

46th ANNUAL REPORT

Report Junction.com

2007-2008

(18 Months)



MAWANA SUGARS LIMITED

(Formerly known as Siel Limited)

Mawana Sugars Limited

(Formerly known as Siel Limited)

BOARD OF DIRECTORS

Mr. Bedi R.S.

Ms.Dutt Anuradha

Mr. Gupta Ravi Vira

Mr. Goila N.K.

Mr. Kakria Sunil

Mr. Mehra A.K.

Mr. Mittal D.C.

Prof. Mohan Dinesh

Mr. Shriram Siddharth

Mr. Singh K.P.

- *Managing Director*

- *Whole-time Director*

- *Chairman and Managing Director*

- *Whole-time Director*

COMPANY SECRETARY

Mr. Khurana Amit

AUDITORS

A.F. Ferguson & Co.

Scindia House,

New Delhi - 110 001

BANKERS

State Bank of India

State Bank of Hyderabad

State Bank of Travancore

State Bank of Mysore

Punjab National Bank

Axis Bank Ltd.

REGISTERED OFFICE

5th Floor, Kirti Mahal,

19, Rajendra Place,

New Delhi-110 125

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 Ltd.

T-34, Okhla Industrial Area, Phase - II

New Delhi - 110 020

Phone No. : 011-26387281-83, Fax: 011-26387284

Website : www.masserv.com

E-mail :- info@masserv.com



NOTICE

Notice is hereby given that the 46th Annual General Meeting of the members of Mawana Sugars Limited will be held as scheduled below:

Day : Wednesday

Date : 18.02.2009

Time : 11.00 A.M.

Place : Kamani Auditorium,
1, Copernicus Marg,
New Delhi-110001

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 30th September, 2008 (18 months) and the Profit and Loss Account of the Company for the financial period ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Prof. Dinesh Mohan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. N.K. Goila, 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 are the retiring Auditors.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"Resolved that Mr. Ravi Vira Gupta who was co-opted as an Additional Director on the Board of the Company under Section 260 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing, pursuant to Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director, be and is hereby appointed as a Director of the Company."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"Resolved that Ms. Anuradha Dutt who was co-opted as an Additional Director on the Board of the Company under Section 260 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing, pursuant to Section 257 of the Companies Act, 1956 proposing her candidature to the office of Director, be and is hereby appointed as a Director of the Company."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"Resolved that Mr. Sunil Kakria who was co-opted as an Additional Director on the Board of the Company under Section 260 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing, pursuant to Section 257 of the Companies Act, 1956 proposing his candidature to the office of Director, be and is hereby appointed as a Director of the Company."
8. 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, 309, 310, 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 Central Government, if required, and such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded to the increase in the reimbursement of Medical Expenses incurred/to be incurred for self & family by Mr. K.P. Singh, Whole Time Director of the Company from Rs.75,000/- per annum to actuals subject to a limit of Rs.5,00,000/- per annum w.e.f. 1.4.2008 till the remaining period of his tenure of appointment i.e. upto 19.5.2012."
9. 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, 309, 310, 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 Central Government and such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded to the increase in the monthly remuneration (CTC) of Mr. Sunil Kakria, Managing Director of the Company from Rs.8,32,875/- p.m. to Rs.9,57,806/- p.m. w.e.f. 1.10.2008."

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NOTICE (Contd.)

10. 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, 309, 310, 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 Central Government and such other approvals and sanctions as may be necessary in this regard, consent of the Company be and is hereby accorded to the increase in the monthly remuneration (CTC) of Mr. A.K. Mehra, Whole Time Director of the Company from Rs.5,00,000/- p.m. to Rs.5,55,000/- p.m. w.e.f. 1.10.2008."

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

Place: New Delhi
Dated: 26.12.2008

(AMIT KHURANA)
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. The information as required to be provided under the Listing Agreement entered into with various 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 17.02.2009 to 18.02.2009 (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 Ltd.
T-34, Okhla Industrial Area,
Phase - II
New Delhi - 110 020
Ph :- 26387281/82/83
Fax :- 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/ DP ID/Client ID etc.
6. Documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting and will also be available for inspection at the meeting.
7. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
8. 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.
9. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend upto the Financial Year 1996-97, which remained unpaid or unclaimed for a period of 7 years from the date of transfer to unpaid dividend account of the Company has been transferred to the Investor Education and Protection Fund, established by the Central Government. No claim lie against the Company or the said Fund in respect of the dividend so transferred to the Fund and no payment shall be made in respect of any such claim.
Members who have not yet received dividend for the financial year ended 31.3.2006, may write to the Company, at its Registered Office.
10. 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.
11. 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) at the following address:
Mas Services Ltd.
T-34, Okhla Industrial Area,
Phase - II
New Delhi - 110 020
Ph :- 26387281/82/83
Fax :- 26387384
Website : www.masserv.com
e-mail :- info@masserv.com



NOTICE (Contd.)

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** : Prof. Dinesh Mohan
Age : 63 years
Qualifications : Ph.D. and M.S. in Bioengineering, M.S. in Mechanical and Aerospace Engineering, B.Tech (Hons.) in Mechanical Engineering.
No. of Shares held in the Company : Nil
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.
Outside Directorships : **Director**
- EG Gas Limited

Chairmanship/Membership of the Board Committees
Mawana Sugars Limited : - Audit Sub-Committee - Chairman
- Shareholders/Investors - Chairman
Grievance/Share Transfers Committee
- Remuneration Committee - Member
2. **Name** : Mr. N.K. Goila
Age : 61 years
Qualifications : B.Tech (Mechanical Engg) from IIT Delhi. MBA from Faculty of Management Studies, University of Delhi
No. of Shares held in the Company : NIL
Expertise : Mr. N.K. Goila is associated with the Group for more than 40 years. He has worked in various areas of Management and has made significant contributions to the Japanese Joint Ventures of the Company. He served as Vice President & Director of Honda Sael Cars India Limited. Presently he is a Director and Advisor of Usha International Limited.
Outside Directorships : **Director**
- Usha International Limited

Chairmanship/Membership of the Board Committees
Usha International Ltd. : - Audit Sub-Committee - Member
Mawana Sugars Limited : - Audit Sub-Committee - Member
3. **Name** : Mr. Ravi Vira Gupta
Age : 71 years
Qualifications : IAS (Retired)
No. of shares held in the Company : Nil
Expertise : Mr. Ravi Vira Gupta is a retired IAS Officer and has held various positions at various levels in Govt. of Madhya Pradesh as well as Government of India. He was Secretary

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NOTICE (Contd.)

to the Govt. of India in the Ministry of Food as well as Secretary, Banking in the Ministry of Finance. He also served as Dy. Governor with the Reserve Bank of India.

Mr. Ravi Vira Gupta is Director on the Board of some Companies and is also actively connected with various institutions promoting education and culture.

Outside Directorships

: **Director**

- Goodyear India Limited
- DCM Engineering Limited
- Delhi Safe Deposit Co. Limited
- Honda Siel Power Products Ltd.

Chairmanship/Membership of the Board Committees

Goodyear India Limited

- Audit Committee
- Investors Grievance Committee

- Chairman

- Member

DCM Engineering Ltd.

- Audit Committee

- Member

Honda Siel Power Products Ltd.

- Audit Committee

- Member

4. **Name**

: Ms. Anuradha Dutt

Age

: 51 years

Qualifications: Graduated in Law from University of Delhi.
LLM from University of Columbia.**No. of shares held in the Company**

: Nil

Expertise

: Ms. Anuradha Dutt is an eminent lawyer and is presently engaged in legal practice in the High Court and Supreme Court with over 26 years of experience in the area of Corporate Laws.

Outside Directorships

: **Director**

- Software Data (India) Pvt. Ltd.
- Lexnovum Consultaire Pvt. Ltd.
- Morriset Consultants Pvt. Ltd.

Chairmanship/Membership of the Board Committees

: Nil

5. **Name**

: Mr. Sunil Kakria

Age

: 51 years

Qualifications: Management Graduate from Faculty of Management Studies, University of Delhi.
Graduated in Physics (Hons) from University of Delhi.**No. of shares held in the Company**

: Nil

Expertise

: 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.

He has rich professional experience in the fields of Operations, Projects and Marketing (Domestic and International).

Outside Directorships

: Nil

Chairmanship/Membership of the Board Committees

Mawana Sugars Limited

- Shareholders/Investors Grievance/ Share Transfers Committee
- Legal Sub-Committee

- Member

- Chairman



NOTICE (Contd.)

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

ITEM NO. 5

Mr. Ravi Vira Gupta was co-opted as an Additional Director on the Board of the Company w.e.f. 30.10.2007. He holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the candidature of Mr. Ravi Vira Gupta for the office of Director of the Company.

Mr. Ravi Vira Gupta is a retired IAS Officer and has held various positions at various levels in Govt. of Madhya Pradesh as well as Government of India. He was Secretary to the Govt. of India in the Ministry of Food as well as Secretary, Banking in the Ministry of Finance. He also served as Dy. Governor with the Reserve Bank of India.

The Board of Directors considers that continuance of Mr. Ravi Vira Gupta on the Board will be beneficial to the Company and recommends the resolution for your approval.

None of the Directors, except Mr. Ravi Vira Gupta, is concerned or interested in the said resolution.

ITEM NO. 6

Ms. Anuradha Dutt was co-opted as an Additional Director on the Board of the Company w.e.f. 30.10.2007. She holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the candidature of Ms. Anuradha Dutt for the office of Director of the Company.

Ms. Anuradha Dutt is an eminent lawyer and is presently engaged in legal practice in the High Court and Supreme Court with over 26 years of experience in the area of Corporate Laws.

The Board of Directors considers that continuance of Ms. Anuradha Dutt on the Board will be beneficial to the Company and recommends the resolution for your approval.

None of the Directors, except Ms. Anuradha Dutt, is concerned or interested in the said resolution.

ITEM NO. 7

Mr. Sunil Kakria was co-opted as an Additional Director on the Board of the Company w.e.f. 12.12.2007. He holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the candidature of Mr. Sunil Kakria for the office of Director of the Company.

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. Mr. Sunil Kakria has rich professional experience in the fields of Operations, Projects and Marketing (Domestic and International).

The Board of Directors considers that continuance of Mr. Sunil Kakria on the Board will be beneficial to the Company and recommends the resolution for your approval.

None of the Directors, except Mr. Sunil Kakria, is concerned or interested in the said resolution.

ITEM NO. 8

Mr. K.P. Singh was reappointed as Whole Time Director (WTD) of the Company for a period of 5 years with effect from 20.5.2007. The reappointment and remuneration of Mr. K.P. Singh was approved by the Remuneration Committee of Directors, Board of Directors and the Shareholders of the Company.

As per the terms of appointment, Mr. K.P. Singh was entitled for Medical Allowance of Rs.75,000/- per annum.

Mr. K.P. Singh has served as a Whole Time Director on the Board of the Company for last more than 18 years and has made useful contribution to the working of the Company. Lately, he has not been keeping well and required intensive medical-attention.

A request was received from Mr. K.P. Singh seeking increase in his Medical Allowance, to enable him to meet his increased medical expenses.

The Remuneration Committee of Directors and the Board of Directors in their respective meetings held on 29.4.2008 has approved the increase in reimbursement of Medical expenses to Mr. K.P. Singh to actuals subject to a maximum of Rs.5,00,000/- per annum w.e.f. 1.4.2008 till the remaining period of his tenure of appointment i.e. upto 19.5.2012.

Such an increase in reimbursement of Medical Expenses may amount to an increase in his remuneration as approved earlier and will therefore be subject to the approval of the Shareholders of the Company and the Central Government, if required pursuant to the relevant and applicable provisions of the Companies Act, 1956.

Your Directors recommends the resolution for your approval.

None of the Directors, except Mr. K.P. Singh, is concerned or interested in the said resolution.

ITEM NO. 9

Mr. Sunil Kakria was appointed as Managing Director of the Company w.e.f. 7.1.2008 for a period of 5 years by the Board, Remuneration Committee, shareholders of the Company and Central Government.

The remuneration payable to Mr. Sunil Kakria as fixed by the Board has been approved by the Central Government for 3 years i.e. upto 6.1.2011.

It is now proposed to revise the remuneration (CTC) payable to Mr. Sunil Kakria from Rs.8,32,875/- p.m. to Rs.9,57,806/- p.m. w.e.f. 1.10.2008.

The Remuneration Committee of Directors and the Board of Directors in their respective meetings held on 26.12.2008 has approved the increase in remuneration (CTC) per month payable to Mr. Sunil Kakria w.e.f. 1.10.2008.

Such an increase in remuneration (CTC) per month may amount to an increase in his remuneration as approved earlier and will therefore be subject to the approval of the Shareholders of the Company and the Central Government, and such other approvals as may be necessary

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in this regard pursuant to the relevant and applicable provisions of the Companies Act, 1956.

Your Directors recommends the resolution for your approval.

This may also be treated as an abstract of the terms of increase in remuneration of Mr. Sunil Kakria, Managing Director of the Company as required under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Sunil Kakria, is concerned or interested in the said resolution.

ITEM NO. 10

Mr. A.K. Mehra was appointed as Whole Time Director of the Company w.e.f. 15.10.2007 for a period of 5 years by the Board, Remuneration Committee, shareholders of the Company and Central Government.

The remuneration payable to Mr. A.K. Mehra as fixed by the Board has been approved by the Central Government for 5 years i.e. upto 14.10.2012.

It is now proposed to revise the remuneration (CTC) payable to Mr. A.K. Mehra from Rs. 5,00,000/- p.m. to Rs. 5,55,000/- p.m. w.e.f. 1.10.2008.

The Remuneration Committee of Directors and the Board of Directors in their respective meetings held on 26.12.2008 has approved the

increase in remuneration (CTC) per month payable to Mr. A.K. Mehra w.e.f. 1.10.2008.

Such an increase in remuneration (CTC) per month may amount to an increase in his remuneration as approved earlier and will therefore be subject to the approval of the Shareholders of the Company and the Central Government, and such other approvals as may be necessary in this regard pursuant to the relevant and applicable provisions of the Companies Act, 1956.

Your Directors recommends the resolution for your approval.

This may also be treated as an abstract of the terms of increase in remuneration of Mr. A.K. Mehra, Wholetime Director of the Company as required under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. A.K. Mehra, is concerned or interested in the said resolution.

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

Place : New Delhi
Dated : 26.12.2008

(**AMIT KHURANA**)
COMPANY SECRETARY

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 46th Annual Report along with Audited Accounts of the Company for the 18 months period ended September 30, 2008.

FINANCIAL RESULTS

(Rs. Lacs)

Sl. No.	Particulars	Amount	
		30.09.08 (18 months)	31.03.07 (12 months)
1.	Profit / (Loss) before interest, depreciation, exceptional items and tax	212.6	1034.6
2.	Interest	9449.7	20.0
3.	Depreciation	7533.6	1139.0
4.	Profit / (Loss) before tax	(16770.7)	(124.4)
5.	Provision for taxation:		
	- Deferred tax	(144.0)	(243.2)
	- Fringe benefit tax	65.1	9.5
6.	Profit / (Loss) after tax	(16691.8)	109.3

It is important to note that above financials have accounted for two off season repair expenses.

DIVIDEND

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

OPERATIONS

A review of operations of the major businesses of the Company for the 18 months period ended September 30, 2008 is detailed as under:

1. SUGAR DIVISION

All the projects undertaken by the Company to increase the crushing capacity, cogeneration and establishment of State of Art Distillery to produce Ethanol have been completed and fully commissioned. All these plants are performing satisfactorily.

There were no arrears of cane payment at the end of period under report.

The availability of cane is a cause of concern and it is likely to deteriorate further in the current crushing season 2008-09. Agriculturists are calculating their farm economics taking into account the high prices of other food items. Selling prices of sugar which had plummeted in the previous year have somewhat stabilized presently and it is expected that these will remain so in the foreseeable future. These two are important determinants of profitability.

The power produced from co-generation facilities are supplied to State Grid under a long term Power Purchase Agreement. The world class distillery established at Nanglamal can produce 120 KL per day of Ethanol but presently Company does not have any contract for sale of Ethanol to oil marketing companies which entered into three years contracts well before our distillery was commissioned. The distillery is therefore producing rectified spirit which is equally remunerative.

2. CHLOR ALKALI DIVISION

This business has performed well during the period under report. The plant ran at its optimum capacity and the product quality was top grade and very well accepted in the market place. However,

this business is also cyclical in nature and is subject to ups and downs indeed we appear to be leading into a down phase owing to the ongoing slow down in virtually all user segments.

Power which is the most significant portion of input cost, is presently sourced from the State Electricity Board. It is desirable to have smooth uninterrupted good quality of power for better quality of end product and therefore possibilities for having own dedicated power plant are being examined.

JOINT VENTURE

CERATIZIT INDIA PVT. LTD. (Formerly Siel Tizit Limited). During the financial year ended February 2008, Ceratizit recorded a total sales income of 524.65 Mio INR as against 432.44 Mio INR last year, an increase of 21%. The net profit of 82.77 Mio INR was made during the year as against 48.27 Mio INR last year, an increase of 71%.

SCHEME OF ARRANGEMENT

The merger of erstwhile Mawana Sugars Limited with Siel Limited and reduction of equity shares of the merged company w.e.f. 1.10.2006 i.e. the Appointed Date has been completed. The name of the Company has been changed to Mawana Sugars Limited w.e.f. 4.1.2008.

SUBSIDIARY COMPANIES

The Company has five subsidiaries, viz. Siel Financial Services Limited, Transiel India Limited, SFSL Investments Limited, Siel Edible Oils Limited and Siel Industrial Estate Limited.

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

In terms of the approval granted by the Central Government under section 212(8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsisting subsidiaries have not been attached 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

During the year under review, Mr. P.K. Bhalla, Director of the Company demitted Office as a Director of the Company.

Mr. Sunil Kakria, Mr. Ravi Vira Gupta and Ms. Anuradha Dutt were co-opted as Additional Directors on the Board of your Company during the period under review.

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DIRECTORS' REPORT

Mr. Sunil Kakria was thereafter appointed as Managing Director of the Company w.e.f. 7.1.2008.

Prof. Dinesh Mohan and Mr. N.K. Goila, Directors retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. A.F. Ferguson & Co., Chartered Accountants, Auditors of the Company 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.

AUDITORS' REPORT

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

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

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 Secretary at Registered Office of the Company.

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;
- (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

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.

SHARE REGISTRY ACTIVITIES

In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2002 dated 27 December 2002, your Company has transferred the work related to share registry to Mas Services Ltd., a registrar and share transfer agent registered with SEBI.

INFORMATION UNDER LISTING AGREEMENT WITH STOCK EXCHANGES

DEMATERIALISATION OF SHARES

The shares of the Company are traded in dematerialized form and are available for trading under the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd. (CDSL).

As on September 30, 2008, a total of 2,96,83,430 equity shares of the Company, which form 97.09% of the equity share capital, stand dematerialized.

LISTING OF SECURITIES OF COMPANY

The equity shares of your Company continue to be listed on the Bombay Stock Exchange Ltd., Mumbai.

An application for listing of equity shares of the Company have been filed with National Stock Exchange of India Limited.

An application for delisting of equity shares on the Calcutta Stock Exchange has also been filed.

The listing fee for the year 2008-2009 has been paid to the Bombay Stock Exchange Ltd., Mumbai.

INFORMATION UNDER LISTING AGREEMENT FOR GDRs

If the United Kingdom resident holders in the Company's shares or depository receipts representing the Company's shares wish to know whether they are able to obtain any relief from United Kingdom Taxation to which they are entitled in respect of their holdings of such securities, they should consult their tax advisors.

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 and on behalf of the Board of Directors

Place : New Delhi
Dated : 26.12.2008

(SIDDHARTH SHRIRAM)
Chairman