



... for a sweeter life

**3rd
ANNUAL
REPORT
2004-05**

MAWANA SUGARS LIMITED



CHAIRMAN'S MESSAGE

Dear Shareholders,

The year 2005 saw seminal changes taking place in Mawana Sugars Limited (MSL). Not only was there robust growth in profits and earnings per share, but there was also the conclusion of the Scheme of Arrangement under which MSL was created; at this point MSL is virtually debt free, possibly for the first time in its history.

Several forces have coincided to change the fortunes of the sugar industry in India. An acute drop in India's production for two years eliminated the excessive inventory in the market leading to remunerative sugar prices for the industry on the one hand and sugarcane prices to the farmers on the other. The improvement is enabling significant investments being made by many companies.

The erstwhile idea of the Government of India was to develop Integrated Sugar Complexes, meaning thereby that the sugar complexes should be capital intensive having a distillery, co-generation of power, other chemical/paper units attached to them to access the full values that are naturally resident in sugarcane. This has come to fruition albeit by events rather than by policy. The investments now being made essentially result in Integrated Sugar Complexes involving high capital intensity, unlike in the past. Thereby the cost of entry is increasing and small units are unlikely to come up; also a consolidation is taking place within the industry.

MSL, having just come out of debt is approaching investments cautiously. The Board of Directors has considered the matter and I am happy to inform you that approximately Rs 600 crores is being invested in essentially three Integrated Sugar Complexes, one each in Mawana, Titawi and Nanglamal (Nanglamal is the new unit which will start operating in the first week of December 2005). This level of investment brings us into achieving the higher slab of incentive offered by the UP Sugar Incentive Policy Scheme. When this investment is concluded by October 2006, MSL will become the fourth largest sugar company in U.P., which also means in India. Our production capacity will be upwards of 500,000 tonnes of sugar per year; we will be producing 47 MW of power for sale and have distilleries with a capacity of 160 kltrs per day.

The financing for this has been principally agreed and the process of raising the funds is progressing. The projected financials indicate that the cash generation from operations will enable the debt equity to be within acceptable limits.

The next four to five years look extremely promising for this industry. The value addition from co-generated power and distillery operations will help to balance any adverse sugar cycles. The critical factor in all this is going to be the availability of cane and there will be acute competition for this vital raw material. We are ready for this as this is a critical key result area.

I would like to inform you that while we will be certainly concentrating on efficient use of capital, good governance and enhancing shareholders value in our business, we will also be increasingly concentrating on creating sustainable value, in harmony with our environment, our community, our stakeholders and our SELF".

With warm regards,

SIDDHARTH SHRIRAM



Mawana Sugars Limited (Formerly known as Siel Sugar Limited)

BOARD OF DIRECTORS

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

6th Floor, Kirti Mahal,

19, Rajendra Place,

New Delhi-110 008.

Phone : 011-25739103, Fax: 011-25743659

E-mail : corporate@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-110029

Phone : 011-26104142, Fax : 26181081

E-mail: masserv@iasdl01.vsnl.net.in

Mawana Sugars Limited

SUGAR SALES

Sales Volume

Unit : ' 000 MT

Segment	2002-03		2003-04		2004-05	
	Mawana	Titawi	Mawana	Titawi	Mawana	Titawi
Institution	12	26	27	36	12	34
Consumer Pack	5	NA	11	NA	14	NA
Trade Segment	110	45	136	73	135	83
Total	127	71	174	109	161	117

The company's focus continues towards producing sugar of consistent quality of less than 100 ICUMSA (colour value), efficient supplies to bulk Institutional customers and strengthening the branded sugar segment under the Company's brand name MAWANA.

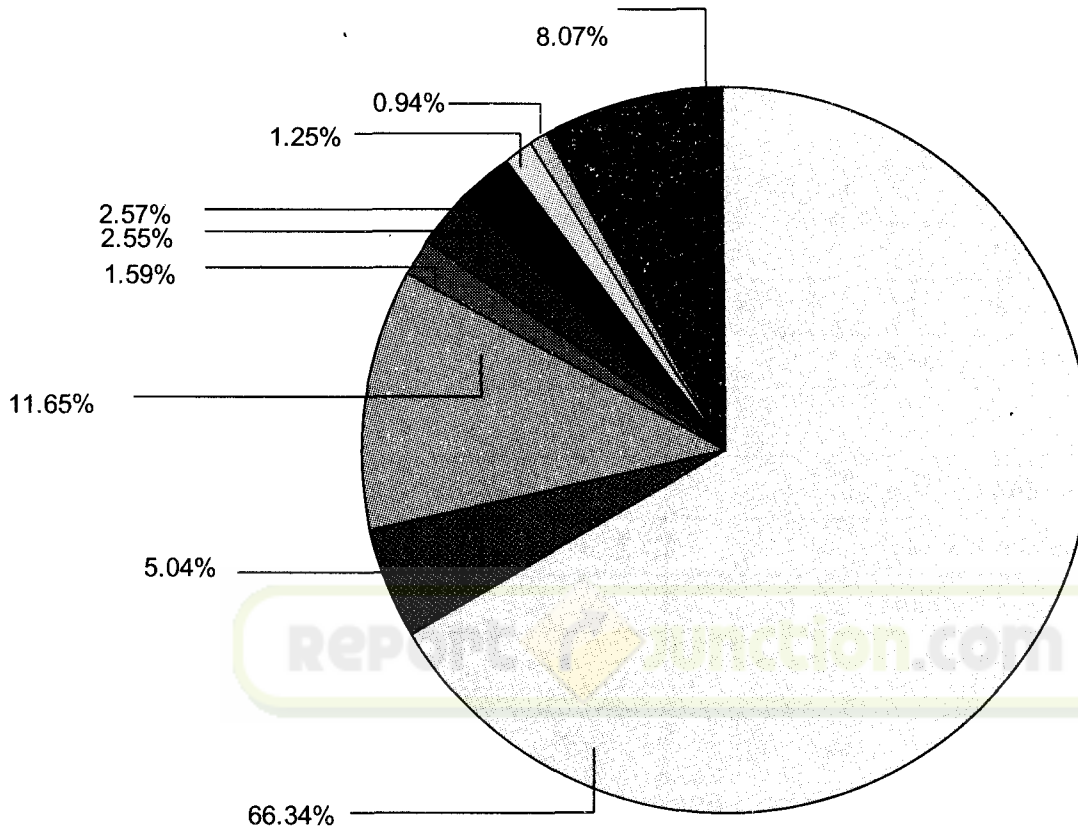
In the institutional segment, the company remains a preferred and major supplier to companies like Nestle, Coca Cola, Pepsi, JoyCo, Perfetti, Hamdard, Dabur and NCCF.

The supplies to institutional customers is over 16.39% of the total sales. Institutional sales to the soft drink segment declined as the overall segment sales were lower by about 25% from the previous year. With significantly increasing production projected for each of the next two years, refined sugar facilities are being installed to meet institutional and premium retail pack requirements.

The company's branded sugar volumes went up by 35% over last year . This has been achieved by introducing consumer convenient packaging, increasing marketing support and strengthening distribution network. The increase has been inspite of some new players having entered into the branded sugar segment.



DISTRIBUTION OF REVENUE



- ☐ Raw Material Cost
- ☒ Personnel Cost
- ☒ Administration & Selling expenses
- ☒ Depreciation
- ☒ Finance Cost
- ☒ Exceptional item
- ☒ Taxation including deferred tax
- ☒ Dividend including dividend tax
- ☒ Surplus

Mawana Sugars Limited

KEY RATIOS

S.No	Ratios	Unit	F.Y.E September '04 (18 months)	F.Y.E September '05
A	BALANCE SHEET			
1	Debt Equity Ratio .	Times	1.25	0.03
2	Net Fixed Assets /Net Worth	Times	1.24	0.51
3	Current Ratio	Times	3.41	3.18
4	Inventory turnaround *	Days	69.08	33.09
5	Debtors outstanding *	Days	9.86	10.31
6	Sales/ Net Fixed Assets *	Times	3.55	5.66
7	Other income / Net Fixed Assets *	Times	0.08	0.08

B	INCOME STATEMENT			
1	Personnel cost / Total Turnover	%	5.98	5.04
2	Finance Cost / Total Turnover	%	5.05	2.55
3	Depreciation / Total Turnover	%	2.29	1.59
4	PBIDT / Total Turnover **	%	11.79	14.40
5	PBDT / Total Turnover **	%	6.74	11.85
6	PBT/ Total Turnover **	%	4.45	10.26
7	PAT / Total Turnover **	%	2.49	9.01
8	Interest Coverage ratio	Times	1.99	5.19
9	Return on capital employed *	%	19.79	30.30

* Figures have been annualised, wherever applicable.

** Includes a charge of Rs 1436.07 lacs as an exceptional item.



OTHER KEY PARAMETERS

S.No	Ratios	Unit	F.Y.E September '04 (18 months)	F.Y.E September '05
C	OTHERS			
1	Share price at the year end *	Rs.	32.05	103.65
2	Earning per share (EPS)	Rs.	3.75	12.17
3	Cash earning per share	Rs.	7.51	14.42
4	Dividend	%	2.50	11.00
5	Dividend per share	Rs.	0.25	1.10
6	Dividend payout ratio (Dividend/PAT)	%	6.69	10.40
7	Book value at the year end	Rs.	25.73	55.31
8	Price / Earning ratio at the year end	Times	8.54	8.52
9	Price / Book value at the year end	Times	1.25	1.87
10	Cane Crush	Lac M.T.	30.77	26.67
11	Recovery of sugar	%	10.46	10.06

*Source: BSE-Website

Note: F.Y.E. September'04 figures have been recast wherever necessary.

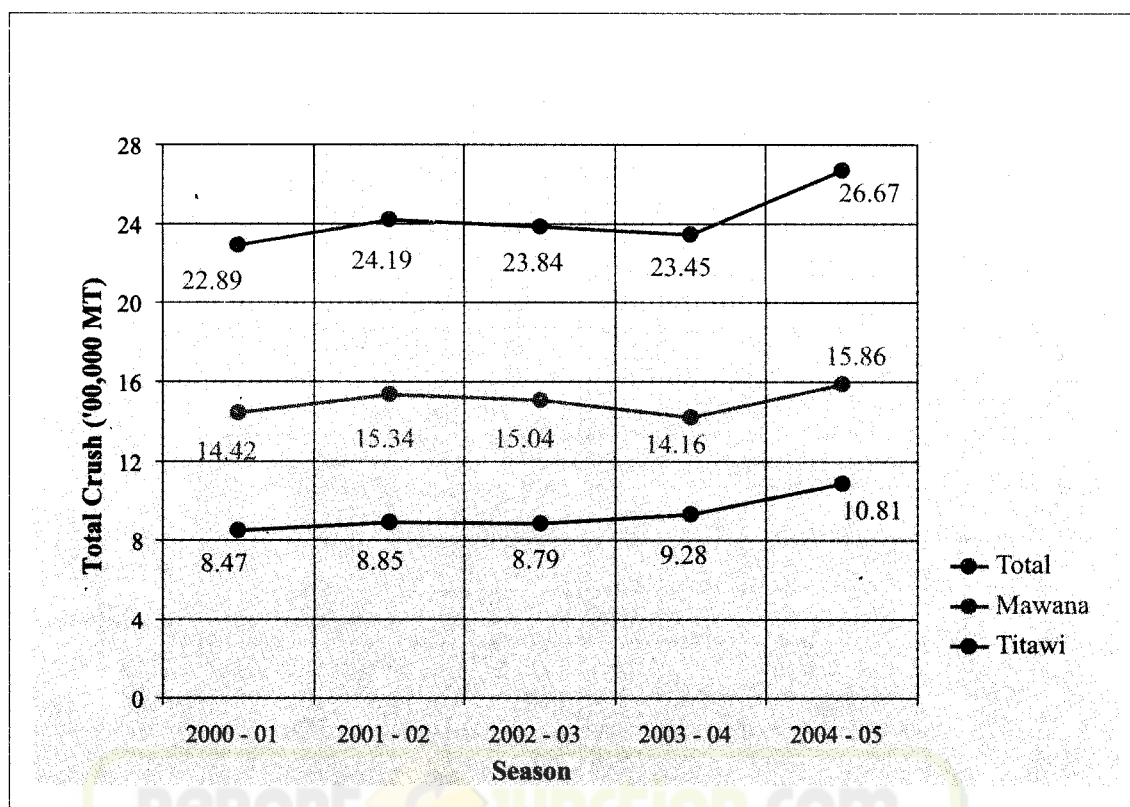
Mawana Sugars Limited

TECHNICAL DATA FOR LAST FIVE SUGAR SEASONS

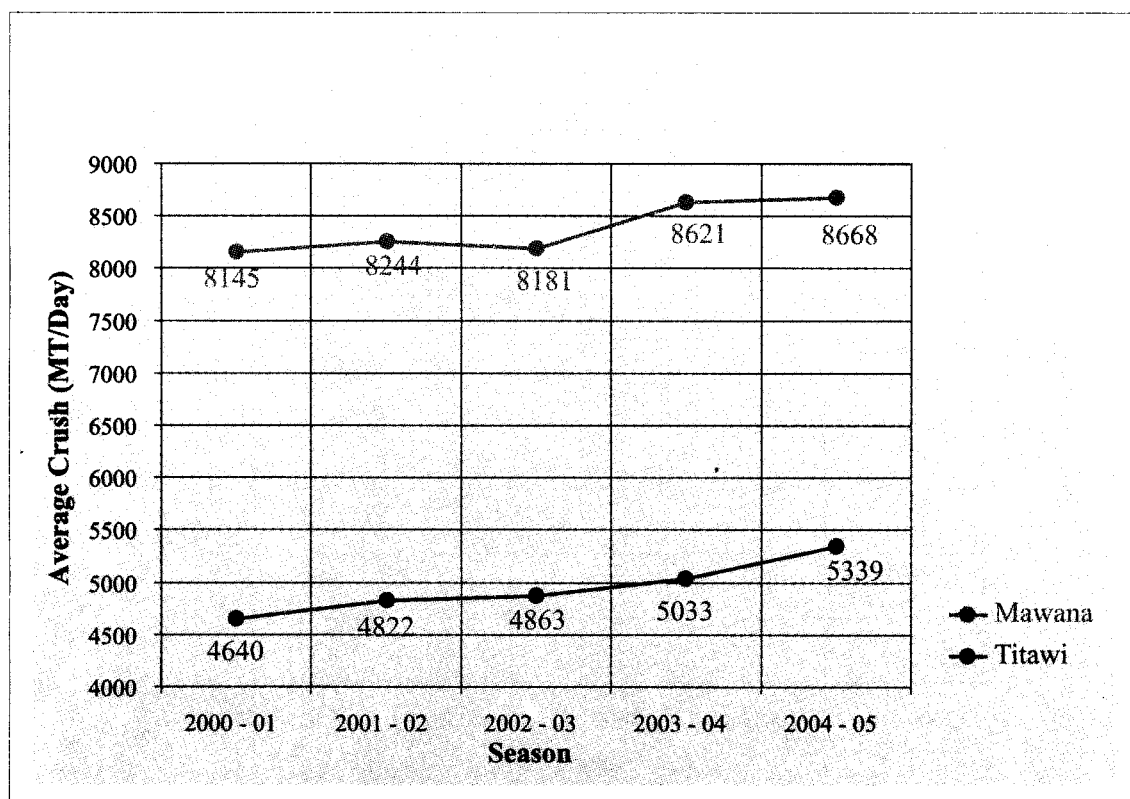
S.N.	Particulars	Unit	2000 - 01		2001 - 02		2002 - 03		2003 - 04		2004 - 05	
			MSW	TSC	MSW	TSC	MSW	TSC	MSW	TSC	MSW	TSC
1	Total Crush	Lac M.T.	14.46	8.47	15.34	8.85	15.04	8.80	14.16	9.29	15.86	10.81
2	Average Crush	M.T./Day	8145	4640	8244	4822	8181	4863	8621	5033	8668	5339
3	No. Of Days Operated	Nos.	177	183	186	184	184	182	164	185	183	203
4	Poi % Cane	% Cane	12.45	13.00	12.17	12.55	12.28	12.40	12.44	12.41	12.12	12.06
5	Recovery % Cane	% Cane	10.68	11.09	10.14	10.65	10.20	10.45	10.43	10.38	10.06	10.07
6	Total Losses	% Cane	1.77	1.91	2.03	1.90	2.08	1.95	2.01	2.03	2.06	1.99
7	Molasses Produced	Lac M.T.	0.58	0.38	0.77	0.39	0.76	0.40	0.67	0.41	0.73	0.48
8	Molasses Purity	-	29.10	29.62	30.10	28.71	28.93	28.68	28.91	29.45	30.99	29.09
9	Fibre %	% Cane	14.34	14.14	14.38	14.07	14.10	14.08	13.68	13.90	13.43	13.39
10	Bagasse Sold	Lac M.T.	0.36	0.37	0.28	0.37	0.26	0.30	0.35	0.52	0.35	0.61
11	Total Sugar Produced	Lac M.T.	1.54	0.94	1.55	0.94	1.53	0.92	1.47	0.96	1.65	1.14
12	Steam Consumption	% Cane	57.18	54.32	57.10	53.67	56.77	53.22	53.28	48.99	54.08	47.66

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TOTAL CRUSH

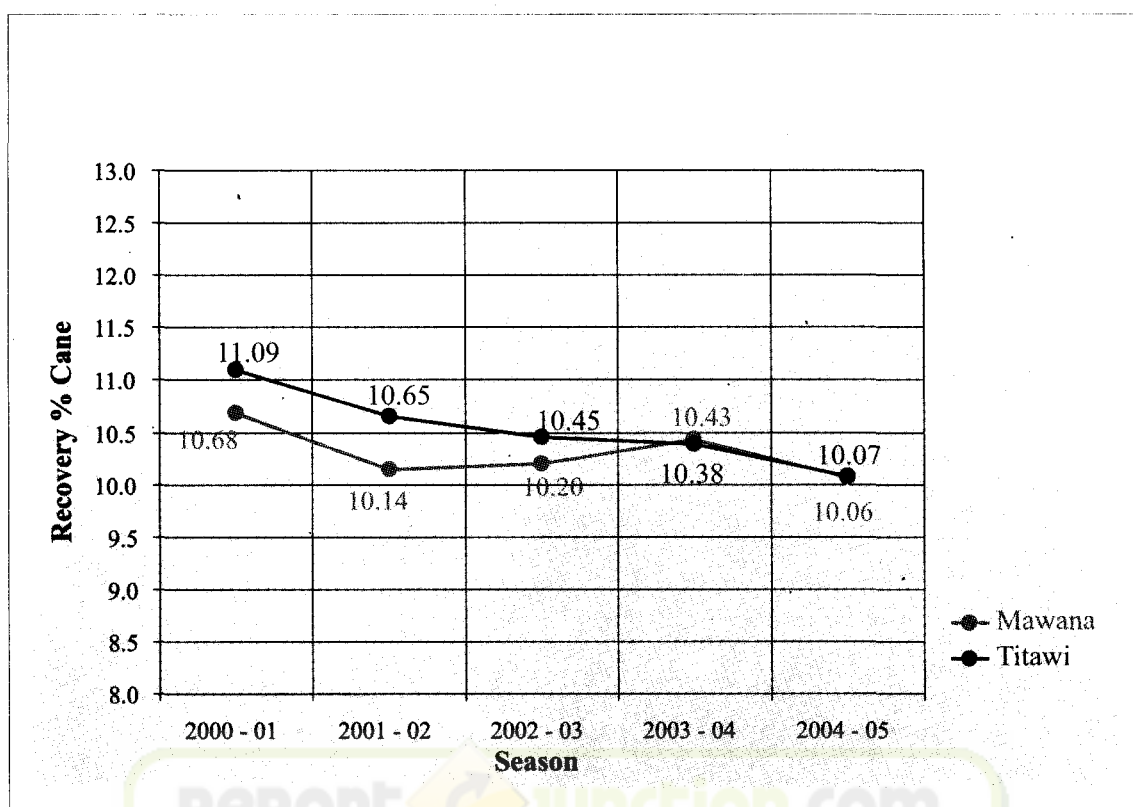


AVERAGE CRUSH



Mawana Sugars Limited

RECOVERY% CANE



LOSSES % CANE

