



Refer : MSL/NSE/

November 22, 2013

9330347445

BY COURIER

National Stock Exchange of India Ltd.
"Exchange Plaza",
Bandra-Kurla Complex
Bandra (E), Mumbai-400 051

Sub : Compliance of Clause 31 of the Listing Agreement

Dear Sir,

In compliance of Clause 31 of the Listing Agreement, we are sending herewith Form B alongwith six copies of Balance Sheets for the year ended September 30, 2013 and the Notice, for calling Annual General Meeting (AGM) of the Company on 16.12.2013.

These Notice/Balance Sheet have been sent to all shareholders of the Company.

This is for the Information of the Exchange and its members.

Thanking you,

Yours faithfully,

(AUTHORISED SIGNATORY)

Encl : a/a

MAWANA SUGARS LIMITED

Corporate Office:

Plot No. 15, Institutional Area
Sector-32, Gurgaon-122 001 (India)
T 91-124-4298000 F 91-124-4298300

Registered Office:

5th Floor, Kirti Mahal, 19 Rajendra Place
New Delhi-110 125 (India)
T 91-11-25739103 F 91-11-25743659

E corporate@mawanasugars.com
www.mawanasugars.com



FORM B**Format of covering letter of the annual audit report to be filed with the stock exchanges**
(Pursuant to Clause 31(a) of Listing Agreement)

(STANDALONE)

1.	Name of the company	Mawana Sugars Limited						
2.	Annual Financial Statements for the year ended	September 30, 2013						
3.	Type of Audit Qualification	Qualified: Qualification on page no. 23 of enclosed Annual Report Various matters arising out of the reorganization arrangement of DCM Limited will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 36 of the financial statements. The effect of these on the accounts has not been determined by the Company. The matter referred to in above was also subject matter of qualification in our audit report on the financial statements for the eighteen months ended September 30, 2012. Emphasis: Emphasis of Matter on page no. 23 of enclosed Annual Report (i) Emphasis of Matter As per Independent Auditors' Report: 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 year 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. As per annexure to the Independent Auditors' Report: (x) The accumulated losses of the Company at the end of the financial year i.e. September 30, 2013 are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year ended September 30, 2013 and the immediately preceding financial period ended September 30, 2012. Also refer to our comments under paragraph 1 of "Emphasis of Matters" section of our report of even date. (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 September 30, 2013, the Company has defaulted in repayment of following loans to banks: <table border="1"> <thead> <tr> <th>Lender</th> <th>Amount (Rs. Millions)</th> <th>Period of Delays up to September 30, 2013 (in days)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Lender	Amount (Rs. Millions)	Period of Delays up to September 30, 2013 (in days)			
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	<table border="1" data-bbox="717 269 1414 388"> <tr> <td data-bbox="717 269 1024 325">Banks (including interest)</td><td data-bbox="1024 269 1221 325">223.71</td><td data-bbox="1221 269 1414 325">30 - 95 days*</td></tr> <tr> <td></td><td data-bbox="1024 325 1221 388">1,225.52</td><td data-bbox="1221 325 1414 388">Up to 61 days</td></tr> </table> * not outstanding as at the year end. (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. 4,224.54 million have been used for long term purposes. Refer to our comments under paragraph 1 of "Emphasis of Matters" section of our report of even date. (ii) Emphasis of Matter Attention is invited to note 41(ii) of the financial statements. As stated in the note, remuneration paid to chairman and managing director includes Rs. 6.02 million in excess of the limit specified under Section 198 read with Section 309 and Schedule XIII to the Companies Act, 1956 which is subject to the approval of the Central Government. (iii) Emphasis of Matter Attention is invited to Note 44(b)(i) of the financial statements regarding de-recognition of profit amounting to Rs. 1215.45 million recognized in the previous financial period on the non-monetary transfer of shares held in a wholly owned subsidiary to another wholly owned subsidiary, for the reasons stated in the said Note. Our opinion is not qualified in respect of these matters.	Banks (including interest)	223.71	30 - 95 days*		1,225.52	Up to 61 days
Banks (including interest)	223.71	30 - 95 days*					
	1,225.52	Up to 61 days					
4. Frequency of observation	Qualification Appearing since 1990-91, the year in which there was reorganization arrangement of DCM Limited. Emphasis of Matter (i) First matter is appearing since last financial year i.e. 18 months ended September 30, 2012. (ii) Second matter is appearing for the first time. (iii) Third matter was subject matter of qualification in the previous period financial statements. During the year, the Company in order to give effect to the Statutory Auditors' qualification, the profit of Rs. 1215.45 million has been eliminated from the value of the investments held by the Company in SIEL-IED and the corresponding loss of Rs. 1215.45 million has been charged as a prior period adjustment in the Statement of Profit and Loss. Considering the impact of the same in current year financial statements this matter has been given as emphasis of matter paragraph in the report.						
5. Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Qualification <u>Note no. 36 on page no. 49 of enclosed Annual Report</u> There are various issues relating to sales tax, income tax etc. arisen / arising out of the reorganisation arrangement of DCM Limited which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited and memorandum of understanding between all the companies involved as and when the liabilities/benefits are fully determined.						



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In the opinion of the management, having regard to the current status of the assessment proceedings at various stages and since no demand has been received by the Company on this account, the effect of these matters on the financial statements, though not determinable at this stage, are not expected to be significant.

Clarification on above in Director's report (page no. 6 of enclosed Annual Report).

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

Emphasis of Matter (i)

Note no. 1. (B) on page no. 31 of enclosed Annual Report

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.

During the current year, based on the Company's audited financial statements for the eighteen months ended September 30, 2012, the Company had filled Form 'C' with the Board for Industrial and Financial Reconstruction (BIFR), Government of India, about the "Potential Sickness" of the Company in line with the provisions of Section 23 of the Sick Industrial Companies (Special Provisions), Act, 1985 (SICA).

Subsequent to the aforesaid filing, as per communication received from BIFR vide its letter no. BIFR/Sec.23/2144/BC/2013 dated May 13, 2013, the Company became a Sick Industrial Company and filed a reference under section 15(1) of SICA in Form 'A' with BIFR on August 01, 2013. The Company got registered with the BIFR on 10th September 2013. 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 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

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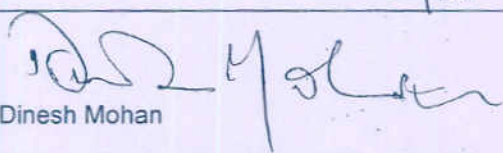
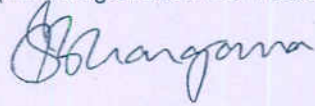
(STANDALONE)

	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 <u>Clarification on above in Director's report (page no. 6 of enclosed Annual Report).</u> Emphasis of Matter (ii) <u>Note no. 41 on page no. 52 of enclosed Annual Report</u> The remuneration paid to chairman and managing director exceeds the limit prescribed under the Companies Act, 1956 by Rs. 6.02 million. The Company has filed an application with the central government to obtain necessary approval and is confident of receiving the same in due course. Emphasis of Matter (iii) <u>Note no. 44(b)(i) on page no. 53 of enclosed Annual Report</u> A Memorandum of Understanding (MOU) was signed between the Company and Government of Punjab in 1993 for setting up an Industrial Estate in Punjab. SIEL Industrial Estate Limited (SIEL - IE) was incorporated in an earlier year as a wholly owned subsidiary of the Company for setting up the Industrial Estate. The clear and un-encumbered title and possession of the land for the aforesaid Industrial Estate came to SIEL IE in October, 2011 and now SIEL - IE holds approximately 455 acres of land at Rajpura, Punjab. The Company, SIEL - IE and SIEL Infrastructure and Estate Developers Private Limited (SIEL - IED), which was acquired, and consequently, became a wholly owned subsidiary of the Company during the financial year 2011-12, had entered into a Joint Development Agreement for the development of the Industrial Estate. During the financial year 2011-12, the Company had sold 13,475,000 equity shares of Rs. 10/- each of SIEL - IE to SIEL - IED for a consideration aggregating to Rs. 1350.20 million, as determined through an independent valuation of SIEL - IE. The consideration was received by the Company in the form of 13,501,950 equity shares of Rs. 100/- each fully paid up of SIEL - IED. Accordingly, the Company had recognized a profit of Rs. 1215.45 million in the Statement of Profit and Loss as an exceptional item. In the Auditors' report on the Company's financial statements for the period ended September 30, 2012, the Auditors' had qualified their report regarding the recognition of a profit of Rs. 1215.45 million by the Company on the non-monetary transfer of shares held in SIEL - IE on the grounds that the profit represents surplus arising out of recognition of the fair value of SIEL - IE shares exchanged for the additional shares acquired in SIEL - IED without dilution in the Company's control over SIEL - IE, as both entities were under common control of the Company.
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		During the current year ended September 30, 2013, in order to give effect to the Statutory Auditors' qualification as stated above, the profit of Rs. 1215.45 million has been eliminated from the value of the investments held by the Company in SIEL-IED and the corresponding loss of Rs. 1215.45 million has been charged as a prior period adjustment in the Statement of Profit and Loss.
6.	Additional comments from the board/audit committee chair	DCM Limited, a conglomerate consisting of 13 units, was restructured into 4 companies, including DCM Limited, effective from 1.4.1990, through a Scheme of Arrangement approved by the Hon'ble Delhi High Court u/s 391 / 394 of the Act. In view of the size of the restructured corporate, certain issues with regard to taxation have been pending with different forums. Until these matters are decided, the liabilities / benefits of these cannot be ascertained. In view of this the above note has been appearing in the statutory Auditors' Report since 1990-91, all the Balance Sheet of the 4 companies after restructuring. Accordingly, the effect if any, will be accounted for as and when the liabilities / benefits are finally determined.
	Signed by	
	• CEO/Chairman	X Siddharth Shriram 
	• CFO	D.C. Popli 
	• Audit Committee Chairman	X  Prof. Dinesh Mohan
	• Auditor of the Company	Refer our audit report dated November 21, 2013 on the Financial Statements of the Company. For A.F. Ferguson & Co. Chartered Accountants (Firm Registration No. 112066W)  Jaideep Bhargava Partner (Membership No. 090295) New Delhi, November 21, 2013

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(CONSOLIDATED)

1.	Name of the company	Mawana Sugars Limited
2.	Annual Financial Statements for the year ended	September 30, 2013
3.	Type of Audit Qualification	Qualified: Qualification on page no. 56 of enclosed Annual Report Various matters arising out of the reorganization arrangement of DCM Limited will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 38 of the consolidated financial statements. The effect of these on the accounts has not been determined by the Company. The matter referred to above was also subject matter of qualification in our audit report on the consolidated financial statements for the eighteen months period ended September 30, 2012. Emphasis: Emphasis of Matter on page no. 56 of enclosed Annual Report (i) Attention is invited to note 2 (B) of the consolidated financial statements regarding the Company being a "Sick Industrial Company" in terms of the provisions of the 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. The ability of the Company to continue as a going concern is dependent upon the successful completion of initiatives to improve its performance and financial position including rehabilitation scheme, reschedulement of debts/payables, requisite financial restructuring and the Company's ability to generate sufficient cash flows to meet its obligations and improve its financial position including net worth. However, the consolidated financial statements of the Company have been prepared by the Management of the Company on a going concern basis for the reasons stated therein. (ii) Attention is invited to note 42 (ii) of the consolidated financial statements. As stated in the note, remuneration paid to chairman and managing director includes Rs. 6.02 million in excess of the limit specified under Section 198 read with Section 309 and Schedule XIII to the Companies Act, 1956 which is subject to the approval of the Central Government. Our opinion is not qualified in respect of these matters.
4.	Frequency of observation	Qualification This qualification is appearing since 1990-91, the year in which there was reorganization arrangement of DCM Limited. Emphasis of Matter

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		(i) First matter is appearing since last financial year i.e. 18 months ended September 30, 2012. (ii) Second matter is appearing for the first time.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Qualification <u>Note no. 38 on page no. 80 of enclosed Annual Report</u> There are various issues relating to sales tax, income tax etc. arisen / arising out of the reorganisation arrangement of DCM Limited which will be settled and accounted for in terms of the Scheme of Arrangement of DCM Limited and memorandum of understanding between all the companies involved as and when the liabilities/benefits are fully determined. In the opinion of the management, having regard to the current status of the assessment proceedings at various stages and since no demand has been received by the Parent Company on this account, the effect of these matters on the accounts, though not determinable at this stage, are not expected to be significant. <u>Clarification on above in Director's report (page no. 6 of enclosed Annual Report).</u> The observations of the Auditors in their report read with relevant notes to accounts are self-explanatory and therefore do not require further explanation. Emphasis of Matter (i) <u>Note no. 2 (B) on page no. 62 of enclosed Annual Report</u> 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 Parent Company's operations and financial performance. Higher finance costs have also added to the cash losses. During the current year, based on the Parent Company's audited financial statements for the eighteen months ended September 30, 2012, the Parent Company had filled Form 'C' with the Board for Industrial and Financial Reconstruction (BIFR), Government of India, about the "Potential Sickness" of the Parent Company in line with the provisions of Section 23 of the Sick Industrial Companies (Special Provisions), Act, 1985 (SICA). Subsequent to the aforesaid filing, as per communication received from BIFR vide its letter no. BIFR/Sec.23/2144/BC/2013 dated May 13, 2013, the Parent Company became a Sick Industrial Company and filed a reference under section 15(1) of SICA in Form 'A' with

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	BIFR on August 01, 2013. The Parent Company got registered with the BIFR on 10th September 2013. The process for revival/rehabilitation of the Parent 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, reschedulement 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 Parent Company is confident that the Parent 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. Emphasis of Matter (ii) <u>Note no. 42 on page no. 81 of enclosed Annual Report</u> The remuneration paid to chairman and managing director of the Parent Company exceeds the limit prescribed under the Companies Act, 1956 by Rs.6.02 million. The Parent Company has filed an application with the central government to obtain necessary approval and is confident of receiving the same in due course.
Additional comments from the board/audit committee chair	DCM Limited, a conglomerate consisting of 13 units, was restructured into 4 companies, including DCM Limited, effective from 1.4.1990, through a Scheme of Arrangement approved by the Hon'ble Delhi High Court u/s 391 / 394 of the Act. In view of the size of the restructured corporate, certain issues with regard to taxation have been pending with different forums. Until these matters are decided, the liabilities / benefits of these cannot be ascertained. In view of this the above note has been appearing in the statutory Auditors' Report since 1990-91, all the Balance Sheet of the 4 companies after restructuring. Accordingly, the effect if any, will be accounted for as and when the liabilities / benefits are finally determined.

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(CONSOLIDATED)

6. Signed by	
• CEO/Chairman	x Siddharth Shriram
• CFO	D.C. Popli
• Audit Committee Chairman	x Prof. Dinesh Mohan
• Auditor of the Company	Refer our audit report dated November 21, 2013 on the Consolidated Financial Statements of the Company. For A.F. Ferguson & Co. Chartered Accountants (Firm Registration No. 112066W) Jaideep Bhargava Partner (Membership No. 090295) New Delhi, November 21, 2013

Handwritten notes and signatures in the bottom left corner.

Handwritten signature in the bottom right corner.