

**MAWANA SUGARS LIMITED**  
**2<sup>nd</sup> Annual Report**  
**2003-2004**



**MAWANA**  
**SUGARS**

*For a sweeter life*



## Chairman's Message



Your new company, Mawana Sugars Limited (Mawana), has been created through a business and financial restructure that was approved by the Corporate Debt Restructuring Cell (formed under the auspices of the Reserve Bank of India), and subsequently approved through a Scheme of Arrangement by the High Court at Delhi. The restructure is complete by virtue of a new company being formally formed, its shares being listed and traded on the Mumbai Stock Exchange, all the licenses for trading and business activities being issued to the company and the business proceedings as a separate entity being conducted on an ongoing basis. A financial institution, namely UTI, has appealed this order and the matter is presently subjudice.

A little explanation that leads up to this situation is in order.

In 1996, the Supreme Court ordered that the factories of SIEL Limited located on 15 Shivaji Marg, Delhi be closed down together with all the other factories in Delhi. This spelt potential financial disaster for our company. Simultaneous with this event, investments were made in a new chemical facility at Rajpura, Punjab (to replace the plant that was shut down in Delhi) and also in the revival of Jay Engineering Works Limited, a sick industrial undertaking. Thus, several financial impacts came on the company at the same time, and these, coupled with the downturn in all the commodity businesses, led to the first financial restructure with the institutions effective October 1, 1999. This was not a good restructure for the company and we found ourselves in financial difficulties again, resulting in a new restructure effective October 1, 2002. The salient feature of this restructure was that two separate operating companies have been created as follows:

1. SIEL Limited, which comprised the erstwhile chemical business and oil business, and
2. SIEL Sugar Limited (now called Mawana Sugars Limited - the name was changed to Mawana so that the name of the company and the name of our branded sugar could be the same), wherein all the assets and liabilities relating to our sugar businesses were to be consolidated, with no connection with the history of SIEL Limited.

The reason for this was that it was felt that the chemical business was still at considerable risk while the sugar business had prospects for recovery. Consequently, a significantly higher debt load was placed on the sugar company and a lighter load on the chemical company.

The management of Mawana has concentrated heavily on stabilising the operations so as to prepare a base for future development. So far the efforts of your company are rewarded both at the production level and also at the productivity level which are at an all-time high. These kinds of levels of achievement could have also been achieved in the earlier years but the focus on only one business simply did not exist at that time. Now that Mawana Sugars Limited is a separate company, all our energies are focused only on its business. Partly because of right strategic management and partly because of sugar prices reaching reasonable levels which, for about two years were totally unremunerative, we are looking at the future with optimism.

The nature of the business is cyclical and we expect that for the next two to three years the balance of demand and supply will be in favour of maintaining healthy prices of sugar, and therefore, the short-term prospects for our company look reasonably good.

It is important to note that there are many regulatory aspects in the sugar business in India which can significantly increase or decrease profitability. Your company, together with the Industry Association, is attempting to get a broad policy framework in place so that the degree of predictability of sugarcane prices on the one hand and sugar prices on the other may be improved, leading to greater stability in the working of your company.

The mistakes of the past are not to be repeated. Recent history reminds us that slow execution of decisions lead to tardy performance. Processes are being put in place whereby these negative aspects may be overcome and a strong, positive thrust be sustained in all areas of our operations.

Best wishes,

SIDDHARTH SHRIRAM

# **Mawana Sugars Limited** (Formerly known as Sial Sugar Limited)



## **BOARD OF DIRECTORS**

Mr. Banerjee Deepak  
Mr. Goila N.K.  
Mr. Gupta Ravi Vira  
Mr. Lahiri Subrata  
Mr. Shriram Siddharth

- IFCI Nominee
- Chairman and Managing Director

## **EXECUTIVE DIRECTOR & COMPANY SECRETARY**

Mr. Bhalla P.K.

## **AUDITORS**

A.F. Ferguson & Co.  
Chartered Accountants  
Scindia House,  
New Delhi-110 001

## **BANKERS**

Punjab National Bank  
State Bank of India

## **REGISTERED OFFICE**

6<sup>th</sup> Floor, Kirti Mahal  
19, Rajendra Place,  
New Delhi – 110 008.  
Phone : 011-25739103, Fax : 011-25743659  
E-mail : comofficer@mawanasugars.com  
Website : www.mawanasugars.com

## **WORKS**

- Mawana Sugar Works  
Mawana  
Distt. Meerut-250402 (U.P.)
- Titawi Sugar Complex  
Village & P.O. Titawi  
Distt. Muzaffarnagar-251301 (U.P.)

## **REGISTRAR & SHARE TRANSFER AGENT**

Mas Services Private Ltd.  
AB-4, Safdarjung Enclave,  
New Delhi – 110 029  
Phone : 011-26104142, Fax : 26181081  
E-Mail : masserv@giasdl01.vsnl.net.in



## SUGAR SALES

Sales Volumes (MT)

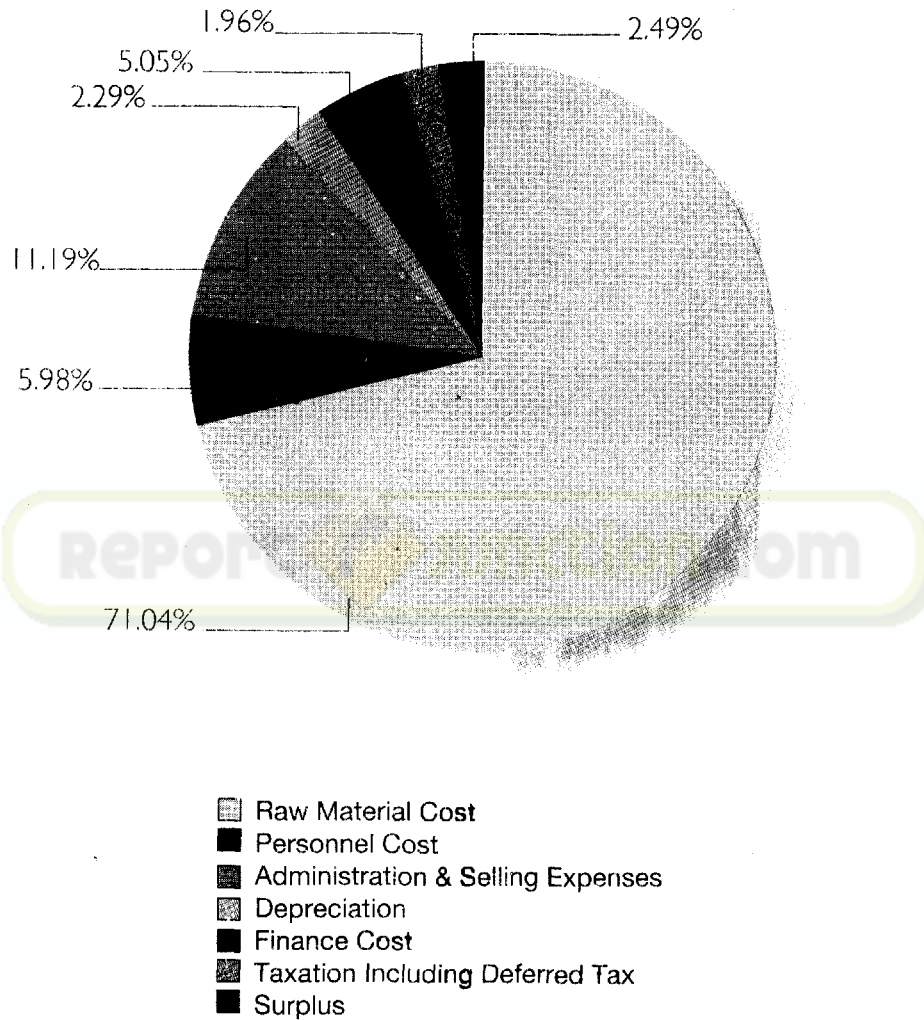
Segment	2001-02		2002-03		2003-04	
	Mawana	Titawi	Mawana	Titawi	Mawana	Titawi
Institution	9845	28604	11550	25600	27500	36337
Consumer Pack	5020	-	5338	-	10517	-
Trade Segment	118073	59380	109719	45302	135588	73140
Total	132938	87984	126607	70902	173605	109477

The company's focus has shifted from commodity sales to commodity marketing, by producing sugar of consistent quality of less than 100 ICUMSA (colour value) and lower residual content, increasing the emphasis on supplies to Bulk Institutional customers and strengthening the Branded Sugar segment.

- In the Institutional segment, the company has become a preferred major supplier to companies like Nestle, Coca Cola, PepsiCo, Joyco, Perfetti, Hamdard, Dabur and National Consumer Co-operative Federation. The Company has been gearing up to meet their product and service requirements by upgrading manufacturing facilities and operating under closely monitored process parameters to achieve continuous improvement in quality. Online quality assessment systems, in co-ordination with end-users, have been put in place. The supplies to institutions were 138% higher in Mawana and 42% higher in Titawi, over last year, and were 15.8% of total sales at Mawana and 33% at Titawi.
- The company's Branded Sugar volumes went up by 97% over the last year. This was achieved by introducing new consumer convenient packaging, increasing marketing support and extending the distribution. The Mawana brand has become a market leader in this segment and enjoys about 50% market share in Delhi. It constituted 6% of total sales at Mawana.
- Bulk sales in the market of Mawana Sugars are also at a premium due to the product, the sales strategy and the support of a reputed, committed team of Sugar Agents. Even in bulk sales to the trade, Mawana enjoys brand leadership over other sugar mills.



## DISTRIBUTION OF REVENUE





## KEY RATIOS

S. No.	Ratios	Unit	18 Months ended September '04
<b>A</b>	<b>BALANCE SHEET</b>		
1	Debt Equity Ratio	Times	1.25
2	Net fixed assets/Net worth	Times	1.24
3	Current ratio	Times	3.41
4	Inventory turnaround*	Days	69.08
5	Debtors outstanding*	Days	9.86
6	Sales/Net fixed assets*	Times	3.55
7	Other income/Net fixed assets*	Times	0.08

<b>B</b>	<b>INCOME STATEMENT</b>		
1	Personnel cost/Total turnover	%	5.98
2	Finance cost/Total turnover	%	5.05
3	Depreciation/Total turnover	%	2.29
4	PBIDT/Total turnover	%	11.79
5	PBDT/Total turnover	%	6.74
6	PBT/Total turnover	%	4.45
7	PAT/Total turnover	%	2.49
8	PBIDT/Finance cost (Interest coverage ratio)	Times	1.99
9	Return on capital employed*	%	19.79

\* Figures have been annualised wherever applicable.





## OTHER KEY PARAMETERS

S. No.	Ratios	Unit	18 Months ended September '04
C	<b>OTHERS</b>		
1	Share price at the year end*	Rs.	32.05
2	Earning per share (EPS)	Rs.	4.37
3	Cash earning per share	Rs.	7.32
4	Dividend	%	2.50
5	Dividend per share	Rs.	0.25
6	Dividend payout ratio (Dividend/PAT)	%	6.69
7	Book value at the year end	Rs.	26.63
8	Price/Earning ratio at the year end	Times	7.33
9	Price/Book value at the year end	Times	1.20
10	Cane Crush	'00,000 MT	30.77
11	Recovery of sugar	%	10.46

# Source: BSE-Website



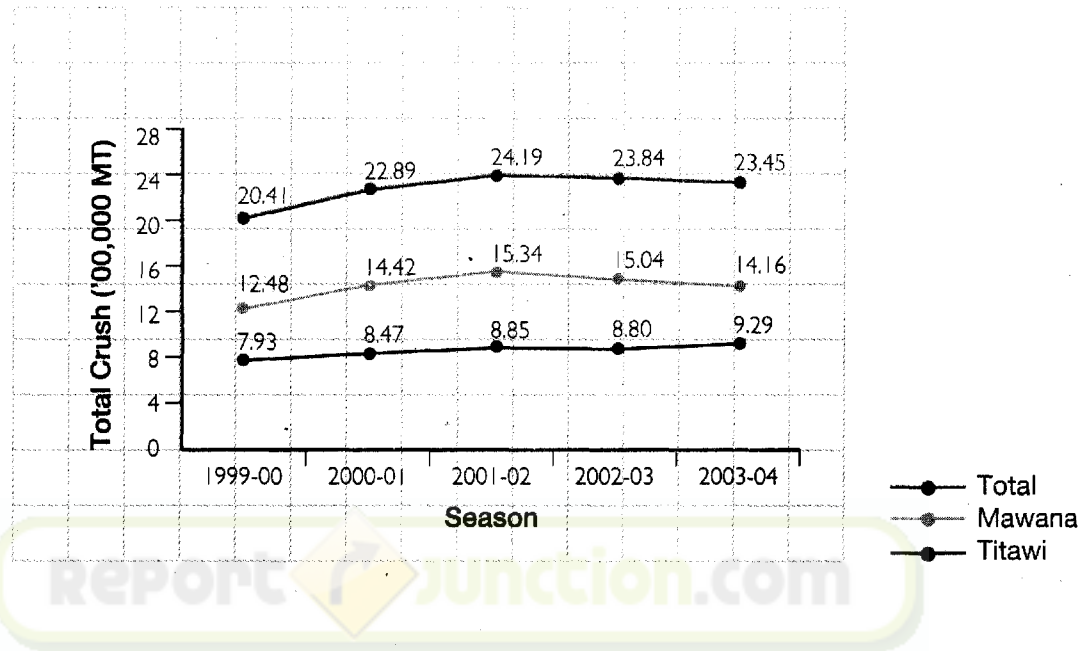
## TECHNICAL DATA FOR LAST FIVE SUGAR SEASONS

S. No.	Particulars	Unit	1999-00		2000-01		2001-02		2002-03		2003-04	
			Mawana	Titawi	Mawana	Titawi	Mawana	Titawi	Mawana	Titawi	Mawana	Titawi
1	Total Crush	'00,000 MT	12.52	7.93	14.46	8.47	15.34	8.85	15.04	8.80	14.16	9.29
2	Average Crush	MT/ Day	7539	4463	8145	4640	8244	4822	8181	4863	8621	5033
3	No. Of Days Operated	Nos.	166	178	177	183	186	184	184	182	164	185
4	Pol % Cane	% Cane	11.69	12.27	12.45	13.00	12.17	12.55	12.28	12.40	12.44	12.41
5	Recovery % Cane	% Cane	9.84	10.32	10.68	11.09	10.14	10.65	10.20	10.45	10.43	10.38
6	Total Losses	% Cane	1.85	1.95	1.77	1.91	2.03	1.90	2.08	1.95	2.01	2.03
7	Molasses Produced	'00,000 MT	0.51	0.37	0.58	0.38	0.77	0.39	0.76	0.40	0.67	0.41
8	Molasses Purity	%	29.01	28.62	29.10	29.62	30.10	28.71	28.93	28.68	28.91	29.45
9	Fibre %	% Cane	13.83	13.77	14.34	14.14	14.38	14.07	14.10	14.08	13.68	13.90
10	Bagasse Sold	'00,000 MT	0.12	0.10	0.36	0.37	0.28	0.37	0.26	0.30	0.35	0.52
11	Total Sugar Produced	'00,000 MT	1.23	0.82	1.54	0.94	1.55	0.94	1.53	0.92	1.47	0.96

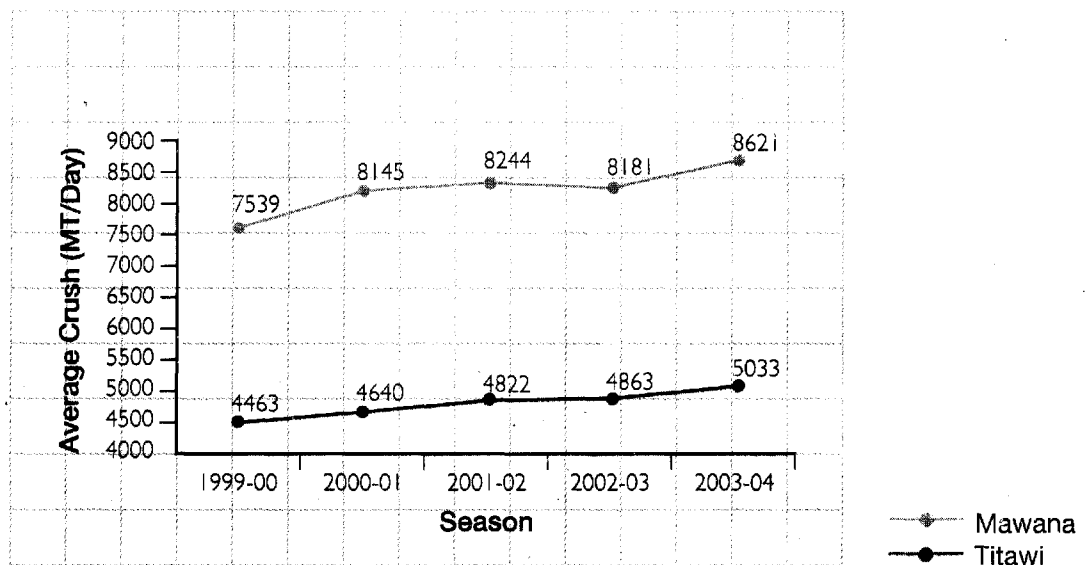




## TOTAL CRUSH

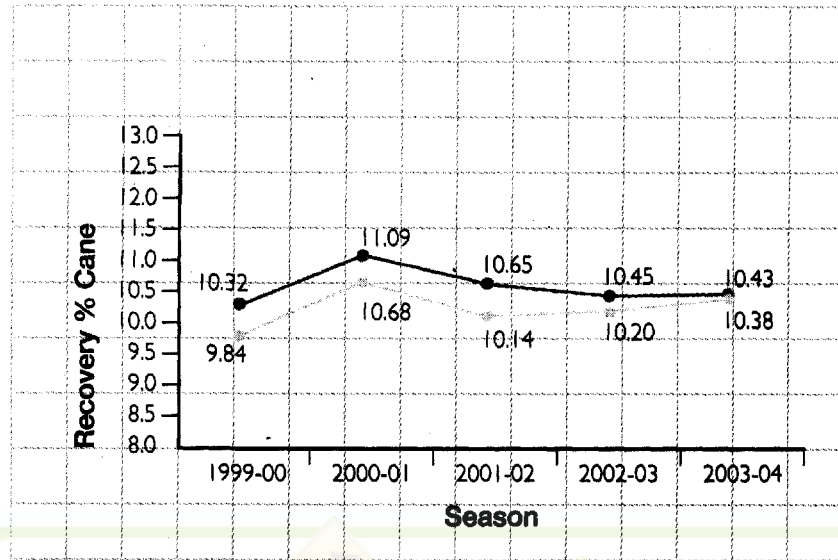


## AVERAGE CRUSH





## RECOVERY % CANE



## LOSSES % CANE

