

# **50th ANNUAL REPORT**

**2012-2013**



**MAWANA SUGARS LIMITED**

# Mawana Sugars Limited

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## BOARD OF DIRECTORS

Mr. Bedi R.S.

Mr. Gupta Ravi Vira

Mr. Mehra A.K.

Prof. Mohan Dinesh

Mr. Shriram Siddharth

- Whole-time Director

- Chairman and Managing Director

## COMPANY SECRETARY

Mr. Naveen Jain

## AUDITORS

A.F. Ferguson & Co.

Chartered Accountants

9, Scindia House

Kasturba Gandhi Marg

New Delhi – 110001

## BANKERS

State Bank of India

Punjab National Bank

State Bank of Hyderabad

State Bank of Travancore

State Bank of Mysore

Axis Bank Ltd.

U.P./District Co-operative Banks

## REGISTERED OFFICE

5th Floor, Kirti Mahal

19, Rajendra Place

New Delhi – 110125

## CORPORATE OFFICE

Plot No.15, Institutional Area

Sector - 32,

Gurgaon - 122002, Haryana

## WORKS

- Mawana Sugar Works, Mawana  
Distt. Meerut – 250402 (U.P.)
- Titawi Sugar Complex  
Village & P.O. Titawi  
Distt. Muzaffarnagar - 251301 (U.P.)
- Nanglamal Sugar Complex  
Garh Road, Village Nanglamal  
Distt. Meerut – 250001 (U.P.)
- Siel Chemical Complex  
Charatrampur, 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](http://www.masserv.com)

E-mail : [info@masserv.com](mailto:info@masserv.com)

## NOTICE

Notice is hereby given that the 50th Annual General Meeting of the members of Mawana Sugars Limited will be held as scheduled below:

Day : Monday  
Date : 16.12.2013  
Time : 11.30 AM  
Place : Kamani Auditorium  
1, Copernicus Marg,  
New Delhi – 110001

to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Financial Statements which comprises of the Balance Sheet as at 30<sup>th</sup> September, 2013, the Statement of Profit and Loss Account and the Cash Flow Statement for the year ended as on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R.S. Bedi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A.K. Mehra, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

M/s. A.F. Ferguson & Co., Chartered Accountants having the ICAI Registration Number 112066W are the retiring Auditors.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:  
Resolved that pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to the approval of Shareholders of the Company and such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded for re-appointment and payment of remuneration to Mr. Sunil Kakria, Managing Director of the Company for the period from 7.1.2013 to 31.7.2013 (his resignation date) as under:

- |                                 |  |
|---------------------------------|--|
| 1. Basic Salary                 | : Rs.5,93,759/- per month  |
| 2. Special Allowance            | : Rs.4,25,551/- per month  |
| 3. House Rent Allowance         | : Rs.1,00,000/- per month.   |
| 4. Medical Reimbursement        | : Expenses incurred for self and family upto Rs.27,000/- p.m. as per the rules of the Company.   |
| 5. Provident Fund               | : As per the rules of the Company.   |
| 6. Gratuity                     | : As per the rules of the Company.   |
| 7. Superannuation Fund          | : As per the rules of the Company.   |
| 8. Encashment of Leave          | : As per the rules of the Company.   |
| 9. Leave Travel Allowance       | : Rs.77,500/- p.m. as per the rules of the Company.  |
| 10. Use of Car                  | : Company leased car (Honda CRV or equivalent) with actual running and maintenance expenses. He was allowed to opt for Audi A-6 Car and the differential amount of Rs.61,266/- p.m. has to be adjusted from his special allowance.                         |
| 11. Telephone                   | : Actual expenses for one telephone at residence and Mobile phone shall be borne by the Company. However, all the long distance personal calls shall be paid by the Managing Director.   |
| 12. Performance Based Incentive | : Performance based incentive varying from 0 (zero) to Rs.1,00,00,000/- (Rupees One Crore only) per annum would be payable based on the achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof. |
| 13. Increment                   | : His salary (CTC) will be increased @ 5% every year for next three years effective from 1 <sup>st</sup> October every year.   |

None of the Directors and Key Managerial Personnel's is interested in the resolution.

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

(Naveen Jain)  
Company Secretary

Place: New Delhi  
Dated: 21.11.2013

# Mawana Sugars Limited

## Notice (Contd.)

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. The information as required to be provided under the Listing Agreement entered into with Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed and the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 are enclosed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 13.12.2013 to 16.12.2013 (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, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II

New Delhi - 110020

Phone No. : 011-26387281-83

Fax No. : 011-26387384

Website : [www.masserv.com](http://www.masserv.com)

E-mail : [info@masserv.com](mailto: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 109 (A) of the Companies Act, 1956 the Shareholder of the Company may nominate a person to whom the shares held by him/her shall vest in the event of death.

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

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

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

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

## INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956

### I. GENERAL INFORMATION

1. *Nature of Industry:* The Company is engaged in the business of manufacturing and selling of Chlor-Caustic at its unit Siel Chemical Complex, Rajpura, Punjab, producing Sugar and related by products from Sugar Cane at its units situated at Mawana Sugar Works, Titawi Sugar Complex, Nanglamal Sugar Complex and co-generation of Power and production of Ethanol.
2. *Date or expected date of commencement of commercial production:* - The Company is an existing company and is into manufacturing operations since long.
3. *In case of new companies, expected date of commencement of activities as per the project approved by financial institutions appearing in the prospectus:* Not Applicable
4. *Financial performance based on given indicators:*  
As per the Audited Accounts of the Company for the financial year ended September 30, 2013, the performance of the Company is as under:

#### Financial Performance

Particulars	Amount (Rs./Lacs)
- Turnover	128720
- Net Profit (PAT)	(28805)
- Effective Capital	3911.71

5. *Export performance and net foreign exchange collaborations:* The company exported 200 MT of Sugar to Nepal during the financial year ended 30.09.2013
6. *Foreign investments or collaborators, if any:* None

### II. INFORMATION ABOUT THE APPOINTEE

1. *Background details :* Detailed information about Mr. Sunil Kakria, Managing Director as mentioned in Sl.No.4 below.
2. *Past Remuneration :* Rs.2,67,83,204/- (18 months)
3. *Recognition or awards :* None
4. *Job profile and their suitability :*  
Mr. Sunil Kakria is a Management Graduate from FMS, New Delhi with specialization in marketing and Operation Research. Mr. Sunil Kakria was recruited by MSL to lead a traditional sugar commodity company into a diversified sugar company. He was appointed as Managing

## Notice (Contd.)

Director (MD) of the Company w.e.f. 7.1.2008 for a period of 5 years and further for the period from 7.1.2013 to 24.06.2017 (his retirement date) on the terms, conditions and remuneration approved by the Board, Remuneration Committee and further subject to approval of the shareholders of the Company.

5. *Remuneration proposed:* Given in respective Item No. 5 of the Notice of AGM.
6. *Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:* The remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level personnel in other companies and the size of the Company and the responsibilities of Mr. Sunil Kakria.
7. *Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:* Besides the remuneration proposed the Managing Director does not have any other pecuniary relationship with the Company and its managerial personnel.

It may be noted that Mr. Sunil Kakria is no longer in the employment of the Company, having resigned w.e.f. 31.7.2013. This proposal relates to the period he was employed.

### III. OTHER INFORMATION

#### 1. *Reasons of loss or inadequate profits :*

During the current year, the Company's financials were adversely affected by low sugar prices, lower than expected recoveries of sugar from cane, high sugar cane prices and consequential under recovery of cost of production, which has significantly affected the entire Sugar Industry in Uttar Pradesh. Higher finance costs were also added to the significant operating/ cash losses.

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

- a) The Company has implemented various actions to improve sugar recovery and has prepared a comprehensive action plan with the assistance of scientists of various sugar cane research institutes to address the adverse factors in a time bound manner. This is a three year program which will address the issue of absence of high sugared cane varieties, soil conditions etc.
- b) Pursuing U.P. Government to get the Sugar Industry Promotion Policy (Impact of Rs.105 crores) reinstated.
- c) Working through the Association (Indian Sugar Mills Association) to obtain certain reliefs from the Government of U.P. and Central Government.
- d) Working through the Association to reduce Government regulations.
- e) Normal rationalization and efficiency building in the Company.
- f) Investing in low investment but high return items allied to our existing business for which studies are being conducted.
- g) The Ethanol distillery environment management to allow for a longer running period of the factory. The Company has participated in ethanol tender which has improved the price of ethanol from Rs. 27/litre to Rs. 35/litre. The capacity of ETP of the distillery unit is being augmented to increase the production of ethanol and increasing the capacity utilization of the plant.
- h) Working through the Association to have the GOI set a higher price for Ethanol.

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

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 ETP of distillery unit was augmented to streamline the production of ethanol and increasing capacity utilization.

### INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

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

1. **Name** : Mr. R.S. Bedi  
**Age** : 71 years  
**Qualifications** : Graduate of the National Defence Academy  
**No. of Shares held in the Company** : Nil  
**Expertise** : Mr. R.S. Bedi has served in various capacities in the Government of India for 43 years.  
**Outside Directorships** : Delhi Golf Club Ltd.  
**Chairmanship/ Membership of the Board Committee** :  
Mawana Sugars Ltd. :  
- Audit Sub-Committee - Member  
- Remuneration Committee - Member
2. **Name** : Mr. A.K. Mehra  
**Age** : 64 years  
**Qualifications** : M.Sc. (Chemical Engineering)  
**No. of Shares held in the Company** : 21,794 Equity Shares  
**Expertise** : Mr. A.K. Mehra holds a Masters degree in Chemical Engineering from Illinois Institute of Technology, Chicago (USA) and has been associated with the Chemical business of the Company for last 39 years. Mr. A.K. Mehra has made significant contributions in the growth of Chemical business of the Company and lead the establishment of the Company's relocated Chemical

# Mawana Sugars Limited

		Complex at Rajpura, Punjab. Mr. Mehra is presently incharge of manufacturing operations of Sugar and chemical business of the Company.	
<b>Outside Directorships</b>	:	<b>Director</b>	
	-	Mawana Foods Limited	
	-	Siel Financial Services Limited	
	-	Siel Industrial Estate Limited	
	-	Siel Infrastructure & Estate Developers Pvt. Ltd.	
<b>Chairmanship/Membership of Board Committee</b> Mawana Sugars Limited	:	Ceratizit India Private Limited (upto 18.9.2013)	
	-	Shareholders/Investors Grievance/Share Transfer Committee	- Member
	-	Legal Sub-Committee	- Member
	-	To negotiate and finalize the terms and conditions for proposed partial sale of Siel Industrial Estate Ltd.	- Member
	-	HR Committee	- Member
Siel Financial Services Limited	-	Disposal of Company's undertaking of the Chemical Business - Siel Chemical Complex	- Member
	-	To explore and analyze various options with regard to development of land of Siel Industrial Estate Ltd.	- Member
	-	Audit Sub-Committee	- Member
	-	Shareholders Grievance/Share Transfers Committee	- Member
	-	Audit Sub-Committee	- Member
Mawana Foods Limited Siel Industrial Estate Limited	-	Audit Sub-Committee	- Member
	-	Audit Sub-Committee	- Member
	-	Audit Sub-Committee	- Member
	-	Audit Sub-Committee	- Member
	-	Audit Sub-Committee	- Member
3. <b>Name</b>	:	Mr. Sunil Kakria	
<b>Age</b>	:	57 years	
<b>Qualifications</b>	-	Management Graduate from Faculty of Management Studies, University of Delhi.	
	-	Graduated in Physics (Hons) from University of Delhi	
<b>No. of shares held in the Company</b>	:	Nil	
<b>Expertise</b>	:	Mr. Sunil Kakria has worked with an advertising company, paint company and a semi-conductor company during early years of his career. He joined Samtel Group of Companies in 1981 and has been with them for about 27 years in various capacities. During his last 9 years in Samtel, he served as CEO of Samtel Color Limited, the flagship company of the Group with a sales turnover of approx. Rs.1000 Crores.	
<b>Outside Directorships</b>	:	<b>Director</b>	
	-	Siel Industrial Estate Limited (upto 31.7.2013)	
	-	Mawana Foods Limited (upto 31.7.2013)	
	-	Siel Financial Services Limited (upto 31.7.2013)	
	-	Shareholders/Investors Grievance/ Share Transfer Committee*	- Member
<b>Chairmanship/Membership of the Board Committees</b> Mawana Sugars Limited	:	Legal Sub-Committee	- Chairman
	-	To negotiate and finalize the terms and conditions for proposed partial sale of Siel Industrial Estate Ltd.	- Member
	-	To finalize and approve the availment of Internet Banking facility from PNB to SCC.	- Member
	-	HR Committee	- Member
	-	Audit Sub-Committee	- Member
Siel Industrial Estate Limited Mawana Foods Limited Siel Financial Services Limited	-	Audit Sub-Committee	- Member
	-	Audit Sub-Committee	- Member
	-	Audit Sub-Committee	- Member
	-	Audit Sub-Committee	- Member
	-	Shareholders/Investors Grievance/ Share Transfer Committee	- Member

\*Ceased to be a Member of the Committee w.e.f. 15.07.2013

- Ceased to be the Member of the other Committees w.e.f. 31.07.2013

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

### ITEM NO. 5

The Board of Directors in its meeting held on 13.2.2013 on the recommendation of the Remuneration Committee of Directors and subject to the approval of the shareholders of the Company, has approved the re-appointment of Mr. Sunil Kakria, Managing Director of the Company for the period from 7.1.2013 to 24.06.2017 (his retirement date) and payment of remuneration for a period of 3 years with 5% increase every year w.e.f. 7.1.2013.

Mr. Sunil Kakria has resigned from the services of the Company w.e.f. 31.7.2013. Hence, the reappointment and payment of remuneration of Mr. Kakria is mentioned in Item No.5 of the Notice of AGM upto 31.7.2013 for approval of the shareholders by way of a Special Resolution.

Your Directors recommends the resolution for your approval.

None of the Directors and Key Managerial Personnel's of the Company is concerned or interested in the resolution.

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

Place : New Delhi  
Dated : 21.11.2013

(Naveen Jain)  
Company Secretary

## DIRECTORS' REPORT

Your Directors hereby present the 50<sup>th</sup> Annual Report along with Audited Accounts of the Company for the financial year ended September 30, 2013.

### FINANCIAL RESULTS

(Rs. Lacs)

Sl. No.	Particulars	Amount	
		30.9.2013 (12 months)	30.9.2012 (18 months)
1.	Profit/(Loss) before interest, depreciation, exceptional items and tax	(4440)	4081
2.	Interest	9024	12292
3.	Depreciation	5043	7663
4.	Profit/(Loss) before tax	(28786)	(8375)
5.	Provision for taxation:		
	- Current tax	-	-
	- Provision relating to earlier year	29	-
	- Provision for tax written back relating to earlier year	(10)	(271)
6.	Profit/(Loss) after tax	(28805)	(8104)

### DIVIDEND

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

### OPERATIONS

#### 1. SUGAR DIVISION

The year 2012-13 witnessed an increase in sugar production. The cane crush this season increased by 8% of cane crush during last season (2011-12). The cane crush this season was 34.06 lac MT as compared to 31.54 lac MT in the last season. The key operational figures are as follows:

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

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 ETP of distillery unit was augmented to streamline the production of ethanol and increasing capacity utilization. However our capacity utilisation was severely hampered this year due to restrictions imposed by Central Pollution Control Board on all U.P. distilleries owing to the Kumbh Mela.

#### 2. CHLOR ALKALI DIVISION

The business performed well during the Q1 (2012-13) amidst good demand of Caustic Soda but with weak demand of Chlorine. During Quarter Q2, the production was adversely effected as demand of Caustic Soda was hit badly with closure of Paper Mills in the North. Surplus availability of Caustic Soda from low priced imports from Pakistan and increase in Power Tariff by Punjab State Power Corporation Limited from 1st April, 2013 impacted the operations in Quarter Q3. With improvement in Caustic Soda and Chlorine prices due to weakening of Rupee, production was restored to normal levels in Quarter Q4.

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

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.

#### JOINT VENTURE

**CERATIZIT INDIA PVT. LTD.** During the year, the Company has ceased to be a Joint Venture Partner of Ceratizit India Private Limited (CIPL) with effect from 18.9.2013.

#### CHANGE IN STATUS OF PROMOTER

Usha International Limited has ceased to be Promoter of Mawana Sugars Limited w.e.f. 20.6.2013.



# Mawana Sugars Limited

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## DIRECTORS' REPORT

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### STATUS OF SICKNESS UNDER BIFR

In terms of BIFR letter No.BIFR/Sec.23/2144/BC/2013 dated 13.5.2013, 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.

### SUBSIDIARY COMPANIES

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

Mawana Foods Limited has ceased to be a subsidiary of the Company w.e.f. 29.6.2013.

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, the consolidated financial statements are attached, which form part of the Annual Report.

### DIRECTORS

Mr. R.S. Bedi and Mr. A.K. Mehra, Directors are liable to retire by rotation and being eligible, offer themselves for re-appointment.

Mr. N.K. Goila, Director has resigned from the Directorship of the Company w.e.f. 13.5.2013.

Mr. Sunil Kakria has resigned from the position of Managing Director and directorship of the Company w.e.f. 31.7.2013.

### AUDITORS AND THEIR REPORT

M/s. A.F. Ferguson & Co., Chartered Accountants, Auditors of the Company (ICAI Registration Number 112066W) hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for reappointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Auditors have vide their letter dated 13.11.2013 also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the peer Review Board of the ICAI.

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, were re-appointed as Cost Auditors for the financial year 2013-14 to conduct the cost audit of the accounts maintained by the Company, as prescribed under Cost Audit Rules, 2011.

The Cost Audit Reports for the financial period 2011-12 (18 months) was filed with Ministry of Corporate Affairs (MCA) on 26.3.2013, for its products Sugar and Caustic Soda, which were due to be filed by 31.3.2013.

The Cost Audit Report for the financial year 2012-13, in respect of the Sugar and Caustic Soda products prescribed under Cost Audit Rules, 2011, is due to be filed with MCA on or before 31.3.2014 (being within 180 days from the end of reporting year).



## DIRECTORS' REPORT

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

### CORPORATE GOVERNANCE

A separate report on Corporate Governance is included/

attached as part of the Annual Report and annexed hereto as Annexure II along with the Auditors' Certificate on its compliance.

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

### SIGNIFICANT TRANSACTIONS

During the financial year ended 30.9.2013, the following transactions were made:

- i) the Company has issued and allotted 41,60,053 equity shares of Rs.10/- each at a price of Rs.15.12 per equity share (including a premium of Rs.5.12 per equity share) to Usha International Limited under SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2009 for preferential issue on November 2, 2012 to Usha International Limited, the promoter of the Company.
- ii) the Company has sold its 31,30,000 equity shares of Rs.10/- each fully paid up (65.03% of the paid up capital) held by it in Mawana Foods Limited (MFL), a subsidiary of the Company at a price of Rs.26.12 per share to Usha International Limited (UIL) for a total consideration of Rs. Rs.8,17,55,600/- for payment to the term lenders under CDR to reduce their debts. Accordingly, Mawana Foods Limited has ceased to be a subsidiary of the Company w.e.f. 29.6.2013.
- iii) the Company has sold its 23,00,000 equity shares of Rs.5/- each (5% of the paid up capital) held by it in Ceratizit India Pvt. Ltd. (CIPL), a joint venture Company to CERATIZIT S.A. Mamer, Luxembourg for a total consideration of Rs.16 crores for payment to the term lenders under CDR to reduce their debts. Accordingly, the Company has ceased to be a Joint Venture Partner of Ceratizit India Private Limited (CIPL) with effect from 18.9.2013.

### ACKNOWLEDGEMENTS

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

For & on behalf of the Board of Directors

(SIDDHARTH SHRIRAM)  
Chairman

Place : New Delhi  
Dated : 21.11.2013

# Mawana Sugars Limited

## ANNEXURE - I TO DIRECTORS' REPORT

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

### 1. CONSERVATION OF ENERGY:

#### a) Energy conservation measures taken

- a) Installation of Electric melt heaters at sulphur furnace
- b) Plate type heat exchanger installed for Superheated wash water system
- c) Installation of VFD on Mix Juice pump
- d) Installation of 3.15 MVA transformer for increasing capacity utilization of the efficient TG set
- e) Replacement of 100 HP, 60 HP Conventional motor with EE motors
- f) Replacement of 120 HP motor for air compressor with 100 HP motor
- g) Energy Saving due to Cell Refurbishment
- h) Energy Efficient Lighting
- i) Replacement of steam ejectors with electric motor driven screw pumps

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

- a) Installation of VFD on Defecated Juice pump, Clear juice pump and Sulphited juice pump
- b) Installation of VFD on Hydrogen blower and Cooling Tower fan
- c) Replacement of Rota type magma and massecuite pumps with screw type pumps

- d) Replacement of old motors with energy efficient motors

- e) Use of energy efficient lighting

#### 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

- Reduction in steam consumption
- Reduction in power consumption

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

As per Form – A

### 2. TECHNOLOGY ABSORPTION:

- a) Efforts made in technology absorption

As per Form – B

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

The company exported Sugar of value of Rs.69.50 Lacs during the financial year ended 30.09.2013

#### b) Total foreign exchange used and earned

The information is given in notes to accounts.