, 2013 with effect from 18th February, 2015 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 in writing, proposing his candidature for the office of Director, be and is hereby appointed as an Director on the Board of the Company.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a ORDINARY RESOLUTION:
RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 2,25,000/- (Rupees Two Lacs Twenty Five Thousand only) plus service tax as applicable and reimbursement of out of pocket expenses for the Financial Period 2015-16, as approved by the Board of Directors on the recommendation of Audit Committee, to be paid to M/s. Bahadur Murao & Co., Cost

Mawana Sugars Limited

Notice (Contd.)

Accountants (Firm Registration No.4941) to conduct the audit of the cost records of the Company be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

Place : New Delhi
Dated : 18th February, 2015

(Ritesh Jain)
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses to be transacted at the AGM as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20.03.2015 to 23.03.2015 (both days inclusive).
4. In compliance of SEBI requirements, Mas Services Limited has been appointed the Registrar and Share Transfer Agent of the Company, who handle share transfer work in Physical as well as in Electronic Form and other related activities at the following address:

Mas Services Limited

T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi - 110020

Phone No. : 011-26387281-83

Fax No. : 011-26387384

Website : www.masserv.com

E-mail : info@masserv.com

5. Members are requested to notify immediately any change in their address to Mas Services Ltd. quoting their folio numbers.
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 72 of the Companies Act, 2013 the Shareholder of the Company may nominate a person to whom the shares held by him/her shall vest in the event of death.

In case any member wishes to avail the nomination facility in respect of shares held by him/her, please write to the Company to obtain the nomination form.

9. The equity shares of the Company have been notified for compulsory trading in demat form by all investors and are available for trading in demat form both on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Shareholders are requested to avail this facility and get their shareholding converted into dematerialised form by sending the Dematerialisation Request Form (DRF) along with the share certificates through their Depository Participant (DP) to M/s Mas Services Limited at the address given under Sl.No.4 above.

10. **The Ministry of Corporate Affairs, vide its Circular No.18/2011 dated 29th April, 2011, clarify that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s Mas Services Limited by filling the form available on the Company's website and also update the e-mail address as and when there is any change.**

Notice (Contd.)

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4 AND 5

Prof. Dinesh Mohan and Mr. R S Bedi are the independent directors on the Board of the Company. The provisions of newly enacted Companies Act, 2013 (the Act) and Clause 49 of the Listing Agreement inter alia stipulates conditions to be complied with by the Company for the appointment of independent directors. Prof. Dinesh Mohan and Mr. R S Bedi have given their respective consents to act as Directors and are not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The Company has also received declarations from the proposed appointee that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of them for the office of Directors of the Company.

In the opinion of the Board, Prof. Dinesh Mohan and Mr. R S Bedi fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement and they are independent of the management of the Company and/or subsidiary/associate companies.

Accordingly, it is proposed to consider Prof. Dinesh Mohan and Mr. R S Bedi as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement and they shall hold office for a period of 5 (five) consecutive years up to December 31, 2019.

They do not have any material pecuniary relationship with promoters, Key Managerial Personnel and their relatives. They are the independent directors and do not have any inter-se relationship among themselves. Accordingly, resolutions set out under item number 4 and 5 are recommended for approval of the members of the Company as Ordinary Resolutions.

None of the Directors or Key Managerial Personnel of the Company and their relatives, except Prof. Dinesh Mohan and Mr. R S Bedi being interested in their respective resolutions, is in any way, concerned or interested in these resolutions.

ITEM NO. 6

Mr. Piar Chand Jaswal was appointed as an Additional Director of the Company with effect from 18th February, 2015 by the Board of Directors. In accordance with the provisions of Section 161 of the Companies Act, 2013, an Additional Director hold office upto the date of the Annual General Meeting. The Company has received notice under section 160 of the Companies Act, 2013 from a member signifying the intention to propose the appointment of Mr. Piar Chand Jaswal as an Director of the Company.

Mr. Piar Chand Jaswal is a Matriculate and is a retired junior commission officer from Indian Army. Accordingly, the Board recommends the resolution in relation to the appointment of Mr. Piar Chand Jaswal as an Director for the approval of the Shareholders.

Mr. Piar Chand Jaswal will be Non-Independent and Non-Executive Director on the Board of the Company

Except Mr. Piar Chand Jaswal and his relatives, if any, in the Company, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested in the said Resolution.

The Board recommends the Ordinary Resolution as set out at item No.6 of the Notice for approval by the Shareholders.

ITEM NO. 7

The Board of Directors has appointed M/s Bahadur Murao & Co., Cost Auditor (Membership No. 4941), as the Cost Auditor for audit of the cost accounting records of the Company pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under for the financial period 2015-16. It is proposed to pay Rs. 2,25,000/- as the remuneration, plus out of pocket expenses incurred/to be incurred by the auditors during the course of audit.

Accordingly, resolution set out under item number 7 is recommended for approval of the members of the Company as Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relatives is concerned or interested in the said Resolution.

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

Place : New Delhi
Dated : 18th February, 2015

(Ritesh Jain)
Company Secretary

Details of the Directors seeking appointment/re-appointment at the forthcoming annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Prof. Dinesh Mohan	Mr. R. S. Bedi	Mr. Piar Chand Jaswal
Age	69 years	72 years	53 years
Date of Appointment	05.05.1992	28.03.2007	18.02.2015
Qualification	Ph.D. and M.S. in Bioengineering, M.S. in Mechanical and Aerospace Engineering, B.Tech(Hons.) in Mechanical Engineering	Graduate of the National Defence Academy	Matriculate
Expertise	Prof. Dinesh Mohan is Henry Ford Professor for Biomechanics and Transportation Safety and Co-ordinator of the Transportation Research and Injury Prevention Programme at the Indian Institute of Technology (IIT), Delhi. He is member of the WHO Advisory panel on Accident Prevention. He serves on the editorial board of an international journal. Professor Mohan has been a consultant on safety related matters to government departments in India, Nepal, Indonesia, Thailand, Bangladesh, Iraq and Libya and many automotive industrial houses. He is also a recipient of many prestigious awards.	Mr. R. S. Bedi has served in various capacities in the Government of India for 43 years.	Mr. Piar Chand Jaswal is a retired Junior Commission Officer from Indian Army
Shareholding of Directors in the Company	Nil	Nil	Nil
Directorship held in other Public Companies excluding foreign and private companies	Nil	Nil	Nil
Chairmanships/ Memberships of Committee	Chairman 1. Audit Committee 2. Stakeholders Relationship Committee 3. Nomination and Remuneration Committee 4. Social Responsibility Committee 5. Risk Management Committee	Member 1. Audit Committee 2. Stakeholders Relationship Committee 3. Nomination and Remuneration Committee 4. Social Responsibility Committee 5. Risk Management Committee	Nil

DIRECTORS' REPORT

Your Directors hereby present the 51st Annual Report along with Audited Accounts of the Company for the 15 months financial period ended December 31, 2014.

The Ministry of Corporate Affairs vide Circular No. 08/2014 dated 4th April, 2014 clarified that the financial statements and the documents required to be attached thereto, the auditor's and directors' report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made there under.

The Company has accordingly prepared Balance Sheet, Statement of Profit and Loss, the schedules and notes thereto and the Directors' Report in accordance with the relevant provisions of the Companies Act, 1956, schedules and rules made there under.

FINANCIAL RESULTS

(Rs. Lacs)

Sl. No.	Particulars	Amount	
		31.12.2014 (15 months)	30.9.2013 (12 months)
1.	Profit/(Loss) before interest, depreciation, exceptional items and tax	(4275)	(4440)
2.	Interest	7689	9024
3.	Depreciation	6096	5043
4.	Profit/(Loss) before tax	(18060)	(28786)
5.	Provision for taxation:		
	- Current tax	-	-
	- Provision relating to earlier year	-	29
	- Provision for tax written back relating to earlier year	-	(10)
6.	Profit/(Loss) after tax	(18060)	(28805)

DIVIDEND

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

OPERATIONS

1. SUGAR DIVISION

The year 2013-14 witnessed an decrease in sugar production. The cane crush this season decreased by 25% of cane crush during last season (2012-13). The cane crush this season was 25.58 lac MT as compared to 34.06 lac MT in the last season. The key operational figures are as follows:

Particulars	Unit	Sugar Season			2013-14
		2010-11	2011-12	2012-13	
Cane Crush	Lac MT	28.58	31.54	34.06	25.58
Recovery	%	9.11	8.60	8.96	9.09
Sugar Production	Lac MT	2.64	2.74	3.07	2.33

The sugar recovery in the western UP remains a major concern mainly due to deterioration of sugarcane quality on account of varietal degeneration. The average sugar recovery for this season remained below the long term average recovery in line with trend in nearby sugar factories.

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

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

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

The distillery unit continues to supply ethanol to the Oil Marketing Companies (OMC). The price of ethanol has improved from Rs. 27/litre to Rs. 35/litre. The capacity of ETP of the distillery unit was augmented to increase the production of ethanol and increasing the capacity utilization of the plant. However, our capacity was severely hampered last year due to restriction imposed by CPCB on all UP Distilleries discharging effluent in Ganga in view of Kumbh Mela. Last year pollution norms in general also became very stringent as NGT directed Pollution Control Authorities to inspect all Units polluting Ganga and submit their report to the Court. Distillery industry has been classified as highly polluting.

2. CHLOR ALKALI DIVISION

During the 15 months period Oct'2013-Dec'2014, the business performed well during quarters Q1 and Q2 amidst good demand of both Caustic Soda and Chlorine, but performance deteriorated in Quarters Q3, Q4 and Q5. During Quarters Q3 and Q4, the markets witnessed dumping of low priced Caustic Soda imports from various countries which seriously impacted the domestic product prices. Caustic Soda prices dropped further during Quarter Q5 as demand of Caustic Soda in the North was hit badly with Paper Mills curtailing production due to slump in Paper demand.

Power contributes towards major portion of the input cost. The electricity requirement for the plant was met through Punjab State Power Corporation Limited and through Indian Energy Exchange under Open Access.

The products and their quality were well accepted in the market during the entire period of 15 months.

STATUS OF SICKNESS UNDER BIFR

The Company has filed a reference in Form 'A' under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 with Hon'ble BIFR on 1.8.2013 and the same has been registered as Case No.63/2013 as communicated by BIFR vide its letter No.3(M-5)/BC/2013 dated 10.9.2013.

DIRECTORS' REPORT

The matter considering of Mawana Sugars Limited as 'Sick Company' under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 is pending by BIFR.

SUBSIDIARY COMPANIES

The Company has three subsidiary companies viz. Siel Financial Services Limited, Siel Industrial Estate Limited and Siel Infrastructure & Estate Developers Pvt. Ltd.

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

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

These documents will be made available upon request by any member of the Company or of the subsidiaries interested in obtaining the same.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

DIRECTORS

Prof. Dinesh Mohan, Director is liable to retire by rotation and being eligible, offer himself for re-appointment.

Mr. Piar Chand Jaswal has been appointed as an additional director(Non-Independent & Non-Executive) of the Company w.e.f. 18th February, 2015 to hold office upto the forthcoming Annual General Meeting of the Company.

Mr. Ravi Vira Gupta, Director has resigned from the Directorship of the Company w.e.f. 17.6.2014.

Mr. Siddharth Shriram, Chairman and Managing Director and Mr. A.K. Mehra, Whole Time Director of the Company have resigned from the position of Chairman & Managing Director and Whole Time Director and also from the directorship of the Company w.e.f. 31.7.2014.

The Board of Directors of the Company in its meeting held on 13.2.2014 has appointed Mr. Rajendra Khanna as a Whole Time Director for the period from 01.02.2014 to 30.11.2018 and payment of remuneration for a period of 3 years w.e.f. 01.02.2014 to 31.1.2017. The approval of shareholders has been obtained through Postal Ballot on 27.11.2014. The approval of Central Govt. regarding the above appointment and remuneration is still pending.

Mr. Rajendra Khanna has been resigned from the position of Whole Time Director and the directorship of the Company w.e.f. close of business hours of 31.12.2014.

The Board places on record the deep appreciation for the contribution made by Mr. Ravi Vira Gupta, Mr. Siddharth Shriram, Mr. A.K. Mehra and Mr. Rajendra Khanna, during their tenure as Directors of the Company.

Pursuant to Companies Act, 2013 and Clause 49 of the Listing Agreement, Prof. Dinesh Mohan and Mr. Ravinder Singh Bedi, Directors, are proposed to be appointed as Independent Directors of the Company for a period of 5 (five) consecutive years from the date of forthcoming Annual General Meeting.

AUDITORS AND THEIR REPORT

M/s. A.F. Ferguson & Co., Chartered Accountants, Auditors of the Company (ICAI Registration Number 112066W) who are our Auditors, retire at the ensuing annual general meeting and are eligible for reappointment.

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has received a written consent from the auditors to their re-appointment and a certificate to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the rules framed thereunder and that they have satisfied the criteria provided in Section 141 of the Companies Act, 2013.

The Board recommends the re-appointment of M/s. A.F. Ferguson & Co., Chartered Accountants, as the statutory auditors of the Company from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting.

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

COST AUDITORS

M/s Bahadur Murao & Co., Cost Accountants (Membership Number 4941) were re-appointed as Cost Auditors of the Company for the Financial Period 2015-16 (15 months), for conducting the audit of the cost records maintained by the Company for the products (Sugar, Caustic Soda, Industrial Alcohol, SBP) as mandated by the Central Government, pursuant to its order dated 30th June, 2014 and any amendments thereof, subject to the approval of the Members on the remuneration to be paid to the Cost Auditor.

DIRECTORS' REPORT

A certificate from them has been received to the effect that their appointment as Cost Auditors of the Company, if made, would be in accordance with the limits specified under Section 141 of the Companies Act, 2013 and rules framed thereunder.

The Cost Audit Report for the financial year 2012-13 had filed on 27.2.2014, which is within the time limit prescribed under the Companies (Cost Audit Report) Rules, 2011.

The Cost Audit Report for the financial period 2013-14 (15 months) under the Companies (Cost Audit Report) Rules, 2011, is due to be filed with MCA on or before 30.6.2015 which is within the time limit prescribed under the Companies (Cost Audit Report) Rules, 2011.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS

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

PARTICULARS OF EMPLOYEES

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial period and of the loss of the company for that period;

- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance along with the Auditors' Certificate confirming compliance is attached on its compliance.

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

DELISTING OF GDRs

During the 15 months period ended December 31, 2014, 2,63,519 GDRs (Global Depository Receipts) representing 2,63,519 underlying equity shares of the Company has been cancelled and delisted from London Stock Exchange with effect from December 02, 2014.

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 and Vendors of the Company. The Directors also wish to place on record their appreciation for the all-round co-operation and contribution made by the employees at all levels.

For & on behalf of the Board of Directors

Sd/- (Dinesh Mohan) Director (DIN : 00077959)	Sd/- (Ravinder Singh Bedi) Director (DIN : 01408189)
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Place : New Delhi

Dated : 18th February, 2015

ANNEXURE - 1 TO DIRECTORS' REPORT

Information as required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (disclosure of Particulars in the Report of Board of Directors) Rules, 1998.

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken:

- a) Installation of mass flow meter
- b) Installation of VFDs on F.D. Fans 42 bar boilers
- c) Installation of VFD on Mix Juice pump
- d) Installation of load changeover panels at 3.4 MW TG. (During full crush period 8-10 tons/hr of steam was being passed through PRDS for meeting process demand as we were unable to pass through 3.4 MW TG due to power distribution problem. This was overcome by installing load changeover panels)
- e) Arrangement for B massecuite boiling in pan no.8 with 2nd vapour instead of 1st vapour by providing an additional connection of 2nd vapour with 500 MM valve.
- f) Arrangement to heat raw melt with 1st vapour instead of exhaust steam modifying its noxious gas withdrawal system.
- g) Implimentation of strict turbine operation controls and steam parameters to increase power generation efficiency at 20 MW Turbine
- h) Provision of 25HP pump at C. Tower for 33% caustic cooling PHE in place of 75HP at Evaporator house
- i) Changed 100HP conventional motor of Chlorination Reactor no.3 in SBP with Energy Efficient 100HP motor
- j) Replacing 40 watt conventional tube lights with 18 Watt LED tube lights (100 Nos.)
- k) Replacing 150 watt Sodium lights with 60 Watt LED street light fittings (18 Nos.)
- l) Provision of VFD for 75HP Hydrogen Blower 'A' of Chlorine House
- m) Refurbishment of Cell House electrolyzers (14 Nos)

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

- a) Installation of VFDs on Dedicated Juice pump, clear Juice pump and Rotary Drier ID fan.
- b) Proposal submitted : Installation of planetary gear drives at last mill for reduction of bagasse moisture by 2.5%, sugar loss in bagasse by 0.02% cane and power consumption by 0.4kwh/MT cane.

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

- a) Improved Power Export% Cane.
- b) In NSC Power export was increased from 45.40 kw/MT cane (2012-13) to 46.95 kw/MT cane in 2013-14 (15 months). Average power export increased to 9.34 mw/ hr in 2013-14 (15 months) in comparison to last year (2012-13) average power export of 9.1 mw/ hr
- c) In NSC In spite of low average rate of crush 4774 TCD and higher recovery (9.65) in 2013-14 (15 months) in comparison to 2012-13 year average crush of 4904 TCD and low recovery (9.11) steam consumption was maintained at 50.97 % cane (very marginally higher) than In 2012-13 steam cons. 50.89% cane
- d) In NSC Power generation efficiency has been increased from 181.47 kwh / MT steam (2012-13) to 189.57 kwh / MT steam (2013-14- 15 months) by reducing the specific steam consumption of turbine from 5.51 to 5.275 kg/kwh
- e) In NSC Total power units saved 50.77 lac Kwh

(d) Total energy consumption and energy consumption per unit of Production.

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

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption
As per Form - B.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities related to exports initiative taken to increase export, development of new export markets for production and services

Nil

(b) Total foreign exchange used and earned

The information is given in notes to accounts.

ANNEXURE - 1 TO DIRECTORS' REPORT (Contd.)
**FORM A
(See Rule 2)**
Form for disclosure of particulars with respect to Conservation of Energy
A. POWER & FUEL CONSUMPTION

Sl. No.	PARTICULARS	Period ended 31.12.2014 (15 months)	Year ended 30.09.2013 (12 months)
1	ELECTRICITY		
	A) Purchased		
	• Unit (KWH Lacs)	2,417.83	2,011.72
	• Total Amount (Rs Million)	1,659.51	1,338.65
	• Rate / Unit (Rs)	6.86	6.65
	B) Own generation		
	(i) Through Diesel Generator		
	• Unit (KWH Lacs)	1.06	1.18
	• Units per litre of Diesel Oil	3.21	3.00
	• Cost / Unit (Rs.)	18.49	16.62
	(ii) Through steam turbine generator units (KWH Lacs) own generation by burning bagasse	1,381.70	1,344.90
2	COAL Used for steam/power generation		
	• Quantity (MT)	0	0
	• Total Cost (Rs Million)	0	0
	• Average Rate	0	0
3	FURNACE OIL		
	• Quantity (MT)	3,175	3,289
	• Total Cost (Rs Million)	136.35	137.38
	• Average Rate	42,946	41,767
4	OTHERS/INTERNAL GENERATION		

B. CONSUMPTION PER UNIT OF PRODUCTION

1	ELECTRICITY (KWH / MT)		
	Caustic Soda	2,604	2,626
	Sugar	445	460

ANNEXURE - 1 TO DIRECTORS' REPORT (Contd.)

FORM - B

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	<p>a) Improving control on sugar crystal Size b) Improving Water Conservation c) Improving Boiler Efficiency d) Reducing the impact on Evaporator Fouling e) Decreasing sugar dust formation</p> <p>Efficient utilization of Energy a) In the area of specific steam consumption of prime mover b) Power generation c) Sugar Losses in manufacturing process d) Sugar quality e) Dirt problem in sugar f) Installation of load changeover panels at 3.4mw TG (During full crush period 8-10 tons/ hr of steam was being passed through PRDS for meeting process demand as we were unable to pass through 3.4 mw TG due to power distribution problem. This was overcome by installing load changeover panels) g) Arrangement for B massecuite boiling in pan no.8 with 2nd vapour instead of 1st vapour by providing an additional connection of 2nd vapour with 500 MM valve. h) Arrangement to heat raw melt with 1st vapour instead of exhaust steam modifying its noxious gas withdrawl system. i) Implementation of strict turbine operation controls and steam parameters to increase power generation efficiency at 20 MW Turbine</p>														
2	Benefits derived as a results of above R & D	<p>a) Improvement in Process Efficiency b) Improvement in Process Control c) Improvement in quality of Sugar d) Improvement in energy and water conservation e) Improvement in Power Export f) In NSC Sugar bags damage during conveying and handling is eliminated by modifications in conveying & handling system as well as bag stitching machines.</p>														
3	Future plan of action	<p>a) Reduction in sugar loss during season b) Further Technical R&D collaboration with MIT for improvement in efficiencies, energy conservation and effective utilization of by-products c) Reduction in steam consumption d) Further Improvement in boiler efficiency e) Reduction in power consumption f) Zero effluent discharge and installation of online monitoring system</p>														
4	Expenditure on R&D <ul style="list-style-type: none"> • Capital (Rs Lacs) • Recurring (Rs Lacs) • Total (Rs. Lacs) • Total R&D Expenditure as a percentage of total turnover 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Current Period</th> <th style="text-align: center;">Previous Period</th> </tr> <tr> <th style="text-align: center;">01-10-13 - 31-12-14</th> <th style="text-align: center;">01-10-12 - 30-09-13</th> </tr> <tr> <th style="text-align: center;">(15 Months)</th> <th style="text-align: center;">(12 Months)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">-</td> <td style="text-align: center;">5.08</td> </tr> <tr> <td style="text-align: center;">46.94</td> <td style="text-align: center;">24.79</td> </tr> <tr> <td style="text-align: center;">46.94</td> <td style="text-align: center;">29.87</td> </tr> <tr> <td style="text-align: center;">0.06</td> <td style="text-align: center;">0.04</td> </tr> </tbody> </table>	Current Period	Previous Period	01-10-13 - 31-12-14	01-10-12 - 30-09-13	(15 Months)	(12 Months)	-	5.08	46.94	24.79	46.94	29.87	0.06	0.04
Current Period	Previous Period															
01-10-13 - 31-12-14	01-10-12 - 30-09-13															
(15 Months)	(12 Months)															
-	5.08															
46.94	24.79															
46.94	29.87															
0.06	0.04															

ANNEXURE - 1 TO DIRECTORS' REPORT (Contd.)

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1	Efforts, in brief, made towards technology absorption, and innovation	<ul style="list-style-type: none"> a) Modifications done for operating evaporator as Quintuple Effect b) Provision of heating clear juice by 1st & 2nd vapour c) Provision of boiling C-masseccuite by 1st vapour d) Flash recovery system at evaporators e) Improvement in milling efficiency f) Modification in power distribution g) Arrangement to heat raw melt with 1st vapour instead of exhaust steam modifying its noxious gas withdraw system at NSC. (Reduction - 0.17%) h) Installation of load changeover panels at 3.4mw TG (During full crush period 8 tons/ hr of steam is being passed through PRDS for meeting process demand as we are unable to pass thro 3.4 mw TG due to power distribution problem. This was overcome by installing load changeover panels at NSC) i) Innovation in operation controls of turbine to increase generation efficiency
2	Benefits derived as a result of the above efforts.	<ul style="list-style-type: none"> a) Reduction in molasses loss b) Better extraction in Milling c) Reduction in Steam consumption d) Reduction in Power Demand e) Reduction in per ton cane power consumption f) Improvement in TG Set efficiency g) Increase in Bold Grain Production h) Increase in Power export & Power Generation Efficiency i) Improvement in boiler quality water quality and consistency in operations
3	<p>In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:-</p> <ul style="list-style-type: none"> a) Technology imported b) Year of Import c) Has technology been fully absorbed ? d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. 	<p>NIL Not Applicable Not Applicable Not Applicable</p>

ANNEXURE - II TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

1. Company's Philosophy on Code of Corporate Governance

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

2. Board of Directors

(i) Composition

The Board of Directors in its meeting held on 18.2.2015 appointed Mr. Piar Chand Jaswal as an Additional Director (Non-Executive Non Independent) of the Company. The Board also appointed him as a member of all the Board Committees constituted under the Companies Act, 2013/Listing Agreement. As such, the Company has a Board consisting of 3 members. 2 Directors are Non-Executive and Independent Directors and 1 director is Non-Executive and Non-Independent Director. The Board members possess the skills, experience and expertise necessary to guide the Company.

The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all companies in which they are Directors.

There is no relationship between the Directors inter-se.

The composition of Board of Directors and their attendance at the Board Meetings held during the 15 months period ended December 31, 2014 and at the last Annual General Meeting and also the number of other directorship and membership/ chairmanship of Board committees are as follows:

Director	DIN	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	8
• Mr. A.K. Mehra* (Whole Time Director)	00060254	Executive	6	Yes	3	5	NIL
• Prof. Dinesh Mohan	00077959	Independent Non-Executive	7	No	NIL	1	4
• Mr. Rajendra Khanna** (Whole Time Director)	00112534	Executive	5	N.A.	1	5	1
• Mr. Ravi Vira Gupta***	00017410	Independent Non-Executive	5	Yes	7	4	2
• Mr. R.S. Bedi	01408189	Independent Non-Executive	4	No	NIL	4	NIL
• Mr. Siddharth Shriram**** (Chairman and Managing Director)	00027750	Executive and Promoter	6	Yes	5	1	2

Committee as defined under Clause 49 of the Listing Agreement

* Resigned from the posting of Whole Time Director and directorship of the Company w.e.f. 31.7.2014.

**Appointed as Whole Time Director of the Company w.e.f. 1.2.2014 and resigned w.e.f. from closing hours of 31.12.2014.

*** Resigned from the directorship of the Company w.e.f. 17.6.2014.

****Resigned from position of Chairman & Managing Director and directorship of the Company w.e.f.31.7.2014.

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

Board Meetings

During the 15 months period ended December 31, 2014, 8 Board Meetings were held on 18.11.2013, 21.11.2013, 16.12.2013, 13.2.2014, 14.5.2014, 30.7.2014, 20.10.2014 and 5.11.2014. The Company placed before the Board all statutory and other important items recommended by the SEBI committee on Corporate Governance.

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 of the Companies Act, 1956 (which are deemed to be applicable as per Section 177 of the Companies Act, 2013) and also as provided in Clause 49 of the Listing Agreements.

(ii) Composition

Presently, the Audit Committee comprises of 2 Directors. Both directors are Non-Executive and Independent Directors. All the Committee members have sound knowledge of finance and accounting.

The Chairman of the Committee did not attend the last Annual General Meeting.

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

During the 15 months period ended December 31, 2014, the Audit Committee met 5 times on 21.11.2013, 13.2.2014, 14.5.2014, 30.7.2014 and 5.11.2014. The composition of the Committee and their attendance at the Committee meetings held during the period are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 5)
• Prof. Dinesh Mohan (Chairman)	Non-Executive	Independent	5
• Mr. R.S. Bedi	Non-Executive	Independent	3
• Mr. Ravi Vira Gupta*	Non-Executive	Independent	3
• Mr. Rajendra Khanna**	Executive	Non- Independent	2

*Ceased to be Member of the Committee w.e.f. 17.6.2014.

**Appointed as a Member of the Committee w.e.f. 30.7.2014 and ceased to be a member w.e.f. from closing hours of 31.12.2014.

4. Nomination and Remuneration Committee

The Board of Directors at its meeting held on 14.5.2014 has changed the nomenclature of the committee to Nomination and Remuneration Committee, in accordance with section 178 of the Companies Act, 2013 and revised clause 49 of the listing agreement entered into with stock exchanges.

(i) Terms of Reference

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

(ii) Composition

Presently, the Nomination and Remuneration Committee of the Board comprises of 2 directors as opposed to the requirement of three Non- Executive Directors as per listing agreement. The Company is taking steps to address this matter. Both Directors are Non-Executive and Independent Directors.

During the 15 months period ended December 31, 2014, 3 meetings of the Committee were held on 13.2.2014, 30.7.2014 and 20.10.2014.

The composition of the Nomination and Remuneration Committee and their attendance at the Committee Meetings held during the 15 months period ended December 31, 2014 are as under:

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 3)
• Prof. Dinesh Mohan*(Chairman)	Non-Executive	Independent	3
• Mr. Siddharth Shriram**	Executive	Non-Independent	1
• Mr. Ravi Vira Gupta***	Non-Executive	Independent	1
• Mr. R.S. Bedi	Non-Executive	Independent	2
• Mr. Rajendra Khanna****	Executive	Non-Independent	1

*Appointed as a Chairman of the Committee w.e.f. 30.7.2014.

**Appointed as a Member of the Committee w.e.f. 30.7.2014 and ceased to be member w.e.f. 31.7.2014.

***Ceased to be Member and Chairman of the Committee w.e.f. 17.6.2014.

****Appointed as a Member of the Committee w.e.f. 30.7.2014 and ceased to be member w.e.f. closing hours of 31.12.2014.

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

(iii) Remuneration Policy

The Company has adopted a remuneration policy for executive and non-executive directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be.

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

(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 15 months period ended December 31, 2014 is given below:

(Rupees)

Sl. No.	Name	Salary and Allowances	Perquisites	Contribution to Provident and other Funds	Total
1.	Mr. A.K. Mehra	7,977,884	207,788	680,000	8,865,672
2.	Mr. Rajendra Khanna ¹	7,557,173	233,269	462,000	8252442
3.	Mr. Siddharth Shriram ²	50,736	579,264	420,000	1050000

1. Refer note 38 of the financial statements

2. Refer note 42 of the financial statement.

3. Mr. A.K. Mehra and Mr. Siddharth Shriram has resigned from the services of the Company w.e.f. 31.7.2014. Hence, the detail of their remuneration mentioned at Sl.No.1 & 3 above is upto 31.7.2014.

- (B) The details of the sitting fees to the Non-Executive Directors provided as per accounts for the 15 months period ended December 31, 2014 are given below:

Sl. No.	Name	Sitting Fees (Rs.)
1.	Prof. Dinesh Mohan	1,10,000/-
2.	Mr. Ravi Vira Gupta*	80,000/-
3.	Mr. R.S. Bedi	60,000/-

*Resigned from the Directorship of the Company w.e.f. 17.6.2014.

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

The Company has not paid any fixed component and performance linked incentives to the Non -Executive Directors during the period.

The Company does not have any Stock Option Scheme.

5. Stakeholders' Relationship Committee

The Board of Directors at its meeting held on 14.5.2014 has changed the nomenclature of the committee to Stakeholders' Relationship Committee, in accordance with Section 178 of the Companies Act, 2013 and revised clause 49 of the listing agreement entered into with stock exchanges.

(i) Terms of reference

The Company has a Board Committee namely 'Stakeholders' Relationship 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, Director/s and Company Secretary have been delegated the power to approve severally the registration of transfer of shares and other related matters upto 500 shares per case. The Company Secretary is also the Compliance Officer appointed under the relevant SEBI directions.

(ii) Composition

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

During the 15 months period ended December 31, 2014, the Committee met 13 times on 30.10.2013, 27.11.2013, 16.12.2013, 28.1.2014, 26.2.2014, 31.3.2014, 30.4.2014, 31.5.2014, 30.6.2014, 31.7.2014, 26.9.2014, 15.11.2014 and 20.12.2014.

The composition of the Committee and their attendance at the Committee meetings held during the 15 months period ended December 31, 2014 are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 13)
• Mr. A.K. Mehra*	Executive	Non-Independent	9
• Prof. Dinesh Mohan (Chairman)	Non-Executive	Independent	6
• Mr. Ravi Vira Gupta**	Non-Executive	Independent	7
• Mr. R.S. Bedi***	Non-Executive	Independent	2
• Mr. Rajendra Khanna****	Executive	Non-Independent	9

*Ceased to be Member of the Committee w.e.f. 30.7.2014.

**Ceased to be Member of the Committee w.e.f. 17.6.2014.

***Appointed as a Member of the Committee w.e.f. 30.7.2014.

****Appointed as a Member of the Committee w.e.f. 13.2.2014 and ceased to be a member w.e.f closing hours of 31.12.2014.

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

During the 15 months period ended December 31, 2014, 38 complaints were received from the shareholders. All complaints were replied/resolved to the satisfaction of the shareholders. No complaints are pending as at the end of the financial period.

6. Corporate Social Responsibility Committee

(i) Terms of Reference

The Board of Directors in its meeting held on 14.5.2014 constituted "Corporate Social Responsibility Committee" (CSR Committee) as required under Section 135 of the Companies Act, 2013. The purpose of the Committee is to formulate and monitor the CSR policy of the Company.

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

The Company has adopted a CSR policy on 5.11.2014. The Committee is primarily responsible for formulating and recommending to the Board of Directors from time to time the CSR activities and the amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects.

(ii) Composition

Presently, the Committee comprises of 2 directors. Both Directors are Non-Executive and Independent Directors. During the 15 months period ended December 31, 2014, 1 meeting of the Committee was held on 5.11.2014.

The composition of the CSR Committee and their attendance at the Committee Meeting held during the 15 months period ended December 31, 2014 are as under:

Member Director	Executive/ Non-Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 1)
• Mr. A.K. Mehra*	Executive	Non-Independent	Nil
• Prof. Dinesh Mohan**(Chairman)	Non-Executive	Independent	1
• Mr. R.S. Bedi***	Non-Executive	Independent	1
• Mr. Ravi Vira Gupta****	Non-Executive	Independent	Nil
• Mr. Rajendra Khanna*****	Executive	Non-Independent	1
• Mr. Siddharth Shriram*****	Executive	Non-Independent	Nil

*Ceased to be Member of the Committee w.e.f. 30.7.2014.

**Appointed as a Member & Chairman of the Committee w.e.f.30.07.2014.

***Appointed as a Member of the Committee w.e.f. 20.10.2014.

****Ceased to be Member & Chairman of the Committee w.e.f. 17.6.2014.

***** Ceased to be Member of the Committee w.e.f. from closing hours of 31.12.2014.

***** Ceased to be Member of the Committee w.e.f. 30.7.2014.

The Company Secretary will acts as the Secretary to the Committee.

7. Risk Management Committee

The Board of Directors at its meeting held on 5.11.2014 constituted a 'Risk Management Committee' as required under clause 49 of the Listing Agreement.

The Risk Management Committee is inter-alia responsible for risk identification, evaluation and mitigation and control process for such risks, oversight the Enterprise Risk Management System and internal control process; monitoring and reviewing risk management plan of the Company and reviewing the foreseeable trends that could significantly impact the Company's overall business objectives and mitigants thereof.

At present, the Committee consists of following members:

Member Director	Executive/Non-Executive	Independent/Non-Independent
• Prof. Dinesh Mohan	Non-Executive	Independent
• Mr. R.S. Bedi	Non-Executive	Independent
• Mr. Rajendra Khanna (Chairman)*	Executive	Non-Independent
• Mr. D.C. Popli	Executive	-
• Mr. B.B. Mehta	Executive	-

*Ceased to be Member & Chairman of the Committee w.e.f. from closing hours of 31.12.2014.

No meetings of the Committee were held during the period.

The Company Secretary will acts as the Secretary to the Committee.

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

8. Policy for Prevention, Detection and Investigation of Frauds and Protection of Whistle Blowers

The Company is committed to provide an open, honest and transparent working environment and seeks to eliminate fraudulent activities in its operations. To maintain high level of legal, ethical and moral standards and to provide a gateway for directors and employees to report unethical behaviour and actual or suspected frauds, the Company has established a Vigil Mechanism with effect from 14.5.2014 in terms of Section 177(9) of the Companies Act, 2013 and Companies (Meetings of Board and it Powers) Rules, 2014.

The Whistle Blower (Vigil) mechanism broadly covers the detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the directors and employees who report such fraudulent activities / unethical behaviour.

9. General Body Meetings

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

Financial Year	Location	Date & Time	Special Resolution Passed
2012-2013	Kamani Auditorium 1, Copernicus Marg New Delhi - 110001	16.12.2013 11.30 A.M.	Ratification/approval for re-appointment and payment of the remuneration paid to Mr. Sunil Kakria, Managing Director of the Company during the period from 7.1.2013 to 31.7.2013 (his resignation date).
2011-2012 (18 months)	FICCI Auditorium Federation House Tansen Marg New Delhi - 110001	19.12.2012 10.30 A.M.	<ul style="list-style-type: none"> - Ratification/approval of the remuneration paid/to be paid to Mr. Sunil Kakria, Managing Director of the Company during the previous period from 1.7.2011 to 7.1.2013. - Ratification/approval of the remuneration paid to Mr. A.K. Mehra, Whole Time Director of the Company during the previous period from 1.7.2011 to 14.10.2012. - Re-appointment of Mr. Siddharth Shriram, Managing Director of the Company for a period of 5 years and payment of the remuneration for a period of 3 years w.e.f. 15.10.2012. - Re-appointment of Mr. A.K. Mehra, Whole Time Director of the Company for a period of 5 years and payment of the remuneration for a period of 3 years w.e.f. 15.10.2012.
2009-2011 (18 months)	Kamani Auditorium 1, Copernicus Marg New Delhi - 110001	24.8.2011 11.30 A.M.	<ul style="list-style-type: none"> - Increase in the monthly remuneration (CTC) of Mr. Sunil Kakria, Managing Director of the Company for the remaining period of his terms of appointment i.e. from 1.10.2010 to 7.1.2013. - Increase in the monthly remuneration (CTC) of Mr. A.K. Mehra, Whole Time Director of the Company for the remaining period of his terms of appointment i.e. from 1.10.2010 to 15.10.2012.

(ii) During the 15 months period ended December 31, 2014, three special resolutions relating to consent of Company under Section 180(1)(a), Section 180 (1) (c) and appointment and payment of remuneration to Mr. Rajendra Khanna, Whole Time Director of the Company under Section 196, 197 and Schedule V and other applicable provisions, if any of the Companies Act 2013 were sent to shareholders for their approval through Postal Ballot under Section 110 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 and the same were approved with requisite majority. The results of the Postal Ballot were announced by the Whole Time Director of the Company on 27.11.2014.

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

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

10. Disclosures

(i) Related Party Transactions

In terms of the Accounting Standard (AS) 18, "Related Party Disclosures" notified in the Companies (Accounting Standards) Rules, 2006 (as amended and which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the Note No. 35 of the financial statements for the 15 months period December 31, 2014.

There were no transactions of material nature with the directors or the management or their relatives or subsidiary companies etc. during the period that had potential conflict with the interest of the Company at large.

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

(iii) Disclosure of Accounting Treatment

The financial statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956/Companies Act, 2013, as applicable, and are based on the historical cost convention.

(iv) Insider Trading

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

(v) Code of Conduct

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

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

(vi) Minutes of Subsidiary Companies

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

(vii) Shareholding of the Non-Executive Directors

The shareholding of the Non-Executive Directors of the Company as on December 31, 2014 are as under:

Sl. No.	Name of the Director	No. of Equity Shares
1.	Prof. Dinesh Mohan	Nil
2.	Mr. R.S. Bedi	Nil

11. Means of Communication

- (i) Half yearly reports of the Company are not sent to the individual shareholders of the Company.
- (ii) Quarterly results and annual results are published in prominent daily newspapers viz. The Financial Express and Jansatta. The results are sent to the stock exchanges on which the Company is listed in the prescribed format so as to enable the respective stock exchanges to put the same on their own Website. The results are also displayed on the Company's Website. The Notice of AGM along with the Annual Report is sent to the shareholders well in advance of the AGM. The stock exchanges are notified of any important developments that may materially effect the working of the Company. Disclosures with regard to shareholding pattern, change in major shareholdings etc. are also sent to the stock exchanges as required under SEBI Takeover Regulations and SEBI Prohibition of (Insider Trading) Regulations.
- (iii) The Company has its own website namely – www.mawanasugars.com

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

- (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.

12. General Shareholders' Information

- (i) Annual General Meeting is proposed to be held on 23.03.2015 at 10.00 A.M. at Shriram Bharatiya Kala Kendra (Lawn), 1, Copernicus Marg, Mandi House, New Delhi – 110001

(ii) Financial Calendar for the year 2015-2016 (15 months)

Accounting year	January 1, 2015 to March 31, 2016
First Quarter results	Upto 15th May, 2015
Second Quarter results	Upto 14th August, 2015
Third Quarter results	Upto 15th November, 2015
Fourth Quarter results	Upto 15th February, 2016
Annual Results	Upto 30th May, 2016 (Audited)

- (iii) **Date of Book Closure:** 20.03.2015 to 23.03.2015 (both days inclusive)

(iv) Listing on Stock Exchanges:

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

Stock Code at BSE: 523371 and NSE: MAWANASUG

Listing fees upto the year 2014-2015 has been paid to BSE & NSE.

(v) Stock Market Data for the 15 months period ended December 31, 2014

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-13	9.00	6.06	100430	21205.44	19264.72	8.50	6.20	168459	6309.05	5700.95
Nov-13	10.00	6.75	205160	21321.53	20137.67	9.50	6.75	397125	6342.95	5972.45
Dec-13	9.20	7.60	107222	21483.74	20568.70	9.20	7.60	134362	6415.25	6129.95
Jan-14	8.15	6.45	93139	21409.66	20343.78	8.30	6.35	68463	6358.30	6027.25
Feb-14	7.00	5.93	43157	21140.51	19963.12	7.05	6.10	82856	6282.70	5933.30
Mar-14	8.30	6.40	85318	22467.21	20920.98	8.25	6.25	431453	6730.05	6212.25
Apr-14	9.82	7.95	161994	22939.31	22197.51	9.95	7.40	230362	6869.85	6650.40
May-14	15.58	8.03	261000	25375.63	22277.04	15.40	8.05	311508	7563.50	6638.55
Jun-14	18.38	13.15	289423	25725.12	24270.20	18.40	13.00	468382	7700.05	7239.50
Jul-14	16.40	12.80	70807	26300.17	24892.00	16.85	12.60	112810	7840.95	7422.15
Aug-14	14.40	11.78	82042	26674.38	25232.82	14.30	11.75	109757	7968.25	7540.10
Sep-14	14.16	10.11	157786	27354.99	26220.49	14.35	10.00	151809	8180.20	7841.80
Oct-14	11.99	9.05	63494	27894.32	25910.77	12.40	9.20	67489	8330.75	7723.85
Nov-14	14.50	10.55	265497	28822.37	27739.56	14.70	10.35	398358	8617.00	8290.25
Dec-14	13.35	9.54	105115	28809.64	26469.42	12.40	9.50	145944	8626.95	7961.35
TOTAL			2091584					3279137		

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

(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 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

(vii) Share Transfer System

All valid share transfers are registered and duly transferred share certificates are dispatched within a period of 15 days from the date of receipt.

(viii) Investors' Service

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

No complaints/grievances are pending as on date.

(ix) Distribution of shareholding as on December 31, 2014

No. of Equity Shares held	Folios		Shares	
	Numbers	%	Numbers	%
Up to 500	53267	95.58	2614763	6.68
501-1000	1138	2.04	892993	2.28
1001-2000	654	1.17	969703	2.48
2001-3000	213	0.38	535105	1.37
3001-4000	107	0.19	378238	0.97
4001-5000	89	0.16	413345	1.06
5001-10000	137	0.25	987919	2.52
10001 and above	126	0.23	32324798	82.64
Total	55731	100.00	39116864	100.00

(x) Categories of shareholders as on December 31, 2014

Sl. No.	Category	No. of Shares held	% of shareholding
1	Promoters' Shareholding	27335976	69.88
2	Non-Promoter shareholding		
(a)	Mutual Funds/ UTI/ Financial Institutions/ Banks/Insurance Companies/FIIs/Foreign Banks	777549	1.99
(b)	Bodies Corporate	2061301	5.27
(c)	Individuals	8633320	22.07
(d)	NRIs/OCBs/Foreign Nationals/Trusts	308718	0.79
	Total	39116864	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 December 31, 2014, a total of 3,83,09,530 equity shares of the Company, which forms 97.94% of the equity share capital, stand dematerialized.

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

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

(xii) Outstanding GDRs

During the 15 months period ended December 31, 2014, 2,63,519 GDRs (Global Depository Receipts) representing 2,63,519 underlying equity shares of the Company has been cancelled and delisted from London Stock Exchange with effect from December 02, 2014.

As on December 31, 2014, no GDR is outstanding.

(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.) | |

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

13. Non-mandatory Clauses

The Company has not adopted any of the non-mandatory requirements as mentioned under the Clause 49 of the Listing Agreement.

On behalf of the Board of Directors

Place : New Delhi
Dated : 18th February, 2015

Sd/-
DINESH MOHAN
Director
(DIN : 00077959)

Sd/-
RAVINDER SINGH BEDI
Director
(DIN : 01408189)

ANNEXURE - II TO DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE REPORT FOR THE 15 MONTHS PERIOD ENDED DECEMBER 31, 2014

DECLARATION

We Ravinder Singh Bedi and Dinesh Mohan, Independent Directors 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.

Sd/-
DINESH MOHAN
Director
(DIN : 00077959)

Sd/-
RAVINDER SINGH BEDI
Director
(DIN : 01408189)

AUDITORS' CERTIFICATE

TO THE MEMBERS OF MAWANA SUGARS LIMITED

We have examined the compliance of conditions of Corporate Governance by Mawana Sugars Limited ("the Company") for the fifteen months period ended December 31, 2014, 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, *except for the number of non executive directors in the nomination and remuneration committee during the period falling below the specified limit of three non executive directors*, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements as on December 31, 2014

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
(Firm Registration No. 112066 W)

Jaideep Bhargava
Partner
(Membership No. 090295)

18th February, 2015
New Delhi

ANNEXURE - III TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SUGAR BUSINESS

Sugar Season 2014-15

The Indian sugar outlook is again very bleak. FRP went up from Rs. 210/qrtl to Rs. 220/qrtl. Maharashtra and Karnataka sugar mills are not in a position to pay even FRP due to low sugar prices. Similarly, in UP mills have aggressively represented to Government & public in general highlighting the most distressing situation of their financial performance where they cannot pay more than Rs.220/qrtl but the UP Govt kept cane price same at last season of Rs.280/qrtl with initial payment of Rs.240/qrtl is to be paid within 14 days and thereafter interest will be charged @ 14%p.a.

- Balance Rs.40/qrtl is to be paid within 3 months of the end of crushing season.
- Of the Rs.40/qrtl, Govt will directly incur Rs.11.40/qrtl as incentive to mills viz Rs.6.60/qrtl cane society commission, Rs.2.0/qrtl cane purchase tax and Rs.2.80/qrtl entry tax on sugar. Balance Rs.8.60/qrtl will be given to the mills after they have paid to farmers.
- For balance Rs.20/qrtl, high level state committee would consider average price of sugar, molasses, bagasse, press mud over a period of 8 months (October, 14-May, 15). The floor price has been set at Sugar Rs.3100/qrtl, Molasses Rs.390/qrtl, Bagasse Rs.167/qrtl and press mud Rs.26/qrtl.
- If the average price stays at these levels, mills will bear Rs.20/qrtl.
- If an average price is more than floor price, Govt may deduct in the ratio from direct subsidy of Rs.8.60/qrtl and If the prices fall below floor price, mills would be compensated in proportionate ratio.

Season opened with stock of 7.5 million tons, with production now estimated at 26 million tons, with total an off take of 25.50 million tons (24 million tons in domestic & 1.50 million tons of exports), closing stock will go up by 0.50 million tons to 8 million tons.

In the international market, World sugar prices like to remain soft. Season will open with inventory of 43.60 million tons. 2014-15 production is estimate at 183.80 million tons, consumption 182.45 million tons, thus a marginal deficit to balance.

Distillery Operations

The Ethanol program is moving forward with the Government of India making blending of ethanol with petrol mandatory for the Oil Marketing Companies (OMC).

The price of ethanol has improved from Rs. 27/litre to Rs. 35/litre. The capacity of ETP of the distillery unit was augmented to increase the production of ethanol and increasing the capacity utilization of the plant. However, our capacity was severely hampered last year due to restriction imposed by CPCB on all UP Distilleries discharging effluent in Ganga in view of Kumbh Mela. Last year pollution norms in general also became very stringent as NGT directed Pollution Control Authorities to inspect all Units polluting Ganga and submit their report to the Court. Distillery industry has been classified as highly polluting.

CHLOR ALKALI DIVISION

Industry Structure and Development

A) Products

The Chlor-Alkali is a basic heavy Chemical Industry comprising of products such as Caustic soda, Chlorine, Hydrogen and Hydrochloric acid. These products are basic building blocks in the Chemical processing industry and are used in diverse industrial sectors, either as raw materials or intermediates or auxiliary chemicals.

Caustic Soda is used in Alumina, Pulp & Paper, Textile, Soap, Edible Oil Refineries, Dyes & Chemicals, Drugs & Drug Intermediates, Thermal Power Plants etc. whereas Chlorine is used in PVC, CPW, Pulp & Paper, Pesticides, Chloromethanes, Water purification, Stable Bleaching Powder, Aluminium Chloride, Chlorinated Solvents etc. Hydrochloric Acid is used in Steel Pickling, Water Treatment, Effluent Treatment in Chemical Process industries, Thermal Power Plants etc. while Hydrogen is used in Hydrogenated Vegetable Oils, Sorbitol, Stearic Acid, Pesticides, Filament Lamps, Picture tubes, Steel units and Power Plants.

The Chlor-Alkali sector plays an important role in the overall development of the economy. It contributes immensely to the manufacturing sector and to the external trade of the country. The Chlor-Alkali industry is a sector providing inputs to a large number of other end user industries and the demand of its products is linked to the performance of the end user products of these industries.

The prices of the products, especially Caustic Soda are influenced by import parity along-with domestic demand-supply situations.

B) Industry Size

In India, as on 31.03.2014, there were a total of 32 Caustic Soda plants in operation. The installed capacity of Caustic Soda industry in the Country was 3.308 Million MT as on 31.03.2014, as compared to 3.134 Million MT on 31.03.2013. There was an increase of 5.6% in the installed capacity during the year 2013-14 as compared to the previous year.

During the year, the domestic production was 2.62 Million MT Caustic Soda representing 79.1% utilization of the installed capacity. There was an increase of 3.06% in production by 0.078 Million MT during the year 2013-14 as compared to the previous year. The total demand of Caustic Soda was 2.95 Million MT, which grew by 4.9% over the previous year.

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

Year	2009-10	2010-11	2011-12	2012-13	2013-14
Capacity Utilisation %	74.3	76.3	81.8	81.1	79.1
Production (Million MT)	2.33	2.46	2.56	2.54	2.62

In the year 2014-15, with a growth of around 5%, the domestic consumption of Caustic Soda is expected to reach 3.10 Million MT. Overall production would be largely governed by the demand growth in Chlorine. The limitation in lower demand of Chlorine compared to Caustic Soda would require Caustic Soda demand to be partially met through imports.

C) Market Scenario and Outlook

The Caustic and Chlorine Markets during the period Oct'13 – Dec'14 witnessed a volatile scenario with Caustic and Chlorine prices being extremely strong in QE Dec'13, QE March'14 and prices of both products getting weak during the last three quarters i.e. QE June'14, Sep'14 & Dec'14.

During QE Dec'13 & QE March'14, demand-supply of both Caustic Soda, Chlorine remained in balance with reduced imports of both Caustic Soda, Chlorine derivatives into the Country. Production levels in the West Zone remained low because of plant breakdowns due to torrential rains and unprecedented floods during Sep'13.

ANNEXURE - III TO DIRECTORS' REPORT (Contd.)

In QE June'14, QE Sep'14, the domestic markets in the Country witnessed dumping of low priced imports of Caustic Soda from various countries and there remained an oversupply situation with excess production and low demand of both Caustic Soda and Chlorine. The markets in the North during QE Dec'14 were worse affected because of slump in the Paper Industry. Caustic Soda and Chlorine prices went down to abysmally low levels. The increased rebate on the night power tariff given by PSPCL and improved availability in the open access power during the quarter helped in setting off the loss due to low product realizations in the previous quarters.

Due to availability of Open Access Power while all other costs increased, ECU costs came down by Rs. 800 PMT. The ECU contribution margin reduced by Rs. 3200/PMT, the reduction otherwise would have been higher by Rs. 4000/MT. Post Dec'14 / Jan'15, the market of Caustic Soda has bottomed out and Caustic Soda prices have started firming up as a result of reduced imports, increased exports and improved demand of Caustic Soda flakes in the West Zone market. The market outlook for Caustic Soda seems to be better than that during the last nine months as there would be limited capacity expansions in the ensuing period. The Caustic Soda consuming segments like Paper, Alumina, Textiles are expected to perform better in the coming year. The demand of Chlorine in the PVC and CPW segments also would improve with exports of CPW to various countries.

D) Power Scenario

Chlor Alkali is a Power intensive industry. Any change in the Power tariff has a direct impact on performance of the Unit. Punjab State Power Corporation Ltd (PSPCL) had reduced power tariff w.e.f. 22nd Aug'14 by 1.41%. This had little impact on costs as during the last few years, power tariffs in the state have been continuously increasing. With commissioning of new Power Plant capacities in Punjab (around 2000MW), the power scenario in the State has improved with supply matching the demand and even becoming surplus during the lean demand periods October to March. At present, power is being drawn by the Company through PSPCL and through open access from Indian energy exchange.

E) Risks and Concerns

The energy costs have been coming down globally as a result of falling Crude Oil prices and abundant availability of Shale gas in USA, which in turn is bringing down the global prices of Caustic Soda, Chlorine and Chlorine derivatives.

In Punjab, there is an uncertainty in the Power Tariffs which are announced on annual basis by PSPCL. Power tariffs in the State have always increased except during the last year, when these got reduced. Further, the demand of various industries to draw power through open access is increasing which shall limit the availability of power to the Company through this route.

The Company intends to focus on reducing power consumption, raw material costs and freight rates for transportation of its finished products. The sudden surge of cheaper imports of Caustic Soda, reduced Caustic Soda, Chlorine consumption in the Paper segment are other areas of concern in the coming year.

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

F) SWOT Analysis

Strengths

- Located in sugarcane rich belt of Western UP

- Integrated sugar plants producing ethanol, supplying green power to the State grid
- Multiple product range with specialty sugars catering to food and pharma industry

Weaknesses

- Strong governmental control on cane prices
- Deterioration of cane quality resulting in lower recoveries
- Soil deterioration following an overuse of fertilisers

Opportunities

- Higher value by-products
- Potential to increase cane productivity by varietal change to increase sugar recovery
- Technology up-gradation in sugar and by-product utilisation

Threats

- Unfavourable Government regulations towards cane pricing, raw sugar imports and sugar exports
- Rising cane payment arrears may force farmers shifting their preference to other crops or even diverting their cane to other mills/Kohlus resulting in lower cane availability.
- Continuous decrease in sugar prices due to excess availability of cane is a threat to the viability of sugar industry.
- Cane quality dependent upon factors not entirely within our control.
- Impact on domestic operations due to raw sugar imports

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

HUMAN RESOURCES

The HR vision of your company is committed to inspiring and developing the potential of people and providing them opportunities for growth. Training and learning initiatives aim at upgrading the competencies, taking early responsibility and fostering a climate of creativity and innovation is our aim. Your company continuously evolves policies and processes to attract and retain its pool of technical and management resources through a friendly work environment that encourages individual and learn initiatives.

Owing to BIFR registration, several aspects of HR are coming under strain and we are trying to manage the fall outs creatively.

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

CAUTIONARY STATEMENT

Some of the statements in this Management Discussions & Analysis, describing the Company's objectives, projections, estimates, expectations and predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important developments that could alter your Company's performance include change in material costs, technology developments and significant changes in political and economic environment, tax laws and labour relations.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAWANA SUGARS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of MAWANA SUGARS LIMITED ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the fifteen months then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which are deemed to be applicable as per Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the fifteen months period ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the fifteen months period ended on that date.

Emphasis of Matter

1. Attention is invited to note 1(B) of the financial statements regarding the Company being registered with Board for Industrial and Financial Reconstruction in September 2013 consequent to it becoming a "Sick Industrial Company" in terms of the provisions of Section 3(1)(o) of the Sick Industrial Companies (Special

Provisions), Act, 1985, as the Company's net worth has been fully eroded and the Company has incurred cash losses during the current period and prior periods and its current liabilities are far in excess of current assets. However, the financial statements have been prepared by the Management of the Company on a going concern basis for the reasons stated in the said note.

2. Attention is invited to note 42 of the financial statements which sets out the position regarding remuneration paid in excess of remuneration approved by the Central Government to its chairman and managing director (ceased to be a director w.e.f from July 31, 2014) for which a refund of Rs 7.04 million required in terms of Section 197(9) of the Companies Act, 2013 has not yet been obtained by the Company for the reason stated in the said note.
3. Attention is invited to note 38 of the financial statements. As stated in the note, remuneration paid to whole time director (ceased to be a director w.e.f close of business hours of December 31, 2014) amounting to Rs 8.25 million is subject to the approval of the Central Government under the provisions of Companies Act, 2013.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order for the fifteen months period ended December 31, 2014, to the extent the same are applicable to the Company.
2. As required by Section 227(3) of the Act, 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 it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act (which are deemed to be applicable as per Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014).
 - e. Since the provisions of Section 274(1) (g) of the Act are not in effect from April 1, 2014, the reporting requirement under Section 227(3) (f) of the Act is not applicable as of the balance sheet date.

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

18th February, 2015
New Delhi

Jaideep Bhargava
Partner
(Membership No. 090295)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business/activities/results during the period, clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.

INDEPENDENT AUDITORS' REPORT (Contd.)

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company. However, refer to our comments under paragraph 1 of "Emphasis of Matter" section of our report of even date.

(ii) In respect of its inventory:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) 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 during the period the said section was applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. There is no sale of services during the year. During the course of our audit we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in

Section 301 that needed to be entered in the Register maintained under the said Section have been so entered for the period the said Section was applicable.

- (b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.
- (vi) During the period the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the acceptance of deposits from the public were applicable, according to the information and explanation given to us, the Company has not accepted any deposits from the public during the period.
- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained, for the period the said Section was applicable. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at December 31, 2014 for a period of more than six months from the date they became payable.

- (b) There are no disputed dues of Wealth Tax, Cess and Customs Duty which have not been deposited on account of any dispute.

The details of dues of Sales Tax, Income-tax, Service Tax and Excise Duty which have not been deposited as at December 31, 2014 on account of disputes are given below:

S. No	Name of the Statute	Nature of dues	Amount involved (Rs. Million)	Amount Paid under Protest (Rs. Million)	Period to which the amount relates (various years covering the period)#	Forum where dispute is pending
1	Sales Tax Laws	Sales tax	6.36	-	2009-10 to 2013-14	High Court Appellate Authority upto Commissioner's level
			80.84	10.64	1976-77, 1977-78, 1983-84 to 1996-97, 1998-99 to 2000-01, 2003-04, 2004-05, 2006-07 and 2011-12.	
			2.53	-	1978-79 & 1979-80	

INDEPENDENT AUDITORS' REPORT (Contd.)

2	Income Tax Laws	Income Tax	30.28	30.28	1994-95 and 1998-99	High Court
3	Central Excise Laws	Excise Duty	9.69	-	2007-08 to 2012-13	High Court
			132.54	0.4	2005-06 to 2011-12	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
			1.04	-	1999-2000 to 2002-03	Supreme Court
			125.69	0.68	1981-82 to 1984-85, 1994-95 to 2001-02, 2003-04, 2004-05 to 2012-13, 2013-14 and 2014-15	Appellate Authority upto Commissioner's level
		Service Tax	0.19	-	2006-07	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
			7.54	0.02	2005-06 to 2009-10	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	Central Excise Laws	Excise Duty	0.21	1996-97	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
2	Income tax Laws	Income tax	306.42	2001-02	Income tax Appellate Tribunal (ITAT)

Period in respect of income tax represents assessment year.

- (x) The accumulated losses of the Company at the end of the financial year i.e December 31, 2014 are not less than fifty percent of its net worth and the Company has incurred cash losses during the fifteen months period ended December 31, 2014 and the immediately preceding financial year ended September 30, 2013.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company, during the year, has not defaulted in repayment of dues to financial institutions and has not issued debentures.

During the year ended December 31, 2014, the Company has defaulted in repayment of following loans to banks:

Lender	Amount (Rs. Million)	Period of Delays up to December 31, 2014 (in days)
Banks (including interest)	1376.46	0-518 days

- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order, is not applicable.
- (xiii) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.

- (xv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that short term funds of Rs. 5,681.49 million have been used for long term purposes.
- (xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable.
- (xvii) As the Company has not issued any debentures during the year, paragraph 4 (xix) of the Order, is not applicable.
- (xviii) As the Company has not raised any money by way of public issue during the year, paragraph 4(xx) of the Order, is not applicable.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Jaideep Bhargava
Partner
(Membership No. 090295)

18th February, 2015
New Delhi

Mawana Sugars Limited

BALANCE SHEET AS AT DECEMBER 31, 2014

	Note No.	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	391.17	391.17
Reserves and surplus	3	(4,226.15)	(2,420.05)
		(3,834.98)	(2,028.88)
Non - current liabilities			
Long - term borrowings	4	909.42	1,438.43
Other long term liabilities	5	158.24	156.97
Long - term provisions	6	111.03	112.73
		1,178.69	1,708.13
Current liabilities			
Short - term borrowings	7	1,961.32	3,718.56
Trade payables	8	6,554.93	3,086.99
Other current liabilities	9	3,461.31	2,374.55
Short - term provisions	10	45.53	56.05
		12,023.09	9,236.15
	TOTAL	9,366.80	8,915.40
ASSETS			
Non - current assets			
Fixed assets	11		
- Tangible assets		4,735.86	5,292.87
- Capital work in progress		12.05	11.46
		4,747.91	5,304.33
Non - current investments	12	292.76	292.76
Long - term loans and advances	13	179.89	197.13
Other non - current assets	14	9.67	8.49
		5,230.23	5,802.71
Current assets			
Inventories	15	2,905.51	2,385.68
Trade receivables	16	513.53	413.53
Cash and cash equivalents	17	414.00	153.70
Short - term loans and advances	18	282.84	153.32
Other current assets	19	20.69	6.46
		4,136.57	3,112.69
	TOTAL	9,366.80	8,915.40

Accompanying notes 1 to 47 are an integral part of the financial statements

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

For and on behalf of the Board of Directors

JAIDEEP BHARGAVA
Partner

DINESH MOHAN
Director
(DIN : 00077959)

RAVINDER SINGH BEDI
Director
(DIN : 01408189)

Date : 18th February, 2015
Place : New Delhi

RITESH JAIN
Company Secretary

D.C. POPLI
Asst. Vice President (Accounts)

STATEMENT OF PROFIT AND LOSS FOR FIFTEEN MONTHS ENDED DECEMBER 31, 2014

	Note No.	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
REVENUE			
Revenue from operations (Gross)	20	14,790.91	13,560.50
Less: Excise duty		784.35	688.47
Revenue from operations (Net)		14,006.56	12,872.03
Other income	21	87.30	90.39
TOTAL REVENUE		14,093.86	12,962.42
EXPENSES			
Cost of materials consumed	22	11,142.81	10,622.26
Changes in inventories of finished goods and work in progress	23	(521.90)	(603.20)
Employee benefits expense	24	938.79	807.02
Finance costs	25	768.88	902.37
Depreciation and amortization expense	11	609.64	504.33
Other expenses	26	2,961.73	2,580.32
TOTAL EXPENSES		15,899.95	14,813.10
(Loss) before exceptional items and prior period adjustments		(1,806.09)	(1,850.68)
Less: Exceptional items			
- Loss/(Profit) on sale of non-current investments	41	-	(187.46)
(Loss) before tax and prior period adjustments		(1,806.09)	(1,663.22)
Less: Prior period adjustment	40	-	1,215.45
(Loss) before tax		(1,806.09)	(2,878.67)
Tax expense:			
Current tax		-	-
Provision relating to earlier years		0.01	2.90
Provisions written back relating to earlier years		-	(1.02)
(Loss) for the period/year		(1,806.10)	(2,880.55)
Earnings per equity share - basic/diluted (Rs.) (Face value Rs. 10 per share) (Not annualised)	34	(46.17)	(74.33)

Accompanying notes 1 to 47 are an integral part of the financial statements

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

For and on behalf of the Board of Directors

JAIDEEP BHARGAVA
Partner

DINESH MOHAN
Director
(DIN : 00077959)

RAVINDER SINGH BEDI
Director
(DIN : 01408189)

Date : 18th February, 2015
Place : New Delhi

RITESH JAIN
Company Secretary

D.C. POPLI
Asst. Vice President (Accounts)

CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED DECEMBER 31, 2014

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
A. Cash flow from operating activities :		
Profit / (Loss) before tax	(1,806.09)	(2,878.67)
Add : Depreciation and amortisation expense	609.64	504.33
Net unrealised exchange (gain)/loss	-	-
Finance costs	768.88	902.37
Provision for doubtful trade and other receivables, loans and advances	-	1.29
Prior period adjustment	-	1,215.45
Loss on sale / write off of assets	0.33	0.64
Less : Interest income	30.68	75.82
Liabilities / provisions no longer required written back	3.70	9.82
Profit on sale of non-current investments	-	187.46
Profit on sale of fixed assets	0.02	0.06
Operating profit/(loss) before working capital changes	(461.64)	(527.75)
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(519.83)	(583.64)
Trade receivables	(100.00)	(131.60)
Short-term loans and advances	(129.52)	(0.22)
Long-term loans and advances	11.81	3.17
Other non-current assets	(1.18)	(1.35)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	3,467.94	300.69
Other current liabilities	93.27	(15.35)
Other long-term liabilities	1.27	1.40
Short-term provisions	(10.52)	5.27
Long-term provisions	(1.70)	0.89
Cash generated from operations	2,349.90	(948.49)
Direct taxes (paid)/refund received	4.06	357.69
Net cash flow from/(used in) operating activities (A)	2,353.96	(590.80)
B. Cash flow from investing activities :		
Capital expenditure on fixed assets, including capital advances	(52.33)	(66.52)
Proceeds from sale of fixed assets	0.37	0.50
Bank balances not considered as Cash and cash equivalents	(115.98)	(12.68)
Proceeds from sale of non-current investments	-	241.76
Interest received	16.24	20.35
Net cash flow from / (used in) investing activities (B)	(151.70)	183.41
C. Cash flow from financing activities :		
Proceeds from long term borrowings- secured	-	286.77
Repayment of long term borrowings- secured	(220.28)	(709.60)
Net increase / (decrease) in working capital borrowings	(1,757.24)	1,766.80
Finance costs paid	(80.42)	(888.15)
Net cash flow from / (used in) financing activities (C)	(2,057.94)	455.82
D. Net increase / (decrease) in Cash and cash equivalents (A+B+C)	144.32	48.43
E. Cash and cash equivalents at the beginning of the period/year¹	56.22	7.79
F. Cash and cash equivalents at the end of the period/year¹	200.54	56.22

¹Refer note 17

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

For and on behalf of the Board of Directors

JAIDEEP BHARGAVA
Partner

DINESH MOHAN
Director
(DIN : 00077959)

RAVINDER SINGH BEDI
Director
(DIN : 01408189)

Date : 18th February, 2015
Place : New Delhi

RITESH JAIN
Company Secretary

D.C. POPLI
Asst. Vice President (Accounts)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED DECEMBER 31, 2014

1. (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") read with rule 7 of the Companies (Accounts) Rules, 2014) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of Estimates:

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

c) Fixed assets:

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project ready for its intended use.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

d) Depreciation and amortization:

i. The Company follows the straight-line method of depreciation (SLM).

ii. The rates of depreciation charged on all fixed assets are those specified in Schedule XIV to the Companies Act, 1956.

iii. On assets sold/discarded during the 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 financial year of purchase.

e) Investments:

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

f) Inventories:

Inventories are valued at lower of cost and net realisable value.

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

g) Revenue recognition:

Sale of goods are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the dispatch of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Renewable Energy Certificate (REC) is to be recognised as income on sale of REC.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

h) Research and development expenditure:

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

i) Employee benefits:

Defined contribution plans

The Company's contribution to provident fund, pension scheme, employee state insurance corporation, etc. are considered as defined contribution plans and are charged as an expense as it falls due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the statement of profit and loss in the period in which they occur. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

j) Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

k) Foreign exchange transactions:

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (i.e. receivables, payables, loans etc) of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences

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 financial year in which they arise.

Accounting of forward contracts

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

- l) Pre-operative expenses:
Pre-operative expenses, pending allocation represents indirect expenditure incurred during the construction periods which are allocated to capital/revenue on commissioning of the project.
- m) Operating Lease:
Operating Lease receipts and payments are recognized as income or expense in the Statement of Profit and Loss on a Systematic basis over the lease term.
- n) Cash flow statement:
Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
- o) Earnings per share:
Basic earnings per share are computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.
- p) Impairment of assets:
The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.
- q) Provisions and contingencies:
A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the 'Notes to the financial statements'.
- r) Operating cycle:
Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1. (B) The Company over the last few years has been incurring cash losses due to which its net worth has been completely eroded and its current liabilities are far in excess of its current assets. The Indian sugar industry, particularly in the State of Uttar Pradesh, has faced difficulties on account of increasing sugar cane prices and corresponding lower than expected recovery of sugar from cane, lower sugar prices and consequential under recovery of cost of production. These factors have adversely affected the Company's operations and financial performance. Higher finance costs have also added to the cash losses.

The Company got registered with the BIFR on 10th September 2013 under the provisions of Section 15(1) of the Sick Industrial Companies (Special Provisions), Act, 1985 (SICA). The process for revival/rehabilitation of the Company is under way in line with the prescribed procedure and rules under SICA.

The State and Central Government have initiated various steps to support the sugar industry like decontrol of free sale of sugar release mechanism, doing away with levy quota system and also considering linking the sugar cane price with

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

sugar price. All the aforesaid measures are expected to support the industry and also the operations of the Company in the near future. The Company has also initiated various steps including cane development activities, enhancing plant efficiencies, costs reduction etc. to improve the performance of the Company.

As such, the Company is confident that BIFR will approve a rehabilitation scheme which would entail part sale of its surplus/non-core assets to discharge some of its financial obligations and improve cash flow, rescheduling of the outstanding debt/payables (including overdue debt/payables), and other requisite financial restructuring in consultation with various stakeholders to improve its financial position including net worth. Based on an internal assessment and valuation done by an independent valuer, the Management is confident that the current fair market value of the aforesaid assets it proposes to dispose as part of the rehabilitation scheme would be sufficient to discharge its financial obligations as envisaged in the scheme.

In view of the above, the Board of Directors of the Company is confident that the Company would be in a position to realize its assets and discharge its liabilities by successfully implementing the rehabilitation scheme and in the normal course of its business. Accordingly, these financial statements have been prepared on a going concern basis."

2. Share Capital

	As at 31.12.2014		As at 30.09.2013	
	Number of shares	Rs. Million	Number of shares	Rs. Million
Authorised				
- Equity shares of Rs. 10 each	175,000,000	1,750.00	175,000,000	1,750.00
	175,000,000	1,750.00	175,000,000	1,750.00
Issued, subscribed and fully paid up				
- Equity shares of Rs. 10 each fully paid up	39,116,864	391.17	39,116,864	391.17
	39,116,864	391.17	39,116,864	391.17
(i) Reconciliation of equity shares	Number of shares	Rs. Million	Number of shares	Rs. Million
Number of outstanding shares at the beginning of the period/year	39,116,864	391.17	34,956,811	349.57
Shares issued during the period/year	-	-	4,160,053	41.60
Number of outstanding shares as at the end of the period/year	39,116,864	391.17	39,116,864	391.17

- (ii) During the previous year ended September 30, 2013, the Company had issued and allotted 4,160,053 equity shares of Rs. 10 each fully paid-up at a price of Rs. 15.12 per share (including premium of Rs. 5.12 per share) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issue on November 02, 2012 to Usha International Limited (Promoter on the date of issue) pursuant to requirement of Corporate Debt Restructuring package.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(iii) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share except 1,192 equity shares held by SIEL Infrastructure & Estate Developers Private Limited, a subsidiary which pursuant to second provision of section 19(1) of the Companies Act, 2013, has no right to vote at meeting of the Company. Each holder of equity shares have a right to receive per share dividend declared by the Company. In event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholders	As at 31.12.2014		As at 30.09.2013	
	No. of Shares held	% age of holding	No. of Shares held	% age of holding
Siddharth Shriram (including shares held as trustee of Enterprise Trust)	27,334,248	69.88	26,334,248	67.32

3. Reserves and surplus

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Capital reserves ¹	1,030.17	1,030.17
Capital redemption reserve	87.72	87.72
Securities premium account	1,495.04	1,495.04
Surplus/(deficit) in the Statement of Profit and Loss	(6,839.08)	(5,032.98)
	(4,226.15)	(2,420.05)

¹ Includes Rs. 991.46 million (previous year Rs. 991.46 million) representing the extinguishment of the debts of erstwhile Mawana Sugars Limited (MSL), which got discharged pursuant to the surplus arising on sale of shares of Shivajimarg Properties Limited.

Movement in reserves and surplus is as under:

(Deficit) in Statement of Profit and Loss

Opening balance	(5,032.98)	(2,152.43)
Add: (loss) for the period/year	(1,806.10)	(2,880.55)
Closing balance	(6,839.08)	(5,032.98)

Securities premium account

Opening balance	1,495.04	1,473.74
Add: Premium on equity shares issued during the period/year*	-	21.30
Closing balance	1,495.04	1,495.04

* During the previous year ended September 30, 2013, the Company had issued and allotted 4,160,053 equity shares of Rs. 10 each fully paid-up at a price of Rs. 15.12 per share (including premium of Rs. 5.12 per share) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issue on November 02, 2012 to Usha International Limited (Promoter on the date of issue) pursuant to requirement of Corporate Debt Restructuring package.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

4. Long term borrowings ¹

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Secured		
Term loans		
- From banks	1,502.85	2,065.64
- From others	1,475.34	1,124.36
Funded interest term loans		
- From banks	49.13	87.38
- From others	38.40	8.62
	3,065.72	3,286.00
Less : Current maturities of long term borrowings as disclosed under head "other current liabilities" (Note 9)²	2,156.30	1,847.57
	909.42	1,438.43

¹The period and amount of continuing default in repayment of borrowings as at the period/year end:

	As at 31.12.2014		As at 30.09.2013	
	Amount Rs. Million	Period of delay (in days) upto the period end	Amount Rs. Million	Period of delay (in days) upto the year end
Borrowings:				
Term loans				
- From banks	1,081.62	0-518	1,108.85	0-61
- From others	557.11	0-518	153.16	0-61
Funded interest term loans				
- From banks	49.13	0-518	87.38	0-61
- From others	38.40	0-518	8.62	0-61
Interest accrued and due on borrowings:				
Term loans				
- From banks	245.71	0-518	29.33	0-61
- From others	120.86	0-518	5.10	0-61

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

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Secured		
Term loans		
- From banks	1,264.62	1,392.34
- From others	804.15	359.23
Funded interest term loans		
- From banks	49.13	87.38
- From others	38.40	8.62
	2,156.30	1,847.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Secured

Term loans and funded interest term loans

1. From Banks

	As at December 31, 2014 Rs. Million	As at September 30, 2013 Rs. Million	Rate of interest	Security clause
i.	1,502.85	2036.79	11%	(i) The loans are secured by first pari-passu charge on all movable and immovable fixed assets of the Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Company. (ii) The loans are also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the erstwhile Chairman and Managing Director of the Company.
ii.	49.13	87.38	0% (Funded Interest Term Loan)	
iii.	-	28.85	0% (net of interest subvention)	Term loans, availed under the "Scheme for extending financial assistance to sugar undertakings, 2007" of Government of India, are secured by residual charge on fixed assets of the sugar units both present and future. These loans are further secured by personal guarantee of the erstwhile Chairman and Managing Director of the Company.

2. From others

i.	825.57	291.63	11%	(i) The loans are secured by first pari-passu charge on all movable and immovable fixed assets of the Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Company. (ii) The loans are also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the erstwhile Chairman and Managing Director of the Company.
ii.	38.40	8.62	0% (Funded Interest Term Loan)	
iii.	30.70	67.94	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are secured by an exclusive second charge on all movable and immovable properties of the Company's unit Mawana Sugar Works, situated at Mawana District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).
iv.	42.74	42.74	4%	
v.	253.04	253.04	4%	The loan, taken from Government of India under Sugar Development Fund (SDF), is secured by an exclusive second charge on all movable and immovable properties of the Company's unit Titawi Sugar Complex, situated at Titawi District Muzaffarnagar in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).
vi.	157.55	220.57	6.50%	(i) The loan, taken from Government of India under Sugar Development Fund (SDF), is secured by first pari-passu charge on all movable and immovable properties of the Company's unit Titawi Sugar Complex, situated at Titawi District, Muzaffarnagar in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts). (ii) This loan is further secured by personal guarantee of erstwhile Chairman and Managing Director of the Company.
vii.	33.89	77.56	4%	The loan, taken from Government of India under Sugar Development Fund (SDF), are secured by an exclusive second charge on all movable and immovable properties of the Company's unit Nanglamal Sugar Complex, situated at Nanglamal District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).
viii.	131.85	164.80	4%	
ix.	-	6.08	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are secured by bank guarantee issued in favour of Government of India.

Repayment Schedule of Long Term Borrowings

	Rs. million
12 months ending December 31, 2015	2,156.30
12 months ending December 31, 2016	319.41
12 months ending December 31, 2017	285.82
12 months ending December 31, 2018	92.12
January 1, 2019 onwards	212.07
	<u>3,065.72</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

5. Other long term liabilities

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Interest accrued but not due on borrowings	149.23	149.23
Others	9.01	7.74
	158.24	156.97

6. Long - term provisions

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Provision for employee benefits		
- Provision for gratuity ¹	85.77	85.65
- Provision for compensated absences ¹	25.26	27.08
	111.03	112.73

¹ Refer note 32

7. Short - term borrowings

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Secured		
Loans repayable on demand - Cash credit/overdrafts from banks	1,961.32	3,718.56
	1,961.32	3,718.56

- Cash credit / overdraft amounting to Rs. 1909.97 million (previous year Rs. 2006.75 million) are secured by first pari-passu charge on the current assets of the Company and third pari-passu charge on the fixed assets of sugar units of the Company. This limit is also secured by second pari-passu charge on the fixed assets of chemical division of the Company. Further, these loans are also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the erstwhile Chairman and Managing Director of the Company.
- Cash credit amounting to Rs. 51.35 (previous year Rs. 84.68 million) are secured by first pari-passu charge on the current assets of the Company and fixed assets of chemical division of the Company situated at Rajpura in the state of Punjab.
- Cash credit / overdraft amounting to Rs. Nil (previous year Rs. 1627.13 million) are secured by pledge of sugar stocks with U.P. Co-operative Bank and District Co-operative Banks in the State of Uttar Pradesh.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

8. Trade payables

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Trade payables (including acceptances)		
- Dues to other than micro and small enterprises	6,543.38	3,078.44
- Dues to micro and small enterprises	11.55	8.55
	6,554.93	3,086.99

Dues to Micro and Small Enterprises

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

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Amount remaining unpaid to suppliers under MSMED as at the period/year end:		
- Principal amount	3.31	3.46
- Interest due thereon	8.24	5.09
	11.55	8.55

9. Other current liabilities

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Current maturities of long term borrowings	2,156.30	1,847.57
Interest accrued but not due on borrowings	61.47	44.07
Interest accrued and due on borrowings	709.35	38.29
Unpaid dividend	-	0.80
Excess share application money	-	0.25
Other payables		
- Taxes and other statutory dues	338.37	254.09
- Advances from customers	38.71	20.37
- Security deposits	48.99	43.90
- Capital creditors	23.09	29.19
- Miscellaneous	85.03	96.02
	3,461.31	2,374.55

10. Short - term provisions

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Provision for employee benefits		
- Provision for gratuity ¹	21.45	30.33
- Provision for compensated absences ¹	2.94	4.58
Others		
- Provision for taxation	21.14	21.14
	45.53	56.05

¹ Refer note 32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

11. FIXED ASSETS

Particulars	Gross Block (At Cost)			Depreciation			Net Block	
	As at 30.09.2013	Additions	Deductions	As at 31.12.2014	For the period/year	On deductions	As at 31.12.2014	As at 30.09.2013
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
TANGIBLE ASSETS - OWNED								
Land	267.63	1.39	-	269.02	-	-	269.02	267.63
Buildings	846.13	24.22	-	870.35	29.74	-	587.30	592.82
Plant and equipment	9,401.61	16.45	8.44	9,409.62	569.56	8.10	3,835.77	4,389.22
Office equipment	91.70	9.52	1.48	99.74	6.97	1.21	27.27	24.99
Furniture and fixtures	40.72	0.48	0.40	40.80	2.40	0.33	12.96	14.95
Vehicles	12.14	1.25	0.79	12.60	0.97	0.79	3.54	3.26
Current period	10,659.93	53.31	11.11	10,702.13	609.64	10.43	4,735.86	
Previous year	(10,610.50)	(60.23)	(10.80)	(10,659.93)	(504.33)	(9.72)	(5,367.06)	5,292.87
Capital work-in-progress							12.05	11.46

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

12. NON - CURRENT INVESTMENTS

		As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
VALUED AT COST UNLESS THERE IS DECLINE IN VALUE, OTHER THAN TEMPORARY			
TRADE INVESTMENTS			
Investment in Equity Instruments			
- Unquoted			
Capaxil Agencies Limited	1		
5 (previous year 5) Equity shares of Rs.1,000 each fully paid-up		0.01	0.01
Agro Pumpsets & Implements Limited			
10 (previous year 10) Equity shares of Rs. 500 each fully paid-up		0.01	0.01
Mawana Co-operative Development Union Limited	1		
2 (previous year 2) Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)		#	#
Ramraj Co-operative Cane Development Union Limited	1		
2 (previous year 2) Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)		#	#
OTHER INVESTMENTS			
Investment in Equity Instruments			
Subsidiaries			
- Quoted			
Siel Financial Services Limited			
10,613,382 (previous year 10,613,382) Equity shares of Rs.10 each fully paid-up		203.13	203.13
Less: Provision for diminution in value		(203.13)	-
- Unquoted			
Siel Industrial Estate Limited			
14,025,000 (previous year 14,025,000) Equity shares of Rs.10 each fully paid-up		140.25	140.25
Siel Infrastructure & Estate Developers Private Limited (Formerly known as Avro Sales Private Limited)			
13,761,617 (previous year 13,761,617) Equity shares of Rs.100 each fully paid-up		152.49	1,367.94
Less: Prior period adjustment	2	-	1,215.45
Investment in Preference Shares			
Subsidiary			
- Unquoted			
Siel Financial Services Limited			
730,000 (previous year 730,000) 5 % Preference shares of Rs.100 each fully paid-up		73.00	73.00
Less : Provision for diminution in value		(73.00)	-
		292.76	292.76
Aggregate value of investments			
Quoted		-	-
(Market value Rs. Nil (Previous year Rs. Nil))			
Unquoted		292.76	292.76
		292.76	292.76

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

² Refer note 40

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Capital advances	0.50	2.07
Security deposits		
- Good ¹	72.14	80.49
- Doubtful	0.53	0.53
Loan and advances to related parties ²		
- Doubtful	36.59	36.59
Other loans and advances		
- Advance tax	48.73	52.59
- Excise, Service Tax, VAT and other balances with government authorities	7.43	5.76
- Dues from employees	-	0.04
- Prepaid expenses	2.14	7.23
- Advances recoverable in cash or in kind or for the value to be received		
- Good	48.95	48.95
- Doubtful	117.78	117.78
	334.79	352.03
Less : Provision for doubtful advances	154.90	154.90
	179.89	197.13

¹ Includes deposit with related party Rs. 4.25 million (previous year Rs. 6.78 million)

² Refer note 35

14. Other non - current assets

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Fixed deposits with banks (Earmarked)	9.67	8.49
	9.67	8.49

15. Inventories¹

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Raw and packing materials	82.98	77.31
Work-in-progress ³	184.36	42.74
Finished goods ²	2,421.87	2,041.59
Stores and Spares	216.30	224.04
	2,905.51	2,385.68

¹ Refer note 1(A)(f)

² For product wise details refer note 46

³ Details of Work - in - progress are as under:

Sugar	149.04	25.93
Molasses	15.46	0.50
Chemical	11.44	13.98
Others	8.42	2.33
	184.36	42.74

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

16. Trade receivables¹

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Receivables outstanding for a period exceeding six months from the due date		
Secured - good	0.20	-
Unsecured - considered good	13.30	11.12
- doubtful	54.42	66.46
	67.92	77.58
Less : Provision for doubtful debts	54.42	66.46
(A)	13.50	11.12
Other Receivables		
Secured - good	15.93	17.63
Unsecured - considered good	484.10	384.78
(B)	500.03	402.41
Total (A+B)	513.53	413.53

¹ Refer note 35

17. Cash and cash equivalents

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Cash and cash equivalents		
Cash on hand	1.50	2.21
Cheques, drafts on hand	-	0.01
Balances with banks		
- On current accounts	199.04	54.00
Other bank balances		
Earmarked balances		
- Current account	26.33	-
- Unpaid dividend	-	0.80
Balance held as margin money or security against borrowings, guarantees and other commitments	187.13	96.68
	414.00	153.70
Of the above, the balances that meet the definition of Cash and cash equivalents as per Accounting Standard 3 - Cash Flow Statements	200.54	56.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Security deposits	4.52	9.15
Loans and advances to related parties ¹	0.04	4.23
Other loans and advances		
- Excise, Service Tax, VAT and other balances with government authorities	210.36	38.26
- Dues from employees ²	9.43	6.58
- Prepaid expenses	17.72	26.99
- Advances to vendors	16.07	54.95
- Advances recoverable in cash or in kind or for the value to be received	24.70	13.16
	282.84	153.32

¹ Refer note 35

² Includes Rs. 7.04 million (previous year Rs. Nil) recoverable from former chairman and managing director of the Company (refer note 42)

19. Other current assets

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Interest accrued on deposits	20.69	6.46
	20.69	6.46

20. Revenue from Operations

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Sale of products - finished goods ¹	14,761.65	13,532.25
Sub - Total (A)	14,761.65	13,532.25
Other Operating Revenues		
- Sale of scrap	27.23	22.51
- Other operating income	2.03	5.74
Sub - Total (B)	29.26	28.25
Total (A+B)	14,790.91	13,560.50

¹ For product wise particulars of sales refer note 46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

21. Other Income

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Interest income ¹	30.68	75.82
Profit on sale of fixed assets	0.02	0.06
Provision / Liabilities no longer required written back ²	3.70	9.82
Rent received	0.52	1.08
Miscellaneous income ³	52.38	3.61
Total	87.30	90.39
¹ Interest income comprises of:		
- Interest from banks	18.44	10.51
- Interest on income tax refunds	0.21	54.66
- interest from others	12.03	10.65
	30.68	75.82

² Includes Rs. 0.30 million (previous year Rs 9.39 million) provision for doubtful trade receivables/advances no longer required written back.

³ Includes Rs. 42.02 million (previous year Rs. Nil) received from Delhi Development Authority (DDA) pursuant to judgment of Honorable Supreme Court of India (refer note 43)

22. Cost of materials consumed

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Opening stock	77.31	97.31
Add: Purchases	11,148.48	10,602.26
	11,225.79	10,699.57
Less: Closing stock	82.98	77.31
Cost of materials consumed	11,142.81	10,622.26
Particulars of materials consumed are as under:		
Sugar cane	10,351.75	10,065.41
Salt	364.55	264.94
Quick lime	81.11	58.76
Packing Materials	240.08	222.30
Others	105.32	10.85
Total	11,142.81	10,622.26

23. Changes in inventories of finished goods and work in progress

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
<u>Inventories at the end of the period/year:</u>		
Finished goods	2,421.87	2,041.59
Work-in-progress	184.36	42.74
Total (A)	2,606.23	2,084.33
<u>Inventories at the beginning of the period/year:</u>		
Finished goods	2,041.59	1,452.38
Work-in-progress	42.74	28.75
Total (B)	2,084.33	1,481.13
Net (increase)/decrease (B-A)	(521.90)	(603.20)

Mawana Sugars Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

24. Employee benefits expense

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Salaries , wages etc	783.28	674.81
Contribution to provident and other funds	97.93	78.86
Staff welfare expenses	57.58	53.35
Total	938.79	807.02

25. Finance Costs

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Interest		
- On borrowings	751.29	811.23
- On others	6.28	52.96
Other borrowing costs	11.31	38.18
Total	768.88	902.37

26. Other expenses

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Consumption of stores and spare parts	632.41	619.84
Power, fuel, water etc.	1,655.69	1,334.67
Repairs		
- Building	11.46	19.64
- Plant and machinery	106.12	87.95
- Other repairs	21.90	26.72
Rent paid	63.08	54.07
Auditors remuneration		
As auditors		
- Audit fee	2.40	2.00
- Out -of-pocket expenses	0.07	0.11
In other capacity		
- For limited review of unaudited financial results	3.40	2.60
- For verification of statement and other reports	2.52	2.25
Insurance	12.45	11.90
Rates and taxes	12.32	9.83
Jobs on contract	139.68	119.15
Freight and transport	54.22	35.20
Cash discount	15.96	38.56
Increase/(decrease) in excise duty on finished goods	35.28	37.75
Net loss on foreign currency transactions	0.29	2.29
Legal and professional expenses	68.90	33.75
Bad debts written off	14.01	25.34
Less: Charged against provisions	11.75	25.34
Provision for doubtful debts and advances	-	1.29
Loss on sale/write off of fixed assets	0.33	0.64
Miscellaneous expenses	120.99	140.11
Total	2,961.73	2,580.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

27. Commitments

	As at December 31, 2014 Rs. Million	As at September 30, 2013 Rs. Million
a. Estimated amount of contracts remaining to be executed on capital account and not provided for: Tangible assets (Net of advances)	11.97	6.32
b. Uncalled liability on shares and other investments partly paid (# Rs. 20)	#	#

28. Contingent liabilities:

a) Claims against the Company not acknowledged as debt in respect of*:		
- Income tax	336.70	336.70
- Sales tax	81.08	81.03
- Excise Duty/Service tax	276.77	221.69
- Others	514.88	357.74

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

- | | | |
|---|-------|-------|
| b) Guarantee given to bank for repayment of financial facilities provided to Mawana Foods Private Limited | 70.00 | 70.00 |
| Dues outstanding | 33.98 | 33.61 |
| c) The Company has provided bank guarantees aggregating Rs. 72.01 million (Previous year Rs. 78.18 million) to Tecumseh Products India Limited (TPIL), to whom it had sold the compressor business in a previous year, for any loss, damage, claim, action, suit etc., arising from various representations /breach of representations including for contingent liabilities existing as at March 31, 1997, or prior to March 31, 1997, which TPIL may eventually be liable to pay, against which demands in respect of sales tax, income tax and central excise matters aggregating Rs. 43.68 million (Previous year Rs. 44.53 million) have been received. These demands are presently under various stages of appeal. | | |
| d) During a previous period, the Company had given a counter indemnity/guarantee in favour of existing directors of Transiel India Limited to protect their interest against any loss/ future liabilities that may arise after the name of the said subsidiary has been struck off under the Easy Exit Scheme, 2011. | | |
29. Research and development expenses included under relevant heads in the Statement of Profit and Loss amounting to Rs. 4.09 million (previous year Rs. 2.99 million).
30. 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, (as amended) and the relevant provisions of the ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") read with rule 7 of the Companies (Accounts) Rules, 2014) deferred tax assets and liabilities have been recognized on the basis of projections after considering unabsorbed depreciation and timing differences which will be reversed against future taxes in accordance with AS-22. Accordingly, deferred tax assets have been recognized only to the extent of deferred tax liability, the details of which are as under:

(Rs. Million)

Particulars	As at December 31, 2014	As at September 30, 2013
	(DTL)/DTA	(DTL) / DTA
Accelerated depreciation	(1,128.12)	(1026.46)
Expenses deductible on payment	438.77	188.39
Unabsorbed depreciation only to the extent of Deferred tax liability	689.35	838.07
Net Amount	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

31. Sales are net of commission of Rs. 29.30 million (previous year Rs. 36.60 million).

32. Employee Benefits:

Disclosures required under Accounting Standard (AS) - 15 "Employees Benefits" notified in the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") read with rule 7 of the Companies (Accounts) rules, 2014):

i) Defined Contribution Plan and amount recognized in the Statement of Profit and Loss.

	15 Months ended December 31, 2014 Rs. Million	Year ended September 30, 2013 Rs. Million
• Employers contribution to provident fund	56.17	46.96
• Employees State Insurance Corporation	0.08	0.17

ii) Defined Benefits Plans

Gratuity and Compensated absences –In accordance with Accounting Standard 15, actuarial valuation was done and details of the same are given below:

(Rs. million)

	Gratuity (Funded) @		Compensated absences	
	Current Period	Previous Year	Current period	Previous Year
A. Change in the Present value of obligation				
Present value of obligation as at the beginning of the period/year	175.79	163.25	31.66	33.47
Current service cost	13.77	11.10	4.01	3.40
Interest cost	17.58	13.06	3.17	2.68
Benefits paid	(27.86)	(23.18)	(14.20)	(15.83)
Actuarial loss/ (gain)	(6.62)	11.56	3.56	7.94
Present value of obligation as at the end of the period/year	172.66	175.79	28.20	31.66
B. Change in the fair value of plan assets				
Fair value of plan assets as at the beginning of the period/year	59.81	55.24	-	-
Expected return on plan assets	6.61	5.19	-	-
Contribution by the Company	1.35	2.95	-	-
Benefits paid	(0.90)	-	-	-
Actuarial gain/(loss)	(1.43)	(3.57)	-	-
Fair value of plan assets as at the end of the period/year #	65.44	59.81	-	-
C. Amount recognised in the balance sheet (A - B)	107.22	115.98	28.20	31.66
Short - term provision	21.45	30.33	2.94	4.58
Long - term provision	85.77	85.65	25.26	27.08
D. Expenses recognized in the Statement of Profit and Loss				
Current service cost	13.77	11.10	4.01	3.40
Interest cost	17.58	13.06	3.17	2.68
Expected Return on plan Assets	(6.61)	(5.19)	-	-
Actuarial loss/ (gain)	(5.19)	15.13	3.56	7.94
Net Cost	19.55	34.10	10.74	14.02
E. Best estimate contribution during the next year	23.86	23.19		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(Rs. million)

		Gratuity (Funded) @		Compensated absences	
		Current Period	Previous Year	Current period	Previous Year
F.	Actuarial Assumptions				
	Discount Rate (Per annum)	8.00%	8.00%	8.00%	8.00%
	Future Salary increase	5.00%	5.00%	5.00%	5.00%
	Expected Rate of return on plan assets	8.85%	9.40%	-	-
	Mortality table	IALM (2006-08)			

@ Rs. 107.22 million (Previous year Rs. 115.98 million) has not been funded

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

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

As on	31.12.2014	30.09.2013	30.09.2012	31.03.2011	30.09.2009
Present Value of obligation	172.66	175.79	163.25	142.89	116.55
Fair value of plan assets	65.44	59.81	55.24	48.19	41.50
Net Assets/(liability)	(107.22)	(115.98)	(108.01)	(94.70)	75.05

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

Period/year ended	31.12.2014	30.09.2013	30.09.2012	31.03.2011	30.09.2009
On Present Value of obligation	(6.62)	11.56	4.33	-	-
On plan assets	1.84	3.57	(0.23)	-	-

33. 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 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) rules, 2014), - the Company's business Segment includes Sugar, Power, Chemical and Distillery.

B. Geographical Segment

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

C. Segment accounting policies:

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

a) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities:

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

c) Inter segment revenues:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

D. Information about business segments

PARTICULARS	(Rs. Million)													
	Sugar		Power		Chemicals		Distillery		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
SEGMENT REVENUE														
External Sales (Net of excise duty)	9,947.18	9,868.72	508.89	548.80	2,668.22	2,165.23	853.21	261.03	-	-	-	-	13,977.30	12,843.78
Inter segment revenue	2,525.35	1,599.65	2,770.41	2,213.05	7.83	11.75	23.60	2.85	-	-	(5,327.19)	(3,827.30)	29.26	28.25
Other Operating Revenues	21.56	23.68	-	-	7.70	4.07	-	0.50	-	-	-	-	87.30	87.30
Other income	-	-	-	-	-	-	-	-	87.30	90.39	-	-	-	90.39
Total Revenue	12,494.09	11,492.05	3,279.10	2,761.85	2,683.75	2,181.05	876.81	264.38	87.30	90.39	(5,327.19)	(3,827.30)	14,093.86	12,962.42
EBIT/RESULTS														
Segment results	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	-	-	-	-	(875.51)	(764.57)
Unallocated income/(expenses) (net of income/expenses)	-	-	-	-	-	-	-	-	(192.38)	(259.56)	-	-	(192.38)	(259.56)
Operating Profit/(loss)	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	(192.38)	(259.56)	-	-	(1,067.89)	(1,024.13)
Finance Costs	-	-	-	-	-	-	-	-	768.88	902.37	-	-	768.88	902.37
Interest income	-	-	-	-	-	-	-	-	30.68	75.82	-	-	30.68	75.82
Net Profit/(Loss) before tax, exceptional items and prior period adjustments	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	(930.58)	(1,086.11)	-	-	(1,806.09)	(1,850.68)
Exceptional item	-	-	-	-	-	-	-	-	-	(187.46)	-	-	-	(187.46)
Net Profit/(Loss) before tax and prior period adjustments	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	(930.58)	(988.65)	-	-	(1,806.09)	(1,663.22)
Less: Prior period adjustment	-	-	-	-	-	-	-	-	-	1,215.45	-	-	-	1,215.45
Net Profit/(Loss) before tax	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	(930.58)	(2,114.10)	-	-	(1,806.09)	(2,878.67)
Tax expenses	-	-	-	-	-	-	-	-	0.01	1.88	-	-	0.01	1.88
Net Profit/(Loss) after tax	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	(930.59)	(900.53)	-	-	(1,806.10)	(2,880.55)
OTHER INFORMATION														
As at 31.12.2014	30,09,2013	31,12,2014	30,09,2013	31,12,2014	30,09,2013	31,12,2014	30,09,2013	31,12,2014	30,09,2013	31,12,2014	30,09,2013	31,12,2014	30,09,2013	31,12,2014
A. ASSETS														
Segment assets	5,207.79	4,586.98	1,818.51	1,965.40	937.13	1,063.36	860.66	745.78	-	-	-	-	8,824.09	8,361.52
Unallocated assets	-	-	-	-	-	-	-	-	542.71	553.88	-	-	542.71	553.88
Total Assets	5,207.79	4,586.98	1,818.51	1,965.40	937.13	1,063.36	860.66	745.78	542.71	553.88	-	-	9,366.80	8,915.40
B. LIABILITIES														
Segment liabilities	6,892.37	3,139.78	10.68	10.90	224.33	216.20	78.37	55.89	-	-	-	-	7,205.75	3,422.77
Share capital/reserves and surplus	-	-	-	-	-	-	-	-	(3,834.98)	(2,028.88)	-	-	(3,834.98)	(2,028.88)
Borrowings	-	-	-	-	-	-	-	-	5,027.04	7,004.56	-	-	5,027.04	7,004.56
Unallocated liabilities	-	-	-	-	-	-	-	-	968.99	516.95	-	-	968.99	516.95
Total Liabilities	6,892.37	3,139.78	10.68	10.90	224.33	216.20	78.37	55.89	2,161.05	5,492.63	-	-	9,366.80	8,915.40
C. OTHERS														
Capital expenditure	13.38	33.15	1.66	5.49	8.07	9.96	27.94	11.02	2.85	0.62	-	-	-	-
Depreciation	241.73	206.62	185.85	153.08	144.25	115.07	34.19	26.87	3.62	2.69	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

34. Earnings per share:

		15 months ended December 31, 2014	Year ended September 30, 2013
(Loss) after tax	Rs. Million	(1806.10)	(2,880.55)
Weighted average number of equity shares outstanding	No.	39,116,864	38,752,147
Basic and diluted earnings/(loss) per share in rupees (face value – Rs. 10 per share)	Rs.	(46.17)	(74.33)

35. Related party disclosures under Accounting Standard 18

Name of related party and nature of related party relationship

Promoter:

Mr. Siddharth Shriram- (Chairman and Managing Director Upto July 31, 2014)

Subsidiaries:

Siel Financial Services Limited,

Siel Industrial Estate Limited,

Siel Infrastructure & Estate Developers Private Limited

Key Management Personnel:

Mr. Siddharth Shriram – Chairman and Managing Director (resigned w.e.f. August 01, 2014)

Mr. Rajendra Khanna – Whole Time Director (resigned w.e.f. December 31, 2014)

Mr. A. K. Mehra – Whole Time Director (resigned w.e.f. July 31, 2014)

Mr. Sunil Kakria – Managing Director (resigned w.e.f. August 01, 2013)

Enterprises over which key management personnel have significant influence:

Usha International Limited (holding company upto June 20, 2013)

Mawana Foods Private Limited (Formerly known as Mawana Foods Limited) (subsidiary company upto June 28, 2013)

Details of Related Party Transactions:

	Period ended December 31, 2014 Rs. Million	Year ended September 30, 2013 Rs. Million
A) Promoter		
Siddharth Shriram		
Advisory Fees	1.81	-
Managerial Remuneration	1.05	6.25
Excess remuneration paid in earlier years pending recovery		
Mr. Siddharth Shriram	3.98	-
Balance outstanding included under		
Loans and advances (also refer note 42)	7.04	-
B) Subsidiaries		
Siel Financial Services Limited		
Expenses recovered	0.24	0.05
Balances outstanding included under :		
Loans and advances #	36.59	36.59
Siel Industrial Estate Limited		
Expenses recovered	-	0.44
Balances outstanding included under :		
Loans and advances	-	0.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	Period ended December 31, 2014 Rs. Million	Year ended September 30, 2013 Rs. Million
Siel Infrastructure & Estate Developers Private Limited		
Expenses recovered	-	0.04
Balance outstanding included under:		
Loans and advances	0.04	0.04
C) Key Management personnel and their relatives		
Remuneration to key management personnel:		
Mr. A.K. Mehra	8.87	10.54
Mr. Rajendra Khanna	8.25	-
Mr. Sunil Kakria	-	17.33
D) Enterprises over which key management personnel have significant influence		
Usha International Limited		
Expenses recovered	7.76	5.42
Expenses reimbursed	3.12	5.99
Reimbursement of ERP expenses	5.84	3.64
Miscellaneous purchases	0.96	1.01
Rent paid	23.84	21.31
Royalty paid	10.78	9.15
Sale of Nil (previous year 3,130,000) equity shares of Mawana Foods Private Limited at a price of Rs. 26.12 per share	-	81.76
Issue of Nil (previous year 4,160,053) equity shares of Rs. 10 each fully paid up at a premium of Rs. 5.12 per share	-	62.90
Balances outstanding included under :		
Loans and advances	4.25	6.78
Trade payables/ Loans and advances taken	12.78	7.99
Mawana Foods Private Limited (Formerly known as Mawana Foods Limited)		
Sale of goods	409.94	341.21
Interest received	3.40	3.53
Expenses reimbursed	0.67	0.69
Expenses recovered	1.90	4.69
Miscellaneous purchases	-	0.18
Balances outstanding included under :		
Guarantee given by the Company	70.00	70.00
Loans and advances	-	3.75
Trade receivables	35.66	55.86

includes Rs. 36.59 Million (previous year Rs. 36.59 Million) provided for as doubtful advances.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

36. The following are particulars of disputed dues on accounts of sales tax, income-tax, service tax and excise duty matters as at December 31, 2014 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	6.36	-	2009-10 to 2013-14 1976-77, 1977-78, 1983-84 to 1996-97, 1998-99 to 2000-01, 2003-04, 2004-05, 2006-07, and 2011-12.	High Court Appellate Authority upto Commissioner's level
			80.84	10.64		
			2.53	-		
2	Income Tax Laws	Income Tax	30.28	30.28	1994-95 and 1998-99	High Court
3	Central Excise Laws	Excise Duty	9.69	-	2007-08 to 2012-13 2005-06 to 2011-12	High Court Customs Excise and Service Tax Appellate Tribunal (CESTAT)
			132.54	0.40		
			1.04	-	1999-00 to 2002-03	Supreme Court
			125.69	0.68	1981-82 to 1984-85, 1994-95 to 2001-02, 2003-04, 2004-05 to 2012-13, 2013-14 & 2014-15	Appellate Authority upto Commissioner's level
		Service Tax	0.19	-	2006-07	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
			7.54	0.02	2005-06 to 2009-10	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	Central Excise Laws	Excise Duty	0.21	1996-97	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
2	Income tax Laws	Income tax	306.42	2001-02	Income tax Appellate Tribunal (ITAT)

Period in respect of income tax represents assessment year

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

Particulars	As at 31.12.2014		As at 30.09.2013	
	Amount in foreign currency (million)	Amount in (Rs./ million)	Amount in foreign currency (million)	Amount in (Rs./ million)
Trade payables	USD 0.06	4.01	-	-
	GBP 0.50	4.89	-	-

38. Directors' Remuneration*

(Rs. million)

	15 months ended 31.12.2014	Year ended 30.09.2013
Salaries and allowances	15.59	29.49
Contribution to provident and other funds	1.56	2.70
Value of perquisites	1.02	1.93
Directors fees	0.25	0.29

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

Includes Rs.8.25 million, paid to whole time director (ceased to be a director w.e.f close of business hours of December 31, 2014), is subject to approval of the Central Government. The Company has filed an application with the central government to obtain necessary approval and is confident of receiving the same in due course.

39. Operating lease:

- As lessee

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

(Rs. million)

	Current period	Previous year
Chlorine cylinders	31.06	20.77
Office Premises, Residential Flats etc.	32.01	34.30

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

Future minimum lease payable:

(Rs. million)

	Current period	Previous year
Not later than one year	8.50	-
Later than one year and not later than five years	8.50	-

40. In the previous year, prior period adjustment represents elimination of profit from the value of the investments held by the Company in Siel Infrastructure and Estate Developers Private Limited to give effect to the Statutory Auditor's qualification on the Company's financial statements for the period ended September 30, 2012.

41. In the previous year, exceptional items represent profit on sale of investment in Mawana Foods Private Limited (MFPL) (Formerly known as Mawana Foods Limited) and Ceratizit India Private Limited (CIPL) of Rs. 50.10 million and Rs. 137.36 million respectively.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

42. The Central Government had approved the Chairman and Managing Director remuneration (w.e.f. October 15, 2012) vide letter dated April 21, 2014 at an amount lower than that approved by the shareholders in their general meeting. Consequent thereto, the Company had made a representation to the Central Government on November 5, 2014 for waiver of excess remuneration paid to Chairman & Managing Director (cease to be managing director w.e.f. August 01, 2014). Pending outcome thereof, refund of excess remuneration amounting to Rs. 70.40 lacs paid in terms of shareholders approval has not been obtained by the Company.
43. Pursuant to judgment dated 10.5.1996 passed by the Hon'ble Supreme Court of India in a public interest litigation the Company surrendered 46.58 acres of land to the Delhi Development Authority ('DDA') and dedicated it exclusively for the development of green belt and open spaces. Consequently, the Company is no longer in physical possession of 46.58 acres owned by it.
- The Company had filed a Review Petition in the Hon'ble Supreme Court of India challenging the order of surrender of land to the DDA. During the pendency of this Review Petition, the DDA leased out some portion of the land surrendered by the Company to Delhi Metro Rail Corporation ('DMRC'). The Company filed an application before the Hon'ble Supreme Court of India in the pending Review Petition against the leasing of land by DDA to DMRC as this was contrary to the purpose for which the Company has surrendered and dedicated the land.
- Although the Hon'ble Supreme Court of India dismissed the aforesaid Review Petition by order dated 25.3.2010 but on the Company's application against the leasing of land by DDA to DMRC stated and directed as follows : "...the DDA which holds the surrendered and dedicated land in Trust cannot use it for any purpose other than as green belt or other spaces for the benefit of the community...In the event of any acquisition or development of surrendered land, the owner – dedicator will have the benefit of compensation on account of land ceasing to be 'land dedicated to the community purpose of lung/open space...' when such acquisition/alienation takes place, DDA and the land owner will be entitled to share the compensation at 50% each."
- In view of the aforesaid judgment, benefits earned by DDA from the surrendered land are to be shared equally with the Company.
44. The current financial year is for a period of fifteen months from October 01, 2013 to December 31, 2014 whereas the corresponding previous year figures were for a period of twelve months from October 01, 2012 to September 30, 2013. Therefore, the corresponding figures of previous year are not directly comparable with those of current period.
45. Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.
46. Particulars of stocks and sales

Description	Stocks				Sales	
	Opening		Closing		15 Months ended 31.12.2014 Rs Million	Year ended 30.09.2013 Rs. Million
	As at 01.10.2013 Rs Million	As at 01.10.2012 Rs. Million	As at 31.12.2014 Rs Million	As at 30.09.2013 Rs. Million		
Sugar	1,816.23	1361.59	1,998.11	1,816.23	9,627.02	9,512.88
Caustic Soda	4.61	5.04	16.58	4.61	2,301.61	1,860.72
Caustic Flakes	-	0.88	11.95	-	122.95	181.30
Chlorine (dry and liquid)	0.57	0.01	0.35	0.57	167.54	84.68
Hydrochloric acid	0.16	0.08	0.14	0.16	77.23	62.00
Hydrogen	-	-	-	-	76.68	66.60
Stable bleaching powder	3.29	1.02	0.95	3.29	211.54	154.76
Sodium hypochlorite	0.12	0.04	0.25	0.12	66.51	48.15
Industrial Alcohol	99.00	35.69	180.96	99.00	924.20	266.18
Others	117.61	48.03	212.58	117.61	1,186.37	1,294.98
Total	2,041.59	1452.38	2,421.87	2,041.59	14,761.65	13,532.25

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

47. Other Additional Information

Description	15 Months ended		Year ended	
	31.12.2014		30.09.2013	
	Rs. Million	%	Rs. Million	%
(a) Value of imports on CIF basis				
Stores, spares and components	95.86		54.84	
Capital goods	-		7.99	
(b) Expenditure in foreign currency				
Travel etc.	0.45		-	
Technical/Consultancy fees	-		0.71	
Others	3.26		0.12	
(c) Earnings in foreign exchange				
CER Receipt	-		92.56	
Exports on FOB basis	-		0.70	
(d) Value of imported/indigenous raw materials, spare parts, components and stores consumed				
Imported	96.57	0.82	55.85	0.50
Indigenous	11,678.65	99.18	11,186.25	99.05
	11,775.22	100.00	11,242.10	100.00

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

For and on behalf of the Board of Directors

JAIDEEP BHARGAVA
Partner

DINESH MOHAN
Director
(DIN : 00077959)

RAVINDER SINGH BEDI
Director
(DIN : 01408189)

Date : 18th February, 2015
Place : New Delhi

RITESH JAIN
Company Secretary

D.C. POPLI
Asst. Vice President (Accounts)

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
MAWANA SUGARS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **MAWANA SUGARS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at December 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the fifteen months period then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the fifteen months period ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the fifteen months period ended on that date.

Emphasis of Matter

1. Attention is invited to note 2(B) of the financial statements regarding the Parent Company being registered with Board for Industrial and Financial Reconstruction in September 2013 consequent to it becoming a "Sick Industrial Company" in terms of the provisions of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions), Act, 1985, as the Parent Company's net worth has been fully eroded and the Parent Company has incurred cash losses during the current period and prior periods and its current liabilities are far in excess of current assets. However, the consolidated financial statements of the Company have been prepared by the Management of the Parent Company on a going concern basis for the reasons stated in the said note.
2. Attention is invited to note 45 of the financial statements which sets out the position regarding remuneration paid in excess of remuneration approved by the Central Government to its chairman and managing director (ceased to be a director w.e.f from July 31, 2014) for which a refund of Rs 7.04 million required in terms of Section 197(9) of the Companies Act, 2013 has not yet been obtained by the Company for the reason stated in the said note.
3. Attention is invited to note 39 of the financial statements. As stated in the note, remuneration paid to whole time director (ceased to be a director w.e.f close of business hours of December 31, 2014) amounting to Rs 8.25 million is subject to the approval of the Central Government under the provisions of Companies Act, 2013.

Our opinion is not qualified in respect of these matters.

Other Matter

We did not audit the financial statements of subsidiaries, viz., Siel Industrial Estate Limited, Siel Financial Services Limited and Siel Infrastructure & Estate Developers Private Limited, whose financial statements reflect total assets (net) of Rs.270.18 million as at December 31, 2014, total revenues of Rs.2.39 million and net cash flows amounting to Rs.2.92 million for the fifteen months period ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

Jaideep Bhargava
Partner
(Membership No. 090295)

New Delhi

Mawana Sugars Limited

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014

	Note No.	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	391.16	391.16
Reserves and surplus	4	(4,265.33)	(2,451.41)
		(3,874.17)	(2,060.25)
Non - current liabilities			
Long - term borrowings	5	909.42	1,438.43
Other long term liabilities	6	158.24	157.23
Long - term provisions	7	111.03	112.73
		1,178.69	1,708.39
Current liabilities			
Short - term borrowings	8	1,977.02	3,734.26
Trade payables	9	6,554.93	3,086.54
Other current liabilities	10	3,462.20	2,376.54
Short - term provisions	11	45.53	56.05
		12,039.68	9,253.39
TOTAL		9,344.20	8,901.53
ASSETS			
Non - current assets			
Fixed assets			
- Tangible assets	12	4,736.41	5,293.42
- Intangible assets	12	-	-
- Capital work in progress		12.05	11.46
		4,748.46	5,304.88
Non - current investments	13	0.02	0.02
Long - term loans and advances	14	194.75	212.01
Other non - current assets	15	9.78	8.60
		4,953.01	5,525.51
Current assets			
Inventories	16	3,133.48	2,610.29
Trade receivables	17	513.53	413.53
Cash and cash equivalents	18	440.03	178.48
Short - term loans and advances	19	282.89	166.19
Other current assets	20	21.26	7.53
		4,391.19	3,376.02
TOTAL		9,344.20	8,901.53

Accompanying notes 1 to 51 are an integral part of the consolidated financial statements

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

For and on behalf of the Board of Directors

JAIDEEP BHARGAVA
Partner

DINESH MOHAN
Director
(DIN : 00077959)

RAVINDER SINGH BEDI
Director
(DIN : 01408189)

Date : 18th February, 2015
Place : New Delhi

RITESH JAIN
Company Secretary

D.C. POPLI
Asst. Vice President (Accounts)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE FIFTEEN MONTHS ENDED DECEMBER 31, 2014

	Note No.	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
REVENUE			
Revenue from operations (Gross)	21	14,790.91	14,144.54
Less: excise duty		784.35	688.47
Revenue from operations (Net)		14,006.56	13,456.07
Other income	22	89.69	103.44
TOTAL REVENUE		14,096.25	13,559.51
EXPENSES			
Cost of materials consumed	23	11,142.81	10,622.26
Purchase of stock-in-trade	24	3.36	525.64
Changes in inventories of finished goods, work in progress and stock-in-trade	25	(525.26)	(609.83)
Employee benefits expense	26	940.32	831.71
Finance costs	27	768.88	908.02
Depreciation and amortization expense	12	609.64	504.47
Other expenses	28	2,970.33	2,653.10
TOTAL EXPENSES		15,910.08	15,435.37
(Loss) before exceptional item		(1,813.83)	(1,875.86)
Less: Exceptional item			
- Profit on sale of non current Investment	44	-	(198.99)
(Loss) before tax		(1,813.83)	(1,676.87)
Tax expense:			
Relating to earlier years		0.09	20.59
Provisions written back relating to earlier years		-	(1.10)
(Loss) after tax (before minority interest)		(1,813.92)	(1,696.36)
Minority Interest		-	(8.68)
(Loss) after tax and minority interest		(1,813.92)	(1,687.68)
Earnings per equity share - basic/diluted (Rs.) (Face value Rs. 10 per share) (Not annualised)	36	(46.37)	(43.55)

Accompanying notes 1 to 51 are an integral part of the consolidated financial statements

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

For and on behalf of the Board of Directors

JAIDEEP BHARGAVA
Partner

DINESH MOHAN
Director
(DIN : 00077959)

RAVINDER SINGH BEDI
Director
(DIN : 01408189)

Date : 18th February, 2015
Place : New Delhi

RITESH JAIN
Company Secretary

D.C. POPLI
Asst. Vice President (Accounts)

Mawana Sugars Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED DECEMBER 31, 2014

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES :		
(Loss) before tax	(1,813.83)	(1,676.87)
Add : Depreciation and amortisation expense	609.64	504.47
Finance costs	768.88	908.02
Provision for doubtful trade and other receivables, loans and advances	-	1.29
Loss on sale / write off of assets	0.33	0.64
Less : Interest income	33.01	76.79
Liabilities / provisions no longer required written back	3.71	10.51
Profit on sale of non current investments	-	198.99
Profit on sale / write off of assets	0.02	0.06
Operating profit/(loss) before working capital changes	(471.72)	(548.80)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(523.19)	(590.27)
Trade receivables	(100.00)	(182.33)
Short-term loans and advances	(116.70)	6.27
Long-term loans and advances	13.39	1.54
Other non-current assets	(1.18)	(1.36)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	3,468.39	357.15
Other current liabilities	92.18	(14.56)
Other long-term liabilities	1.01	1.81
Short-term provisions	(10.52)	24.14
Long-term provisions	(1.70)	0.84
Cash generated from operations	2,349.96	(945.57)
Direct taxes (paid)/refund received	3.99	358.02
Net cash flow from/(used in) operating activities (A)	2,353.95	(587.55)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital expenditure on fixed assets, including capital advances	(53.87)	(65.52)
Proceeds from sale of fixed assets	0.34	1.28
Bank balances not considered as Cash and cash equivalents	(115.98)	(14.02)
Proceeds from sale of long-term investments	-	160.00
Proceeds from sale of subsidiary	-	81.76
Interest received	19.07	19.11
Net cash flow from / (used in) investing activities (B)	(150.44)	182.61
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings- secured	-	286.77
Repayment of long term borrowings- secured	(220.28)	(709.60)
Net increase / (decrease) in working capital borrowings	(1,757.24)	1,767.19
Finance costs paid	(80.42)	(894.02)
Net cash flow from / (used in) financing activities (C)	(2,057.94)	450.34
D. Net increase / (decrease) in Cash and cash equivalents (A+B+C)	145.57	45.40
E. Cash and cash equivalents at the beginning of the period/year¹	81.00	79.95
Less: adjustment on cessation of subsidiary	-	44.35
F. Cash and cash equivalents at the end of the period/year¹	226.57	81.00

¹Refer note 18

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

For and on behalf of the Board of Directors

JAIDEEP BHARGAVA
Partner

DINESH MOHAN
Director
(DIN : 00077959)

RAVINDER SINGH BEDI
Director
(DIN : 01408189)

Date : 18th February, 2015
Place : New Delhi

RITESH JAIN
Company Secretary

D.C. POPLI
Asst. Vice President (Accounts)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS ENDED DECEMBER 31, 2014

1. BASIS OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS 21) – “Consolidated Financial Statements” notified in the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) read with rule 7 of the Companies (Accounts) Rules, 2014) and the relevant provisions of the 1956 Act/2013 Act, as applicable.

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

Name	Country of Incorporation	Percentage of voting power, as at December 31, 2014	Percentage of voting power, as at September 30, 2013
Siel Industrial Estate Limited (SIEL-IE)*	India	100.00	100.00
Siel Financial Services Limited (SFSL)	India	93.56	93.56
Siel Infrastructure & Estate Developers Private Limited (Formerly Avro Sales Private Limited) (SIEL-IED)	India	100.00	100.00

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

- ii. The financial statements of the Company and its subsidiary companies have been combined on a line-by- line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- iii. These consolidated financial statements are based, in so far as they relate to amounts included in respect of the subsidiaries, on the audited financial statements prepared for consolidation in accordance with the requirements of AS- 21 by each of the aforesaid subsidiaries.

2. (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Group Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) read with rule 7 of the Companies (Accounts) Rules, 2014)) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

- b) Use of Estimates:

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

- c) Fixed assets:

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

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

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project ready for its intended use.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

d) Depreciation and amortization:

- i. The Company follows the straight-line method of depreciation (SLM).
- ii. The rates of depreciation charged on all fixed assets are those specified in Schedule XIV to the Companies Act, 1956.
- iii. On assets sold/discarded during the 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 financial year of purchase.
- v. Leased fixed assets
Leased fixed assets, wherein the lease rentals are classified as non performing asset, depreciation is being charged on the straight -line method at the rates prescribed in the Schedule XIV to the Companies Act, 1956, with effect from the date on which the lease rentals have been classified as non performing assets and not over the primary lease period.

e) Investments:

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

f) Inventories:

Inventories 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.

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

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

g) Revenue recognition:

- i) Sale of goods are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the dispatch of goods to customers. Sales include excise duty but exclude sales tax and value added tax.
Renewable Energy Certificate (REC) is to be recognised as income on sale of REC..
- ii) Income from the non-performing assets is recognised in accordance with the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India on January 31, 1998 and as amended from time to time.
Further, provision for non-performing assets viz, investments, fixed assets, current assets and loans and advances is made in accordance with the said guidelines and are reduced against such assets.
- iii) Income from sale of land is recognised on receipt of full consideration from the customers.

h) Research and development expenditure:

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

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

i) Employee benefits:

Defined contribution plans

The Company's contribution to provident fund, pension scheme, employee state insurance corporation, etc. are considered as defined contribution plans and are charged as an expense as it falls due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the statement of profit and loss in the period in which they occur. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

j) Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

k) Foreign exchange transactions:

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (i.e. receivables, payables, loans etc) of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences

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 financial year in which they arise.

Accounting of forward contracts

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

l) Pre-operative expenses:

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

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

m) Operating Lease:

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

n) Cash flow statement:

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

o) Earnings per share:

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

p) Impairment of assets:

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

q) Provisions and contingencies:

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

- 2 (B) The Parent Company over the last few years has been incurring cash losses due to which its net worth has been completely eroded and its current liabilities are far in excess of its current assets. The Indian sugar industry, particularly in the State of Uttar Pradesh, has faced difficulties on account of increasing sugar cane prices and corresponding lower than expected recovery of sugar from cane, lower sugar prices and consequential under recovery of cost of production. These factors have adversely affected the Company's operations and financial performance. Higher finance costs have also added to the cash losses.

The Parent Company got registered with the BIFR on 10th September 2013 under the provisions of Section 15(1) of the Sick Industrial Companies (Special Provisions), Act, 1985 (SICA). The process for revival/rehabilitation of the Company is under way in line with the prescribed procedure and rules under SICA.

The State and Central Government have initiated various steps to support the sugar industry like decontrol of free sale of sugar release mechanism, doing away with levy quota system and also considering linking the sugar cane price with sugar price. All the aforesaid measures are expected to support the industry and also the operations of the Parent Company in the near future. The Parent Company has also initiated various steps including cane development activities, enhancing plant efficiencies, costs reduction etc. to improve the performance of the Parent Company.

As such, the Parent Company is confident that BIFR will approve a rehabilitation scheme which would entail part sale of its surplus/non-core assets to discharge some of its financial obligations and improve cash flow, rescheduling of the outstanding debt/payables (including overdue debt/payables), and other requisite financial restructuring in consultation with various stakeholders to improve its financial position including net worth. Based on an internal

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

assessment and valuation done by an independent valuer, the Management is confident that the current fair market value of the aforesaid assets it proposes to dispose as part of the rehabilitation scheme would be sufficient to discharge its financial obligations as envisaged in the scheme.

In view of the above, the Board of Directors of the parent Company is confident that the Company would be in a position to realize its assets and discharge its liabilities by successfully implementing the rehabilitation scheme and in the normal course of its business. Accordingly, these consolidated financial statements have been prepared on a going concern basis."

3. Share Capital

	As at 31.12.2014		As at 30.09.2013	
	Number of shares	Rs. Million	Number of shares	Rs. Million
Authorised				
- Equity shares of Rs. 10 each	175,000,000	1,750.00	175,000,000	1,750.00
	175,000,000	1,750.00	175,000,000	1,750.00
Issued, subscribed and fully paid up				
- Equity shares of Rs. 10 each fully paid up	39,115,672	391.16	39,115,672	391.16
	39,115,672	391.16	39,115,672	391.16
(i) Reconciliation of equity shares	Number of shares	Rs. Million	Number of shares	Rs. Million
Number of outstanding shares at the beginning of the year/period	39,115,672	391.16	34,955,619	349.56
Add : Shares issued during the year/period	-	-	4,160,053	41.60
	39,115,672	391.16	39,115,672	391.16

(ii) During the previous year ended September 30, 2013 the Parent Company had issued and allotted 4,160,053 equity shares of Rs. 10 each fully paid-up at a price of Rs. 15.12 per share (including premium of Rs. 5.12 per share) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issue on November 02, 2012 to Usha International Limited (Promoter on the date of issue) pursuant to requirement of Corporate Debt Restructuring package.

(iii) The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share except 1,192 equity shares held by Siel Infrastructure & Estate Developers Private Limited, a subsidiary which pursuant to second proviso of section 19(1) of the Companies Act, 2013, has no right to vote at meeting of the Company. Each holder of equity shares have a right to receive per share dividend declared by the Company. In event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholders	As at 31.12.2014		As at 30.09.2013	
	No. of Shares held	% age of holding	No. of Shares held	% age of holding
Siddharth Shriram (including shares held as trustee of Enterprise Trust)	27,334,248	69.88	26,334,248	67.32

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

4. Reserves and surplus

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Capital reserves ¹	1,030.17	1,030.17
Capital redemption reserve	87.72	87.72
Share premium	1,495.04	1,495.04
General Reserve	4.54	4.54
Surplus/(deficit) in the Statement of Profit and Loss	(6,882.80)	(5,068.88)
	(4,265.33)	(2,451.41)

¹ Includes Rs. 991.46 million representing the extinguishment of the debts of erstwhile Mawana Sugars Limited (MSL), which got discharged pursuant to the surplus arising on sale of shares of Shivajimarg Properties Limited.

Movement in reserves and surplus are as under

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
a) Share premium		
Opening balance	1,495.04	1,491.09
Add : Premium on equity shares issued during the year *	-	21.30
Less : Minority interest	-	-
Less : Elimination on cessation of subsidiary	-	17.35
Closing balance	1,495.04	1,495.04
d) (Deficit) in Statement of Profit and Loss		
Opening balance	(5,068.88)	(3,401.40)
Add : (loss) for the period	1,813.92)	(1,687.68)
Less : Elimination on cessation of subsidiary	-	(20.20)
Less : Minority interest	-	-
Closing balance	(6,882.80)	(5,068.88)

*During the previous year ended September 30, 2013 the Parent Company has issued and allotted 4,160,053 equity shares of Rs. 10 each fully paid-up at a price of Rs. 15.12 per share (including premium of Rs. 5.12 per share) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for preferential issue on November 02, 2012 to Usha International Limited (Promoter) pursuant to requirement of CDR package.

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

5. Long term borrowings¹

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Secured		
Term loans		
- From banks	1,502.85	2,065.64
- From others	1,475.34	1,124.36
Funded interest term loans		
- From banks	49.13	87.38
- From others	38.40	8.62
	3,065.72	3,286.00
Less : Current maturities of long term borrowings as disclosed under head "other current liabilities" (Note 10)²	2,156.30	1,847.57
	909.42	1,438.43

¹ The period and amount of continuing default in repayment of borrowings as at the period/year end:

	As at 31.12.2014		As at 30.09.2013	
	Amount Rs. Million	Period of delay (in days) upto the period end	Amount Rs. Million	Period of delay (in days) upto the year end
Borrowings:				
Term loans				
- From banks	1,081.62	0-518	1108.85	0-61
- From others	557.11	0-518	153.16	0-61
Funded interest term loans				
- From banks	49.13	0-518	87.38	0-61
- From others	38.40	0-518	8.62	0-61
Interest accrued and due on borrowings:				
Term loans				
- From banks	245.71	0-518	29.33	0-61
- From others	120.86	0-518	5.10	0-61

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

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Secured		
Term loans		
- From banks	1,264.62	1,392.34
- From others	804.15	359.23
Funded interest term loans		
- From banks	49.13	87.38
- From others	38.40	8.62
	2,156.30	1,847.57

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

Secured

Term loans and funded interest term loans

1. From Banks

	As at December 31, 2014 Rs. Million	As at September 30, 2013 Rs. Million	Rate of interest	Security clause
i.	1,502.85	2036.79	11%	(i) The loans are secured by first pari-passu charge on all movable and immovable fixed assets of the Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Parent Company. (ii) The loans are also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the erstwhile Chairman and Managing Director of the Parent Company.
ii.	49.13	87.38	0% (Funded Interest Term Loan)	
iii.	-	28.85	0% (net of interest subvention)	Term loans, availed under the "Scheme for extending financial assistance to sugar undertakings, 2007" of Government of India, are secured by residual charge on fixed assets of the sugar units both present and future. These loans are further secured by personal guarantee of the erstwhile Chairman and Managing Director of the Parent Company.

2. From others

i.	825.57	291.63	11%	(i) The loans are secured by first pari-passu charge on all movable and immovable fixed assets of the Company inclusive of equitable mortgage of land and buildings. The loans are further secured by second pari-passu charge on all current assets of the Parent Company. (ii) The loans are also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the erstwhile Chairman and Managing Director of the Parent Company.
ii.	38.40	8.62	0% (Funded Interest Term Loan)	
iii.	30.70	67.94	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Mawana Sugar Works, situated at Mawana District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).
iv.	42.74	42.74	4%	
v.	253.04	253.04	4%	The loan, taken from Government of India under Sugar Development Fund (SDF), is secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Titawi Sugar Complex, situated at Titawi District Muzaffarnagar in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).
vi.	157.55	220.57	6.50%	(i) The loan, taken from Government of India under Sugar Development Fund (SDF), is secured by first pari-passu charge on all movable and immovable properties of the Parent Company's unit Titawi Sugar Complex, situated at Titawi District The loans, taken from Government of India under Sugar Development Fund (SDF), are secured by an exclusive second charge on all movable and immovable properties of the Company's Muzaffarnagar in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts). (ii) This loan is further secured by personal guarantee of erstwhile Chairman and Managing Director of the Parent Company.
vii.	33.89	77.56	4%	The loan, taken from Government of India under Sugar Development Fund (SDF), are secured by an exclusive second charge on all movable and immovable properties of the Parent Company's unit Nanglamal Sugar Complex, situated at Nanglamal District Meerut in the state of Uttar Pradesh, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to earth, both present and future (save and except book debts).
viii.	131.85	164.80	4%	
ix.	-	6.08	4%	The loans, taken from Government of India under Sugar Development Fund (SDF), are secured by bank guarantee issued in favour of Government of India.

Repayment Schedule of Long Term Borrowings

	Rs. million
12 months ending December 31, 2015	2,156.30
12 months ending December 31, 2016	319.41
12 months ending December 31, 2017	285.82
12 months ending December 31, 2018	92.12
January 1, 2019 onwards	212.07
	<u>3,065.72</u>

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

6. Other long term liabilities

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Interest accrued but not due on borrowings	149.23	149.23
Others	9.01	8.00
	158.24	157.23

7. Long - term provisions

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Provision for employee benefits		
- Provision for gratuity ¹	85.77	85.65
- Provision for compensated absences ¹	25.26	27.08
	111.03	112.73

¹ Refer note 34.

8. Short - term borrowings

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Secured		
Loan repayable on demand - Cash credit/overdraft from banks	1,961.32	3,718.56
Unsecured		
Other Loans and Advances	15.70	15.70
	1,977.02	3,734.26

- Cash credit / overdraft amounting to Rs. 1909.97 million (previous year Rs. 2006.75 million) are secured by first pari-passu charge on the current assets of the Parent Company and third pari-passu charge on the fixed assets of sugar units of the Parent Company. This limit is also secured by second pari-passu charge on the fixed assets of chemical division of the Parent Company. Further, these loans are also secured by corporate guarantee issued by Siel Industrial Estate Limited and equitable mortgage of its industrial estate land measuring 455.23 acres at Rajpura in the state of Punjab and personal guarantee of the erstwhile Chairman and Managing Director of the Parent Company.
- Cash credit amounting to Rs. 51.35 (previous year Rs. 84.68 million) are secured by first pari-passu charge on the current assets of the Parent Company and fixed assets of chemical division of the Parent Company situated at Rajpura in the state of Punjab.
- Cash credit / overdraft amounting to Rs. Nil (previous year Rs. 1627.13 million) are secured by pledge of sugar stocks with U.P. Co-operative Bank and District Co-operative Banks in the State of Uttar Pradesh.

9. Trade payables

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Trade payables (including acceptances)		
- Dues to other than micro and small enterprises	6,543.38	3,077.99
- Dues to micro and small enterprises	11.55	8.55
	6,554.93	3,086.54

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

Dues to Micro and Small Enterprises

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

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Amount remaining unpaid to suppliers under MSMED as at the period/year end		
- Principal amount	3.31	3.46
- Interest due thereon	8.24	5.09
	11.55	8.55

10. Other current liabilities

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Current maturities of long term debts	2,156.30	1,847.57
Interest accrued but not due on borrowings	61.47	44.07
Interest accrued and due on borrowings	709.35	38.29
Unpaid dividends	-	0.80
Excess share application money	-	0.25
Other payables		
- Taxes and other statutory dues	338.39	254.19
- Advances from customers	38.96	20.62
- Security deposits	48.99	43.91
- Capital creditors	23.09	29.19
- Others	85.65	97.65
	3,462.20	2,376.54

11. Short - term provisions

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Provision for employee benefits		
- Provision for gratuity ¹	21.45	30.33
- Provision for compensated absences ¹	2.94	4.58
Others		
- Provision for taxation	21.14	21.14
	45.53	56.05

¹ Refer note 34.

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

12. FIXED ASSETS

Particulars	Gross Block (At Cost)			Depreciation			Net Block				
	As at 30.09.2013	Additions	Deductions	Adjustments on disposal of subsidiary (Refer Note 48(b))	As at 31.12.2014	As at 30.09.2013	For the period/year	On deductions	Adjustments on disposal of subsidiary (Refer Note 48(b))	As at 31.12.2014	As at 30.09.2013
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
TANGIBLE ASSETS											
Land	268.22	1.38	-	-	269.60	-	-	-	-	269.60	268.22
Buildings	846.13	24.22	-	-	870.35	29.74	253.32	-	-	587.29	592.81
Plant and equipment	9,401.70	16.44	8.43	-	9,409.71	569.57	5,012.48	8.11	-	3,835.77	4,389.22
Office equipment	92.23	9.51	1.48	-	100.26	6.95	67.26	1.21	-	73.00	24.97
Furniture and fixtures	40.76	0.48	0.39	-	40.85	2.41	25.82	0.33	-	27.90	14.94
Vehicles	12.46	1.25	0.79	-	12.92	0.97	9.20	0.79	-	3.54	3.26
Total (A)	10,661.50	53.28	11.09	-	10,703.69	609.64	5,368.08	10.44	-	5,967.28	5,293.42
INTANGIBLE ASSETS											
Goodwill ²	135.25	-	-	-	135.25	-	135.25	-	-	135.25	-
Total (B)	135.25	-	-	-	135.25	-	135.25	-	-	135.25	-
Current period	10,796.75	53.28	11.09	-	10,838.94	609.64	5,503.33	10.44	-	6,102.53	4736.41
Previous year	10,760.30	60.87	10.79	13.63	10,796.75	504.47	5,021.42	9.72	12.84	5,503.33	5,293.42
Capital work-in-progress										12.05	11.46

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

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

3. Includes elimination on account of the sale of investments in subsidiary (Mawana Foods Limited) w.e.f. June 29, 2013.

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

13. NON - CURRENT INVESTMENTS

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
VALUED AT COST UNLESS THERE IS DECLINE IN VALUE, OTHER THAN TEMPORARY		
TRADE INVESTMENTS		
Investment in Equity Instruments		
- Unquoted		
Capaxil Agencies Limited	1	
5 (previous year 5) Equity shares of Rs.1,000 each fully paid-up	0.01	0.01
Agro Pumpsets & Implements Limited		
10 (previous year 10) Equity shares of Rs. 500 each fully paid-up	0.01	0.01
Mawana Co-operative Development Union Limited	1	
2 (previous year 2) Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)	#	#
Ramraj Co-operative Cane Development Union Limited	1	
2 (previous year 2) Equity shares of Rs.10 each, Rs. 5 per share paid-up (# Rs. 10)	#	#
OTHER INVESTMENT		
Investment in Equity Instruments		
- Unquoted		
SFSL Investments Limited		
54 Equity shares of Rs.10 each fully paid-up (# Rs 540)	#	#
Less : Provision for diminution in value (# Rs 540)	#	#
MSD Industrial Enterprises Limited		
295,700 Equity Shares of Rs. 10 each fully paid- up	10.82	10.82
Less : Provision for diminution in value	(10.82)	(10.82)
	0.02	0.02
Aggregate value of investments		
Unquoted	0.02	0.02
	0.02	0.02

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

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

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

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Capital advances	0.50	2.07
Security deposits		
- Good ¹	72.30	80.66
- Doubtful	0.53	0.53
Other loans and advances		
- Advance Income tax	63.43	67.30
- Excise, service tax, VAT and other balances with government authorities	7.43	5.76
- Dues from employees	-	0.04
- Prepaid Expenses	2.14	7.23
- Advances recoverable in cash or in kind or for the value to be received		
- Good	48.95	48.95
- Doubtful	127.03	127.03
	322.31	339.57
Less : Provision for doubtful advances	127.56	127.56
	194.75	212.01

¹ Includes deposit with related party Rs. 4.25 million (previous year Rs. 6.78 million)

15. Other non - current assets

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Fixed deposits with banks (Earmarked)	9.78	8.60
	9.78	8.60

16. Inventories¹

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Raw and packing materials	82.98	77.31
Work-in-progress	184.36	42.74
Finished goods	2,421.87	2,041.59
Stores and spares	216.30	224.04
Stock in trade - shares (refer note 16A)	0.02	0.02
Land	227.95	224.59
	3,133.48	2,610.29

¹ Refer note 2(A)f

Mawana Sugars Limited

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

16A. Stock In Trade: Shares

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Equity shares of Rs.10 each fully paid-up		
Unquoted		
110 Equity shares of Nagarjuna Fertilizers and Chemicals Limited (# Rs.110)	#	#
Quoted		
300 Equity shares of S. Mobility Limited (#Rs.4470)	#	#
140 Equity shares of Asian Hotels (North) Limited (#Rs.4590)	#	#
140 Equity shares of Asian Hotels (East) Limited (#Rs.4590)	#	#
140 Equity shares of Asian Hotels (West) Limited (#Rs.4590)	#	#
	0.02	0.02

Aggregate value of shares held as stock- in - trade

Quoted market value Rs. 0.08 million (previous period Rs. 0.03 million)

17. Trade receivables

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Receivables outstanding for a period exceeding six months from the due date		
Secured - good	0.20	-
Unsecured - considered good	13.30	11.12
- doubtful	56.55	68.60
	70.05	79.72
Less : Provision for doubtful debts	56.55	68.60
(A)	13.50	11.12
Other Receivables		
Secured - good	15.93	17.63
Unsecured - considered good	484.10	384.78
(B)	500.03	402.41
Total (A+B)	513.53	413.53

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

18. Cash and cash equivalents

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Cash and cash equivalents		
Cash on hand	1.50	2.21
Cheques and drafts on hand	-	0.01
Balances with banks		
- On current accounts	201.88	55.24
Other bank balances		
Earmarked balances		
- Current account	26.33	-
- Unpaid dividend	-	0.80
Deposits with original maturity of more than three months but less than twelve months.	23.19	23.54
Balance held as margin money or security against borrowing and guarantee	187.13	96.68
	440.03	178.48
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	226.57	81.00

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

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Security deposits	4.53	9.16
Loans and advances to related parties ¹	0.04	3.75
Other loans and advances		
- Excise, service tax, VAT and other balances with government authorities	210.36	51.54
- Dues from employees ²	9.43	6.58
- Prepaid Expenses	17.76	27.06
- Advances to Venders	16.07	54.95
- Advances recoverable in cash or in kind or for the value to be received	24.70	13.15
	282.89	166.19

¹ Refer note 37.

² Includes Rs. 7.04 million (previous year Rs. Nil) recoverable from former chairman and managing director of the Parent Company (refer note 45)

20. Other Current Assets

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Interest accrued on deposits	21.26	7.53
	21.26	7.53

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

21. Revenue from Operations

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Sale of products - finished goods	14,761.65	14,116.29
Sub - Total (A)	14,761.65	14,116.29
Other Operating Revenues		
- Sale of scrap	27.23	22.51
- Other operating income	2.03	5.74
Sub - Total (B)	29.26	28.25
Total (A+B)	14,790.91	14,144.54

22 Other Income

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Interest income ¹	33.01	76.79
Profit on sale of fixed assets	0.02	0.06
Provision / Liabilities no longer required written back ²	3.71	10.51
Rent received	0.52	1.08
Miscellaneous income ³	52.43	15.00
Total	89.69	103.44

¹ Interest income comprises of:

- Interest from banks	20.77	11.48
- Interest on income tax refunds	0.21	54.66
- interest from others	12.03	10.65
	33.01	76.79

² Includes Rs. 0.30 million (previous year Rs 9.39 million) provision for doubtful trade receivables/advances no longer required written back.

³ Includes Rs. 42.02 million (previous year Rs. Nil) received from Delhi Development Authority (DDA) Pursuant to judgement of Honorable Supreme Court of India (refer note 46)

23. Cost of materials consumed

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Opening stock	77.31	97.31
Add: Purchases	11,148.48	10,602.26
	11,225.79	10,699.57
Less: Closing stock	82.98	77.31
Total	11,142.81	10,622.26

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

24. Purchase of stock-in-trade

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Purchases		
- Land	3.36	2.48
- Oil and FAT	-	489.24
- Soap	-	33.92
Total	3.36	525.64

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

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
<u>Inventories at the end of the period/year:</u>		
Finished goods	2,421.87	2,041.59
Work - in - progress	184.36	42.74
Land	227.95	224.59
Stock in trade - shares	0.02	0.02
Total (A)	2,834.20	2,308.94
<u>Inventories at the beginning of the period/year:</u>		
Finished goods	2,041.59	1,485.03
Work - in - progress	42.74	32.66
Land	224.59	222.12
Stock in trade - shares	0.02	0.02
	2,308.94	1,739.83
Less : Finished stock in subsidiary, sold during the year	-	40.72
Total (B)	2,308.94	1,699.11
Net (increase)/decrease (B-A)	(525.26)	(609.83)

26. Employee benefits expense

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Salaries, wages etc	784.81	697.55
Contribution to provident and other funds	97.93	80.50
Staff welfare expenses	57.58	53.66
Total	940.32	831.71

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

27. Finance Cost

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Interest		
- On borrowings	751.29	811.88
- On others	6.28	56.57
Other borrowing costs	11.31	39.57
Total	768.88	908.02

28. Other expenses

	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Consumption of stores and spare parts	632.41	619.84
Power, fuel, water etc.	1,655.69	1,334.67
Repairs		
- Building	11.46	19.64
- Plant and Machinery	106.12	87.95
- Other Repairs	21.90	26.72
Rent paid	63.11	56.50
Auditors' Remuneration ¹		
As auditors		
- Audit fee	2.56	2.33
- Out -of-pocket expenses	0.07	0.12
In other capacity		
- For limited review of unaudited financial results	3.40	2.60
- For verification of statement and other reports	2.58	2.31
Insurance	12.45	12.37
Rates and taxes	12.50	9.95
Jobs on contract	139.68	119.15
Freight and transport	54.22	49.15
Cash discount	15.96	38.56
Increase/(decrease) in excise duty on finished goods	35.28	37.75
Net Loss on foreign currency transactions	0.29	2.29
Legal and professional expenses	73.73	43.41
Bad debts written off	2.26	25.34
Less: Charged against provisions	-	25.34
Provision for doubtful debts and advances	-	1.29
Loss on sale/write off of fixed assets	0.33	0.64
Miscellaneous expenses	124.33	185.86
Total	2,970.33	2,653.10

¹ Includes remuneration of Auditors of Parent Company and its subsidiaries

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

29. Commitments

	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
a. Estimated amount of contracts remaining to be executed on capital account and not provided for: Tangible assets (Net of advances)	11.97	6.32
b. Uncalled liability on shares and other investments partly paid (# Rs. 20)	#	#

30. Contingent liabilities :

a) Claims against the Company not acknowledged as debts in respect of*:-		
- Income tax	336.70	336.70
- Sales tax	81.08	81.03
- Excise Duty/Service tax	276.77	221.69
- Others	514.88	357.74

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

b) Guarantee given to bank for repayment of financial facilities provided to Mawana Foods Private Limited	70.00	70.00
Dues outstanding	33.98	33.61
Other Bank Guarantee issued	0.05	0.05

c) The Parent Company has provided bank guarantees aggregating Rs.72.01 million (Previous year Rs.78.18 million) to Tecumseh Products India Limited (TPIL), to whom it had sold the compressor business in a previous year, for any loss, damage, claim, action, suit etc., arising from various representations /breach of representations including for contingent liabilities existing as at March 31, 1997, or prior to March 31, 1997, which TPIL may eventually be liable to pay, against which demands in respect of sales tax, income tax and central excise matters aggregating Rs. 43.68 million (Previous year Rs. 44.53 million) have been received. These demands are presently under various stages of appeal.

d) During the previous period, the Parent Company had given a counter indemnity/guarantee in favour of existing directors of Transiel India Limited to protect their interest against any loss/ future liabilities that may arise after the name of the said subsidiary has been struck off under the Easy Exit Scheme, 2011.

31. Research and development expenses included under relevant heads in the Statement of Profit and Loss amounting to Rs. 4.09 million (previous year Rs. 2.99 million).

32. Accounting for taxes on income:-

In accordance with the Accounting Standard (AS) 22 'Accounting for Taxes on Income' notified in the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") read with rule 7 of the Companies (Accounts) Rules, 2014) 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 (DTA) have been recognized only to the extent of deferred tax liability (DTL), the details of which are as under:

(Rs. Million)

Particulars	As at December 31, 2014	As at September 30, 2013
	(DTL)/DTA	(DTL) / DTA
Accelerated depreciation	(1,128.12)	(1026.46)
Expenses deductible on payment	438.77	188.39
Unabsorbed depreciation only to the extent of Deferred tax liability	689.35	838.07
Net Amount	-	-

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

33. Sales are net of commission of Rs. 29.30 million (previous year Rs. 36.60 million).

34. Employee Benefits:

Disclosures required under Accounting Standard (AS) - 15 "Employees Benefits" notified in the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") read with rule 7 of the Companies (Accounts) Rules, 2014) are as under:

i) Defined Contribution Plan and amount recognized in the Statement of Profit and Loss.

	Year ended December 31, 2014 Rs. Million	Year ended September 30, 2013 Rs. Million
• Employers contribution to provident fund	56.17	47.95
• Employers contribution to superannuation fund	-	0.18
• Employees State Insurance Corporation	0.08	0.17

ii) Defined Benefits Plans

Gratuity and Compensated absences –In accordance with Accounting Standard 15 actuarial valuation was done and details of the same are given below:

(Rs. million)

	Gratuity (Funded) @		Compensated absences	
	Current Period	Previous Year	Current period	Previous Year
A. Change in the Present value of obligation				
Present value of obligation as at the beginning of the period/year	175.79	165.84	31.66	33.96
Current service cost	13.77	11.29	4.01	3.47
Interest cost	17.58	13.36	3.17	2.73
Benefits paid	(27.86)	(23.18)	(14.20)	(15.83)
Adjustment on cessation of subsidiary	-	(3.08)	-	(0.61)
Actuarial loss/ (gain)	(6.62)	11.56	3.56	7.94
Present value of obligation as at the end of the period/year	172.66	175.79	28.20	31.66
B. Change in the fair value of plan assets				
Fair value of plan assets as at the beginning of the period/year	59.81	55.24	-	-
Expected return on plan assets	6.61	5.19	-	-
Contribution made	1.35	2.95	-	-
Benefits paid	(0.90)	-	-	-
Actuarial gain/(loss)	(1.43)	(3.57)	-	-
Fair value of plan assets as at the end of the period/year #	65.44	59.81	-	-
C. Amount recognised in the balance sheet (A - B)	107.22	115.98	28.20	31.66
Short - term provision	21.45	30.33	2.94	4.58
Long - term provision	85.77	85.65	25.26	27.08
D. Expenses recognized in the Statement of Profit and Loss				
Current service cost	13.77	11.29	4.01	3.47
Interest cost	17.58	13.36	3.17	2.73
Expected Return on plan Assets	(6.61)	(5.19)	-	-
Actuarial loss/ (gain)	(5.19)	15.13	3.56	7.94
Net Cost	19.55	34.59	10.74	14.14

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

		Gratuity (Funded) @		Compensated absences	
		Current Period	Previous Year	Current period	Previous Year
E.	Best estimate contribution during the next year	23.86	23.19		
F.	Actuarial Assumptions				
	Discount Rate (Per annum)	8.00%	8.00%	8.00%	8.00%
	Future Salary increase	5.00%	5.00%	5.00%	5.00%
	Expected Rate of return on plan assets	8.85%	9.40%	-	-
	Mortality table	IALM (2006-08)			

@ Rs. 107.22 Million (Previous year Rs. 115.98 million) has not been funded.

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

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

As on	31.12.2014	30.09.2013	30.09.2012	31.03.2011	30.09.2009
Present Value of obligation	172.66	175.79	165.84	145.45	119.23
Fair value of plan assets	65.44	59.81	55.24	48.19	41.50
Net Assets/(liability)	(107.22)	(115.98)	(110.60)	(97.26)	(77.73)

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

Period/year ended	31.12.2014	30.09.2013	30.09.2012	31.03.2011	30.09.2009
On Present Value of obligation	(6.62)	11.56	4.51	-	-
On plan assets	1.84	3.57	(0.23)	-	-

35. 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 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014),- the Company's business Segment includes Sugar, Power, Chemical and Distillery and Edible oil.

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 2(A) above, the accounting policies in relation to segment accounting are as under:

- a) Segment revenue and expenses:
Segment revenue and expenses are directly attributable to the segments.
- b) Segment assets and liabilities:
Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.
- c) Inter segment revenues:
Inter segment revenues between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

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

D. Information about business segments

PARTICULARS	Sugar		Power		Chemicals		Distillery		Edibleoil		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	This Year	Previous Period
	As at 31.12.2014	As at 30.09.2013	As at 31.12.2014	As at 30.09.2013	As at 31.12.2014	As at 30.09.2013	As at 31.12.2014	As at 30.09.2013	As at 31.12.2014	As at 30.09.2013	As at 31.12.2014	As at 30.09.2013	As at 31.12.2014	As at 30.09.2013	As at 31.12.2014	As at 30.09.2013
SEGMENT REVENUE																
External Sales	9,947.18	9,868.72	508.69	548.80	2,669.22	2,165.23	853.21	261.03	-	584.04	-	-	-	-	13,977.30	13,427.82
(Net of excise duty)	2,525.35	1,595.65	2,770.41	2,213.05	7.83	11.75	23.60	0.85	-	-	-	(5,327.19)	(3,827.30)	-	29.26	28.25
Other segment revenue	21.56	23.68	-	-	7.70	4.07	-	-	-	-	89.69	103.44	-	-	89.69	103.44
Other Operating Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	12,494.09	11,492.05	3,279.10	2,761.85	2,663.75	2,181.05	876.81	264.38	-	584.04	89.69	103.44	(5,327.19)	(3,827.30)	14,096.25	13,559.51
EBIT/RESULTS																
Segment results	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	-	(18.11)	-	-	-	-	(875.51)	(782.68)
Unallocated income/(expenses)	-	-	-	-	-	-	-	-	-	-	(202.45)	(261.95)	-	-	(202.45)	(261.95)
(net of income/expenses)	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	-	(18.11)	(202.45)	(261.95)	-	-	(1,077.96)	(1,044.63)
Operating Profit/(loss)																
Finance Cost	-	-	-	-	-	-	-	-	-	-	768.88	908.02	-	-	768.88	908.02
Interest income	-	-	-	-	-	-	-	-	-	-	33.01	76.79	-	-	33.01	76.79
Net Profit/(Loss) before tax and exceptional items	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	-	(18.11)	(938.32)	(1,093.18)	-	-	(1,813.83)	(1,875.86)
Exceptional item	-	-	-	-	-	-	-	-	-	-	-	(198.99)	-	-	-	(198.99)
Net Profit/(Loss) before tax	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	-	(18.11)	(938.32)	(894.19)	-	-	(1,813.83)	(1,876.87)
Tax expenses	-	-	-	-	-	-	-	-	-	-	0.09	19.49	-	-	0.09	19.49
Net Profit/(Loss) after tax	(1,736.85)	(1,718.53)	790.85	942.03	(112.49)	(44.65)	182.98	56.58	-	(18.11)	(938.41)	(913.68)	-	-	(1,813.92)	(1,896.36)
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	(8.68)	-	-	-	(8.68)
Net Profit/(Loss) after tax and minority interest	-	-	-	-	-	-	-	-	-	-	(938.41)	(905.00)	-	-	(1,813.92)	(1,887.68)
OTHER INFORMATION																
A. ASSETS																
Segment assets	5,207.79	4,586.98	1,818.51	1,965.40	937.13	1,063.36	860.66	745.78	-	-	520.11	540.01	-	-	8,824.09	8,361.52
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	520.11	540.01
Total Assets	5,207.79	4,586.98	1,818.51	1,965.40	937.13	1,063.36	860.66	745.78	-	-	520.11	540.01	-	-	9,344.20	8,901.53
B. LIABILITIES																
Segment liabilities	6,892.37	3,139.78	10.68	10.90	224.33	176.50	78.37	55.89	-	-	-	-	-	-	7,205.75	3,383.07
Share capital/reserves and surplus	-	-	-	-	-	-	-	-	-	-	(3,874.17)	(2,060.25)	-	-	(3,874.17)	(2,060.25)
Borrowings	-	-	-	-	-	-	-	-	-	-	5,042.74	7,020.26	-	-	5,042.74	7,020.26
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	969.88	558.45	-	-	969.88	558.45
Total Liabilities	6,892.37	3,139.78	10.68	10.90	224.33	176.50	78.37	55.89	-	-	2,138.45	5,518.46	-	-	9,344.20	8,901.53
C. OTHERS																
Capital expenditure	13.38	33.15	1.66	5.49	8.07	9.96	27.94	11.02	-	-	2.85	0.62	-	-	-	-
Depreciation	241.73	206.62	185.85	153.08	144.25	115.07	34.19	26.87	-	0.12	3.62	2.89	-	-	-	-

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

36. Earnings per share:

		15 months ended December 31, 2014	Year ended September 30, 2013
(Loss) after tax	Rs. Million	(1813.92)	(1687.68)
Weighted average number of equity shares outstanding	No.	39,115,672	38,750,955
Basic and diluted earnings/(loss) per share in rupees (face value – Rs. 10 per share)	Rs.	(46.37)	(43.55)

37. Related party disclosures under Accounting Standard 18

Name of related party and nature of related party relationship

Promoter:

Mr. Siddharth Shriram- (Chairman and Managing Director Upto July 31, 2014)

Key Management Personnel:

Mr. Siddharth Shriram – Chairman and Managing Director (resigned w.e.f. August 01, 2014)

Mr. Rajendra Khanna – Whole Time Director (resigned w.e.f. December 31, 2014)

Mr. A. K. Mehra – Whole Time Director (resigned w.e.f. July 31, 2014)

Mr. Sunil Kakria – Managing Director (resigned w.e.f. August 01, 2013)

Enterprises over which key management personnel have significant influence:

Usha International Limited (holding company upto June 20, 2013)

Mawana Foods Private Limited (Formerly known as Mawana Foods Limited) (subsidiary company upto June 28, 2013)
(cease to subsidiary of the company w.e.f. June 29, 2013)

Details of Related Party Transactions:

	Period ended December 31, 2014 Rs. Million	Year ended September 30, 2013 Rs. Million
A) Promoter		
Siddharth Shriram		
Advisory Fees	1.81	-
Managerial Remuneration	1.05	6.25
Excess remuneration paid in earlier years pending recovery		
Mr. Siddharth Shriram	3.98	-
Balance outstanding included under		
Loans and advances (also refer note 45)	7.04	-
B) Key Management personnel and their relatives		
Remuneration to key management personnel:		
Mr. A.K. Mehra	8.87	10.54
Mr. Rajendra Khanna	8.25	-
Mr. Sunil Kakria	-	17.33

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

	Period ended December 31, 2014 Rs. Million	Year ended September 30, 2013 Rs. Million
C) Enterprises over which key management personnel have significant influence		
Usha International Limited		
Expenses recovered	7.76	5.42
Expenses reimbursed	3.12	5.99
Reimbursement of ERP expenses	5.84	3.64
Miscellaneous purchases	0.96	1.01
Rent paid	23.84	21.31
Royalty paid	10.78	9.15
Sale of Nil (previous year 3,130,000) equity shares of Mawana Foods Private Limited at a price of Rs. 26.12 per share	-	81.76
Issue of Nil (previous year 4,160,053) equity shares of Rs. 10 each fully paid up at a premium of Rs. 5.12 per share	-	62.90
Balances outstanding included under :		
Loans and advances	4.25	6.78
Trade payables/ Loans and advances taken	12.78	7.99
Mawana Foods Private Limited (Formerly known as Mawana Foods Limited)		
Sale of goods	409.94	94.94
Interest received	3.40	0.72
Expenses reimbursed	0.67	0.69
Expenses recovered	1.90	4.69
Miscellaneous purchases	-	0.02
Balances outstanding included under :		
Guarantee given by the Company	70.00	70.00
Loans and advances	-	3.75
Trade payables/ Loans and advances taken	-	7.99
Trade receivables	35.66	55.86

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

Particulars	As at 31.12.2014		As at 30.09.2013	
	Amount in foreign currency (million)	Amount in (Rs./ million)	Amount in foreign currency (million)	Amount in (Rs./ million)
Trade payables	USD 0.06	4.01	-	-
	GBP 0.50	4.89	-	-

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

39. Directors' Remuneration*

(Rs. million)

	15 months ended 31.12.2014	Year ended 30.09.2013
Salaries and allowances	15.59	29.49
Contribution to provident and other funds	1.56	2.70
Value of perquisites	1.02	1.93
Directors fees	0.25	0.29

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

Includes Rs.8.25 million, paid to whole time director (ceased to be a director w.e.f close of business hours of December 31, 2014), is subject to approval of the Central Government. The Company has filed an application with the central government to obtain necessary approval and is confident of receiving the same in due course.

40. Pursuant to MOU signed with Government of Punjab, as at the close of the period, SIEL-IE had possession of 455.32 acres (Previous period 455.32 acres) of land, which had been conveyed in the name of the SIEL-IE. The land of 58.01 acres which was under litigation has been denotified in previous financial year, against which the SIEL-IE has deposited an amount of Rs. Nil (Previous period Rs.13.28 Million).

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

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

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

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

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

42. As per the accounting policy of the SIEL-IE, inventories are valued at lower of cost or estimated realisable value. During the previous period ended March 31, 2011, as the estimated realizable value of land was higher than cost, the SIEL-IE valued its inventories at cost Rs. 227.95 Million (previous period 224.59 million) which is inclusive of enhanced compensation as per the Order of Additional District Judge, Patiala referred to in Note 40 above. For the current period, in view of the current prevailing market condition, the value indicated by the valuer is higher than the cost, hence, SIEL-IE valued its inventories at cost.

43. Operating lease:

- As lessee

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

(Rs. million)

	Current period	Previous year
Chlorine cylinders	31.06	20.77
Office Premises, Residential Flats etc.	32.01	34.30

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

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

Future minimum lease payable:

(Rs. million)

	Current period	Previous year
Not later than one year	8.50	-
Later than one year and not later than five years	8.50	-

44. During the previous year the Parent Company had sold 3130000 equity shares of Rs. 10/- fully paid up (65.03% of paid up capital) held by it in Mawana Foods Limited (MFL), a subsidiary of the Parent Company at a price of Rs. 26.12 per share to Usha International Limited (UIL) for total consideration of Rs. 81.76 million. Consequently, MFL cease to be subsidiary of the Parent Company w.e.f. June 29, 2013 and the Parent Company recognised a profit of Rs. 61.88 million. The Parent Company also sold its entire investment in Ceratizit India Private Limited (CIPL) i.e. 2,300,000 equity shares of Rs. 5/- each for a total consideration of Rs. 160 million and profit of Rs. 137.00 million was recognised.
45. The Central Government had approved the Chairman and Managing Directors remuneration (w.e.f. October 15, 2012) vide letter dated April 21, 2014 at an amount lower than that approved by the shareholders in their general meeting. Consequent thereto, the Parent Company had made a representation to the Central Government on November 5, 2014 for waiver of excess remuneration paid to Chairman and Managing Director (cease to be managing director w.e.f. August 01, 2014), Managing Director. Pending outcome thereof, refund of excess remuneration amounting to Rs. 7.04 million paid in terms of shareholders approval has not been obtained by the Parent Company.
46. Pursuant to judgment dated 10.5.1996 passed by the Hon'ble Supreme Court of India in a public interest litigation the Parent Company surrendered 46.58 acres of land to the Delhi Development Authority ('DDA') and dedicated it exclusively for the development of green belt and open spaces. Consequently, the Parent Company is no longer in physical possession of 46.58 acres owned by it.

The Parent Company had filed a Review Petition in the Hon'ble Supreme Court of India challenging the order of surrender of land to the DDA. During the pendency of this Review Petition, the DDA leased out some portion of the land surrendered by the Parent Company to Delhi Metro Rail Corporation ('DMRC'). The Parent Company filed an application before the Hon'ble Supreme Court of India in the pending Review Petition against the leasing of land by DDA to DMRC as this was contrary to the purpose for which the Parent Company has surrendered and dedicated the land.

Although the Hon'ble Supreme Court of India dismissed the aforesaid Review Petition by order dated 25.3.2010 but on the Parent Company's application against the leasing of land by DDA to DMRC stated and directed as follows : "...the DDA which holds the surrendered and dedicated land in Trust cannot use it for any purpose other than as green belt or other spaces for the benefit of the community...In the event of any acquisition or development of surrendered land, the owner – dedicator will have the benefit of compensation on account of land ceasing to be 'land dedicated to the community purpose of lung/open space...' when such acquisition/alienation takes place, DDA and the land owner will be entitled to share the compensation at 50% each."

In view of the aforesaid judgment, benefits earned by DDA from the surrendered land are to be shared equally with the Parent Company.

47. Reserve Bank of India has issued a clarification vide its notification RBI/2006-07/158, DNBS (PD) C.C. No. 81/03.05.002/2006-07, Dated October 19, 2006 that a company will be treated as a non-banking financial company (NBFC) if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets is more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company for the purpose of identification of an NBFC. SIEL-IED has become non-banking financial company on the basis of financial assets & income from financial assets criteria. Since the Company was complying with the conditions laid down under "The Core Investment Companies (Reserve Bank) Directions, 2011", SIEL-IED submitted an application dated December 17, 2013 with Reserve Bank of India seeking exemption from registration with RBI as Core Investment Company (CIC). RBI vide letter no. DNBS.ND.NO.-2958/Regn. No. CIC./04.04.9999/2013-14 has granted exemption from registration of Company as Core Investment Company (CIC).
48. SFSL has severely curtailed its operations due to paucity of funds and adverse market conditions. The management is negotiating with certain parties for realizing some of the assets and is hopeful of generating funds for this business. In view of the above, the accounts of the Company have been prepared on a going concern basis.

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

49. The current financial year is for a period of fifteen months from October 01, 2013 to December 31, 2014 whereas the corresponding previous year figures were for a period of twelve months from October 01, 2012 to September 30, 2013. Therefore, the corresponding figures of previous year are not directly comparable with those of current period.
50. Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.
51. Financial information of Subsidiary Companies are as under:

	Siel Industrial Estate Limited		Siel Financial Services Limited		Siel Infrastructure & Estate Developers Private Limited #	
	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million	As at 31.12.2014 Rs. Million	As at 30.09.2013 Rs. Million
Share Capital	276.55	276.55	186.23	186.23	1,376.16	1,376.16
Reserves & Surplus	(23.10)	(15.78)	(223.32)	(222.89)	(9.79)	(9.70)
Total Assets	253.84	262.46	15.60	16.14	1,366.44	1,366.50
Total Liabilities	253.84	262.46	15.60	16.14	1,366.44	1,366.50
Investment	-	-	-	-	-	-
	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million	15 Months ended 31.12.2014 Rs. Million	Year ended 30.09.2013 Rs. Million
Turnover	2.21	13.19	0.13	0.81	-	0.02
Profit / (Loss) before taxation	(7.25)	0.82	(0.43)	0.17	(0.06)	(0.11)
Provision for taxation w/back	0.06	(0.08)	-	17.70	-	-
Profit / (Loss) after taxation	(7.31)	0.90	(0.43)	(17.53)	(0.06)	(0.11)
Proposed dividend	-	-	-	-	-	-

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

For and on behalf of the Board of Directors

JAIDEEP BHARGAVA
Partner

DINESH MOHAN
Director
(DIN : 00077959)

RAVINDER SINGH BEDI
Director
(DIN : 01408189)

Date : 18th February, 2015
Place : New Delhi

RITESH JAIN
Company Secretary

D.C. POPLI
Asst. Vice President (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	SIEL FINANCIAL SERVICES LIMITED	SIEL INFRASTRUCTURE & ESTATE DEVELOPERS PRIVATE LIMITED
1.	Financial year of the subsidiary	March 31, 2014	March 31, 2014	March 31, 2014
2.	Extent of holding company's interest in the subsidiary (as on March 31, 2013)			
-	Number of shares	27,654,691 Equity shares of Rs.10 each fully paid-up	11,343,752 Equity shares of Rs. 10 each fully paid-up. 730,000 Preference shares of Rs.100 each fully paid-up.	13,761,617 Equity shares of Rs.100 each fully paid-up
-	% holding (equity)	100% #	93.56%	100%
-	% holding (preference)	-	100%	-
3.	Net aggregate amount of subsidiary's profits/losses so far as they concern members of the holding company and not dealt with in the holding company's accounts.			
i)	For subsidiary's financial year	(-) Rs. 2.61 million	(-) Rs. 17.62 million	(-) Rs. 91.08 million
ii)	For subsidiary's previous financial years since it became subsidiary	(-) Rs. 28.25 million	(-) Rs. 210.14 million	Not applicable
4.	Net aggregate amount of subsidiary's profits/ losses so far as they concern members of the holding company and dealt with in the holding company's accounts.			
i)	For subsidiary's financial year	-	-	-
ii)	For subsidiary's previous financial year since it became subsidiary	-	-	-
5.	Change in the interest of holding company between the end of subsidiary's financial year and the end of holding company's financial year.	-	-	-
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. 276.55 million	Rs. 186.23 million	Rs. 1376.16 million
ii)	Reserves	Rs. (16.91) million	Rs. (222.71) million	Rs. (9.70) million
iii)	Total Assets	Rs. 262.97 million	Rs. 16.23 million	Rs. 1366.51 million
iv)	Total liabilities	Rs. 3.33 million	Rs. 52.71 million	Rs. 0.05 million
v)	Miscellaneous Expenditure (To the extent not written off or adjusted)	-	-	-
vi)	Details of investments (Except in case of investments in subsidiaries)	-	295,700 equity shares of Rs 10/- each of MSD Industrial Enterprises Limited Costing Rs 10,822,620/- * 54 equity shares of Rs 10/- each of SFSL Investments Limited Costing Rs 540/- *	1,192 equity shares of Rs. 10/- each of Mawana Sugars Limited (holding company).
vii)	Turnover	Rs. 10.12 million	Rs. 0.83 million	-
viii)	Profit before taxation	Rs. (2.61) million	Rs. 0.07 million	Rs. (9.11) million
ix)	Provision for taxation	-	Rs. 17.70 million	-
x)	Profit after taxation	Rs. (2.61) million	Rs. (17.62) million	Rs. (9.11) million
xi)	Proposed dividend	-	-	-

Notes:

1Ceased to be subsidiary of the Company w.e.f. June 29, 2013.

#13,629,691 equity shares (49.29%) are held by Siel Infrastructure & Estate Developers Private Limited.

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

Mawana Sugars Limited

(CIN: L74100DL1961PLC003413)

Registered Office: 5th Floor, Kirti Mahal, 19, Rajendra Place, New Delhi – 110125

Phone No: 011-25739103, Fax No:011-25743659

E-mail: corporate@mawanasugars.com, Website: www.mawanasugars.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Folio No./DP ID/Client ID	No. of Share(s)
Name of Member(s) :	
Registered Address :	

I/ We, being the Members(s), holding.....shares of the above named company, hereby appoint:

- 1) Name.....Address:.....
Email ID :Signature:.....or failing him/ her
- 2) Name.....Address:.....
Email ID :Signature:.....or failing him/ her
- 3) Name.....Address:.....
Email ID :Signature:.....

as my/ our Proxy to attend and vote (on a poll) for me/us on my/our behalf at the 51st Annual General Meeting of the Company to be held on Monday, the 23rd March, 2015 at 10.00 A.M at Shriram Bharatiya Kala Kendra (Lawn), 1, Copernicus Marg, Mandi House, New Delhi-110001 and any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		FOR	AGAINST
Ordinary Business:			
1.	Adoption of Accounts		
2.	Appointment of Prof. Dinesh Mohan, Director who retires by rotation and, being eligible, offers himself for re-appointment.		
3.	Appointment of Statutory Auditors for 2015-16		
Special Business:			
4.	Appointment of Prof. Dinesh Mohan as an Independent Director		
5.	Appointment of Mr. R.S. Bedi as an Independent Director		
6.	Appointment of Mr. Piar Chand Jaswal as an Director		
7.	Appointment of Cost Auditors for 2015-16		

Signed this.....Day of.....2015

Signature of Proxy holder(s).....

Email ID of Member.....

Signature of Proxy holder(s).....

Affix
Revenue
Stamp

- Note:**
1. This form of proxy in order to be effective should be duly completed and deposited at the Regd. office of the Company not less than 48 hours before the commencement of the Meeting.
 2. For Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 51st Annual General meeting.
 3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



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ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	USER ID	PAN NO.	NO. OF SHARES

The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 09:00 a.m. (IST) on March 17, 2015
End of e-voting	Upto 06:00 p.m. (IST) on March 19, 2015

The cut-off date (i.e. the relevant date) for the purpose of e-voting is February 13, 2015.

-----TEAR HERE-----



(CIN: L74100DL1961PLC003413)

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ATTENDANCE SLIP

Regd. Folio No./DP ID – Client ID	
Name & Address of First/Sole Shareholder	
No of Shares held	

I hereby record my presence at the 51st Annual General Meeting of the Company to be held on Monday, the 23rd March, 2015 at 10.00 a.m. at Shriram Bharatiya Kala Kendra (Lawn), 1, Copernicus Marg, Mandi House, New Delhi – 110001.

.....
Signature of the Member/Proxy

Notes:

- Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.
- Member/Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.

Instructions and other information relating to e-voting are as under:

- i. The e-voting facility can be availed by typing the link www.evotingindia.com in the internet browser.
- ii. Click on the “shareholders” tab.
- iii. Now select the Company name from the drop down menu and click on “SUBMIT”
- iv. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL : 8 character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) as given in the box.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio respectively in dd/mm/yyyy format.
Bank Account Details	Enter the Bank Account Details as recorded in your demat account or in the company records for the said demat account or folio respectively. Please enter the DOB or Bank Account Details in order to login. If the both details are not recorded with the depository or company please enter the member id / folio number in the Bank Account Details field.

- viii. After entering these details appropriately, click on “SUBMIT” tab.
- ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporates and custodians respectively.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same and e-mail to nirbhaykumar77@gmail.com.

General Instructions:

- (A) The e-voting period commences on March 17, 2015 (9.00 a.m.) and ends on March 19, 2015 (6.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of February 13, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (C) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of February 13, 2015.
- (D) M/s Nirbhay Kumar and Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (E) The Results shall be declared on or after the AGM of the Company. The Results declared Along with the Scrutinizer’s Report shall be placed on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchanges.



If undelivered, please return to:

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FORM A

Name of the company	Mawana Sugars Limited
Annual Financial Statements for the 15 months period ended	December 31 st 2014
Type of Audit observation	<p>Emphasis of Matter:</p> <p>Emphasis of Matter on page no. 25 of enclosed Annual Report</p> <ol style="list-style-type: none"> 1. Attention is invited to note 1(B) of the financial statements regarding the Company being registered with Board for Industrial and Financial Reconstruction in September 2013 consequent to it becoming a "Sick Industrial Company" in terms of the provisions of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions). Act, 1985, as the Company's net worth has been fully eroded and the Company has incurred cash losses during the current period and prior periods and its current liabilities are far in excess of current assets. However, the financial statements have been prepared by the Management of the Company on a going concern basis for the reasons stated in the said note. 2. Attention is invited to note 42 of the financial statements which sets out the position regarding remuneration paid in excess of remuneration approved by the Central Government to its chairman and managing director (ceased to be a director w.e.f from July 31, 2014) for which a refund of Rs 7.04 million required in terms of Section 197(9) of the Companies Act, 2013 has not yet been obtained by the Company for the reason stated in the said note. 3. Attention is invited to note 38 of the financial statements. As stated in the note, remuneration paid to whole time director (ceased to be a director w.e.f from close of business hours of December 31, 2014) amounting to Rs 8.25 million is subject to the approval of the Central Government under the provisions of Companies Act, 2013.
Frequency of observation	<p>Emphasis of Matter</p> <ol style="list-style-type: none"> 1. This matter is appearing since 2011-12, the financial year in which Company's net worth was substantially eroded (fully eroded in current year) and the Company made cash losses during the financial year 2. This matter has been given in last year as remuneration paid in excess of remuneration approved by the Central Government to its chairman and managing director (ceased to be a director w.e.f from July 31, 2014) for which a refund of Rs 7.04 million required in terms of Section 197(9) of the Companies Act, 2013 has not yet been obtained by the Company.

Handwritten signature and initials



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3. This matter has been given in the current year as remuneration paid to whole time director (ceased to be a director w.e.f from closing hours of December 31, 2014) amounting to Rs 8.25 million is subject to the approval of the Central Government under the provisions of Companies Act, 2013.

5. Signed by

- CEO/Managing Director/Director

(PIAR CHAND JASWAL)
DIRECTOR

(DINESH MOHAN)
DIRECTOR

- CFO

- Auditor of the Company

M/s. A.F. Ferguson & Co.
(ICAI Reg. No. - 112066W)

JAIDEEP BHARGAVA
PARTNER
M No. - 90295

- Audit Committee Chairman

(DINESH MOHAN)