

Independent Auditors' Report**To The Members of SIEL INDUSTRIAL ESTATE LIMITED****Report On the Financial Statements**

We have audited the accompanying Financial Statements of **SIEL INDUSTRIAL ESTATE LIMITED** ("the Company") which comprises the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and Notes to the Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- ii) In the case of Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order;
- 2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read



with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

- e. On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No. 000756N



Kamal Kishore
(Kamal Kishore)
Partner
Membership No. 078017

Place: New Delhi

Date: *June 29, 2014*

Re: Siel Industrial Estate Limited
Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirement" of our report of even date.

- 1(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year, the frequency of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- 2(a) The Company does not have any stocks of raw materials, stores, spares and finished goods except for stock of land in industrial estate and therefore, clauses (ii) (a), (ii) (b) and (ii)(c) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (b) In respect of stock of land in industrial estate, as informed to us, physical verification has been conducted by the management at reasonable intervals during the year, the procedures for which, in our opinion, are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of land, in our opinion, the Company has maintained proper records and there are no discrepancies between the book records and physical stocks of land in industrial estate.
3. According to the information and explanations given to us the, Company has during the period neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are reasonable internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of land. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control systems.



- 5.(a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions entered into in pursuance of contracts or arrangements, with whom transactions exceeding the value of Rs. five Lacs in respect of each party have taken place during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time except in case of certain transactions being special in nature for which alternate quotations are not always available.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. The Company does not have an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, however the Company's total paid-up capital more than Rs 5,000,000, which necessitate to have Internal Audit System. However considering the limited volume of transactions, as explained, the Company has not implemented any internal audit system during the year. In our opinion, the existing system is commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for any of the activities involved by the Company.
- 9(a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it.
- (b) According to the records of the Company examined by us and the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty and excise duty were outstanding, as at 31st March, 2014 for a period of more than six months from the date they became payable.



10. The accumulated losses of the Company at the end of the financial year are less than fifty percent of its net worth. The Company has incurred cash losses in the financial period ended March 31st, 2014 and had incurred cash losses in the immediately preceding financial period March 31st, 2013.
11. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of dues to bank, financial institutions and debenture holders.
12. According to the information and explanations given to us and as per the books and records examined by us, adequate documents and records are maintained in cases where the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
- 15.(a) According to the information and explanations given to us, the Company has given a Corporate guarantee of Rs.5,295,000,000 and provided security of its industrial estate land as mortgage in favour of lenders of its holding company Mawana Sugars Limited as a collateral security, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.

(b) According to the information and explanations given to us, the Company has mortgaged its Industrial estate land measuring 455.23 acres as a collateral security in favour of lenders of its holding company, Mawana Sugars Limited to secure the repayment of all monies due to lenders upto Rs. 7,869,848,000, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.
16. According to the records of the Company examined by us and the information and explanations given to us, the Company did not have any term loans outstanding during the year.
16. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, generally, there are no funds raised by the Company on short-term basis, which have been used for long-term investment.



18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, paragraph 4(xviii) of the Order is not applicable.
19. During the period covered by our audit report, the Company has not issued any debentures, paragraph 4 (xix) of the Order is not applicable.
20. During the period covered by our audit report, the Company has not raised any money by public issue, paragraph 4 (xx) of the Order is not applicable.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

Firm Registration No.000756N



(Kamal Kishore)
Partner

Membership No. 078017

Place: New Delhi

Date: June 20, 2014


Siel INDUSTRIAL ESTATE LIMITED

BALANCE SHEET AS AT 31st March 2014

BALANCE SHEET As at 31st March 2014			Amount Rs.
Particulars	Note no.	As at 31st March 2014	As at 31st March 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
a) Share Capital	2	27,65,46,910	27,65,46,910
b) Reserves and Surplus	3	(1,94,03,941)	(1,69,06,490)
		<u>25,71,42,969</u>	<u>25,96,40,421</u>
Current liabilities			
a) Other current liabilities	4	17,94,868	33,32,823
		<u>17,94,868</u>	<u>33,32,823</u>
TOTAL		<u>25,89,37,837</u>	<u>26,29,73,244</u>
ASSETS			
Non-current assets			
a) Fixed assets	5		
-Tangible assets		5,97,367	5,97,457
b) Other non-current assets		1,12,149	1,02,455
c) Long-term loans and advances		3,83,929	1,95,488
		<u>10,93,445</u>	<u>8,95,399</u>
Current assets			
a) Inventories	6	22,45,92,291	22,21,17,091
b) Cash and cash equivalents		1,89,98,832	2,55,89,712
c) Short-term loans and advances		1,32,84,839	1,32,84,839
d) Other current assets		9,68,429	10,86,201
		<u>25,78,44,391</u>	<u>26,20,77,843</u>
TOTAL		<u>25,89,37,837</u>	<u>26,29,73,244</u>

Significant accounting policies 1

The notes referred to above form an integral part of the financial statements

This is the balance sheet referred to
in our report of even dateFor S.S. Kothari Mehta & Co.,
Chartered Accountants
Firm Registration No.: 000756N

(Kamal Kishore)
Partner
Membership No.078017


PLACE : New Delhi

DATED : June 20, 2014

For and on behalf of the Board of Directors of
Siel Industrial Estate Limited

Director


Director



Siel INDUSTRIAL ESTATE LIMITED

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2014

	Note	12 Months Ended 31st March 2014	Amount Rs. 12 Months Ended 31st March 2013
Revenue from operations		-	-
Less: Excise Duty		-	-
Other Income	7	44,41,182	1,01,16,255
Total Revenue		44,41,182	1,01,16,255
Expenses :			
Purchase of Land		24,75,200	-
(Increase) / Decrease in Stock of Land	8	(24,75,200)	-
Employee Benefit Expenses	9	25,21,669	11,44,791
Depreciation and amortisation	5	4,680	410
Other expenses	10	44,12,284	1,15,79,014
TOTAL		69,38,634	1,27,24,215
Profit before exceptional and extraordinary items and tax		(24,97,452)	(26,07,960)
Profit before extraordinary items and tax		(24,97,452)	(26,07,960)
Less : Extraordinary items		-	-
Profit before tax		(24,97,452)	(26,07,960)
Less: Provisions for:-			
- Income Tax/MAT		-	-
- Income tax adjustment for earlier years		-	-
Profit for the period from continuing operations		(24,97,452)	(26,07,960)
Profit from discontinuing operations		-	-
Less : Tax expense of discontinuing operations		(24,97,452)	(26,07,960)
Profit from discontinuing operations after tax		-	-
Profit for the period		(24,97,452)	(26,07,960)
Earning Per Share			
(Nominal value of equity share Rs. 10/-)			
- Basic		(0.09)	(0.09)
- Diluted		(0.09)	(0.09)

Significant accounting policies 1

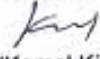
The notes referred to above form an integral part of the financial statements

This is the statement of profit and loss
referred to in our report of even date

For S.S. Kothari Mehta & Co.,

Chartered Accountants

Firm Registration No.: 000756M


 (Kamal Kishore)
 Partner

Membership No.078017



PLACE : New Delhi

DATED : June 20, 2014

For and on behalf of the Board of Directors of
Siel Industrial Estate Limited

 Director

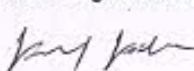

 Director

Siel INDUSTRIAL ESTATE LIMITED

Cash Flow Statement for the year ended 31st March 2014

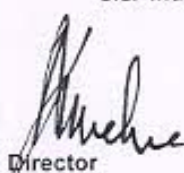
	Year ended 31.03.2014 Amount (Rs.)	Year ended 31.03.2013 Amount (Rs.)
A. Cash flow from operating activities :		
Net Profit before Tax	(24,97,452)	(26,07,980)
Add: Depreciation	4,680	410
Less: Interest income	(18,11,725)	12,88,361
Operating Profit before Working Capital Changes	(43,04,496)	(38,95,911)
Adjustment for:-		
(Increase)/ Decrease in trade / other receivables (net)	-	-
(Increase)/ Decrease in inventories	(24,75,200)	-
(Increase)/ Decrease in loans and advances	(37,368)	-
(Decrease) / Increase in trade / other payables	(15,37,955)	29,95,723
Cash generated from operations	(83,55,019)	(9,00,188)
Direct taxes/MAT(paid)/ refund received	(1,88,442)	(1,62,740)
Net cash inflow from operations	(85,43,461)	(10,62,927)
B. Cash flow from investing activities :		
Interest received	19,57,171	8,80,064
Purchase of office equipment	(4,590)	-
Net cash inflow from investing activities	19,52,581	8,80,064
C. Cash flow from financing activities :		
Issue of Share Capital at premium	-	1,55,00,039
Interest paid	-	-
Net cash inflow from financing activities	-	1,55,00,039
Net (decrease)/increase in cash and cash equivalents	(65,90,880)	1,53,17,175
Cash and cash equivalents as at opening		
Cash and bank balances *	2,55,89,712	1,02,72,537
Cash and cash equivalents as at closing		
Cash and bank balances *	1,89,98,832	2,55,89,712
	(65,90,880)	1,53,17,175
* Excludes balances with banks on margin money account Rs 104,036 (Previous year Rs.66,668)		

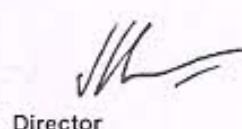
As per our report of even date attached
for S.S.KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No.: 000756


(Kamal Kishore)
Partner
Membership No. 078017



For and on behalf of the Board of Directors of
Siel Industrial Estate Limited


Director


Director

New Delhi
Dated: June 20, 2014



Siel INDUSTRIAL ESTATE LIMITED
NOTE 5: FIXED ASSETS AS AT 31.03.2014

Tangible assets

	Land	Office Equipment	Furniture and fixtures	Vehicle	Total
Cost					
At 01 April' 2012	5,97,367	5,22,483	19,697	3,17,380	14,56,927
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 1st April 2013	5,97,367	5,22,483	19,697	3,17,380	14,56,927
Additions	-	4,590	-	-	4,590
Disposals	-	-	-	-	-
At 31st March 2014	5,97,367	5,27,073	19,697	3,17,380	14,61,517
Depreciation					
At 01 April' 2012	-	5,22,483	19,197	3,17,380	8,59,060
Charge for the year	-	-	410	-	410
Disposals	-	-	-	-	-
At 1st April 2013	-	5,22,483	19,608	3,17,380	8,59,470
Charge for the year	-	4,590	90	-	4,680
Disposals	-	-	-	-	-
At 31st March 2014	-	5,27,073	19,698.40	3,17,380	8,64,151
Net Block					
At 1st April 2013	5,97,367	-	90	-	5,97,457
At 31st March 2014	5,97,367	-	-	-	5,97,367

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Siel INDUSTRIAL ESTATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st March 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st March 2014

	(Figures in Rs.)	
	As At 31st March 2014	As At 31st March 2013
2 SHARE CAPITAL		
Authorised		
50,000,000 (Previous Year '50,000,000) Equity Share of Rs. 10 each	50,00,00,000	50,00,00,000
	50,00,00,000	50,00,00,000
Issued, Subscribed and Fully Paid-up		
27,654,691 (Previous Year 27,654,691) equity shares of Rs. 10 each	27,65,46,910	27,65,46,910
Total Share Capital	27,65,46,910	27,65,46,910
(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:	No of shares	No of shares
Equity Shares outstanding as at the beginning of the year	2,76,54,691	2,75,00,000
Add: Equity Shares issued during the year #	-	1,54,691
Equity Shares outstanding as at the close of the year	2,76,54,691	2,76,54,691
# The company on 25th September, 2012 had issued 1,54,691 Equity shares of Rs. 10/- each at a premium of Rs. 90.20 per shares to Siel Infrastructure & Estate Developers Private Limited on right basis.		
b) Terms/ rights attached to equity shares		
The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.The Company declares dividends in Indian rupees. The dividend proposed by the board of Directors is subject to the approval of the Shareholders in the ensuing Annual General meeting, except interim dividend		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company ,after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.		
c) Shares held by holding company		
Out of equity issued by the company , shares held by its holding company, Subsidiary of holding company are as below:		
- Mawana Sugars Limited (formerly Siel Limited)		
14,025,000 (31st March' 13 : 14,025,000) equity shares of Rs. 10 each fully paid up	14,02,50,000	14,02,50,000
- Siel Infrastructure & Estate Developers Pvt. Ltd. (Formerly Avro Sales Pvt. Ltd.)		
13,629,691 (31st March' 13 : 13,629,691) equity shares of Rs. 10 each fully paid up	13,62,96,910	13,62,96,910
	27,65,46,910	27,65,46,910
d) Details of shareholders holding more than 5% shares in the Company		
Name of the shareholder	31st March 2014	31st March 2013
	No of Shares	No of Shares
	% holding	% holding
Mawana Sugars Limited (formerly Siel Limited)	1,40,25,000	1,40,25,000
Siel Infrastructure & Estate Developers Pvt. Ltd.	1,36,29,691	1,36,29,691
	50.71%	50.71%
	49.29%	49.29%
As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.		
e) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date :		
The Company has neither issued any bonus shares nor there has been any buy back of shares during five years immediately preceding 31st March 2013.		
3 RESERVES AND SURPLUS	As At 31st March 2014	As At 31st March 2013
Surplus/ (deficit) in the statement of profit and loss		
As per last financial statements	(3,08,59,619)	(2,82,51,659)
Add : During the year	(24,97,452)	(26,07,960)
Less: Appropriations		
- Transfer to General Reserve	-	-
Net surplus in the statement of profit and loss	(3,33,57,070)	(3,08,59,619)
Share Premium A/c		
Opening as per last financial year	1,39,53,129	1,39,53,129
Additions during the year	-	-
Closing balance	1,39,53,129	1,39,53,129
Total Reserves and Surplus	(1,94,03,941)	(1,69,06,490)

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4 CURRENT LIABILITIES				
Other current liabilities :				
Advance from customers		2,50,000		2,50,000
Other Payables				
- Statutory Dues		32,500		14,27,399
- Security Deposits		3,678		3,678
- Trade Payables				
Dues of other than micro and small enterprises				
Dues of micro and small enterprises				
- Outstanding Liabilities:				
Related Party	11,19,102		11,66,695	
Others	3,89,588	15,08,690	4,85,051	16,51,746
Total Other Current Liability		17,94,868		33,32,823
5 NON-CURRENT ASSETS				
	As At		As At	
	31st March 2014		31st March 2013	
Other Non- Current Assets				
- Fixed deposits against bank guarantee	1,04,036		66,668	
- Interest receivable on Fixed deposits	8,113		35,787	
Total Non-Current Assets	1,12,149		1,02,455	
Long-term loans and advances				
Advance income tax and TDS (net of provision)	3,83,929		1,95,488	
6 CURRENT ASSETS				
a) Inventories				
Stock in Trade				
Land under development/held for sale				
At the beginning of the year	22,21,17,091		22,21,17,091	
Increase / (Decrease) in Land	24,75,200		-	
Add: Change in valuation as per AS-2 [Refer Note 11(g)]	-		-	
Less: Sales during the year	-		-	
	22,45,92,291		22,21,17,091	
	Non-Current	Current		
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
b) Cash and Cash equivalents				
Cash on hand				
Balances with banks				
- On current accounts			5,80,544	19,21,913
- Deposits with original maturity of less than 12 months			1,84,18,288	2,36,67,799
			1,89,98,832	2,55,89,712
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	1,04,036	66,668	-	-
Deposits with original maturity for more than 12 months	-	-	-	-
	1,04,036	66,668	-	-
Amount disclosed under non-current assets (Note 5)	1,04,036	66,668		
			1,89,98,832	2,55,89,712
c) Loans and advances				
Security deposits				
Unsecured, considered good			4,000	4,000
			4,000	4,000
Other Loans and Advances				
(Unsecured, considered good)				
Deposit with government for land procurement			1,32,80,839	1,32,80,839
Advance income tax and TDS (net of provision)	3,83,929	1,95,488	-	-
	3,83,929	1,95,488	1,32,80,839	1,32,80,839
Amount disclosed under non-current assets (Note 5)	3,83,929	1,95,488		
Total loans and advances			1,32,84,839	1,32,84,839
d) Interest Receivable				
- Interest on Fixed Deposits	8,113	35,787	9,68,429	10,86,201
	8,113	35,787	9,68,429	10,86,201
Amount disclosed under non-current assets (Note 5)	8,113	35,787		
Other Current Assets			9,68,429	10,86,201



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	Period Ended 31st March 2014	Period Ended 31st March 2013
7 OTHER INCOME		
Interest income (including tax deducted at source) (TDS Rs. 1,81,729, Previous period Rs.1,27,740)	18,11,725	12,88,361
Miscellaneous Sales	26,21,575	88,07,731
Total Other Income	44,33,300	1,00,96,092
Excess provisions written back	7,882	20,163
Grand Total	44,41,182	1,01,16,255
8 (INCREASE) / DECREASE IN INVENTORY OF LAND UNDER DEVELOPMENT/HELD FOR SALE		
a) Inventories at the beginning of the year	22,21,17,091	22,21,17,091
Land under development/held for sale	-	-
Adjustment of enhancement in land price compensation	22,21,17,091	22,21,17,091
Inventories at the end of the year	22,45,92,291	22,21,17,091
Land under development/held for sale	22,45,92,291	22,21,17,091
Increase/Decrease in Stock	(24,75,200)	-
9 Employee benefits expense		
Salaries , wages etc	25,21,669	11,44,791
Contribution to provident and other funds	-	-
Staff welfare expenses	25,21,669	11,44,791
10 OTHER EXPENSES		44,775
a) Rates and Taxes	-	-
b) Payment to auditor	-	-
As Auditor :		
-Audit Fee	60,000	60,000
-Verification of statements and other reports	60,000	60,000
-Reimbursement of expenses	-	-
c) Professional and Consultancy Charges	22,69,222	1,10,55,134
d) Miscellaneous Expenses	2,67,110	1,38,937
e) Land Development Exp.	7,74,158	2,20,168
f) Security Services Exp.	9,81,794	-
Total Other Expenses	44,12,284	1,15,79,014

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1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on going concern basis and in terms of the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended), the provisions of the Companies Act, 2013 (to the extent notified), the Companies Act, 1956 (to the extent applicable). The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realization in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

The Company has prepared its financial statements in accordance with Schedule VI as inserted by Notification- S.O. 447(E), dated 28.2.2011 (As amended by Notification No F.NO. 2/6/2008-CL-V, Dated 30.3.2011).

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

c) Fixed Assets

Fixed Assets are stated at cost. The cost of an asset comprises its purchase price and other attributable expenses.

d) Depreciation

- (i) The Company follows the straight-line method of depreciation on fixed assets.
- (ii) The rates of depreciation charged on fixed assets are those specified in Schedule XIV to the Companies Act, 1956.
- (iii) Depreciation has been calculated on pro-rata basis from the month of acquisition/ installation of the assets, except in case of fixed assets costing up to Rs.5000/- each which are fully depreciated in the period of purchase.
- (iv) In respect of fixed assets sold/discarded during the period, depreciation is provided upto the date of sale/discard.



e) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amounts.

f) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

h) Segment reporting

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

i) Revenue recognition

- (i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- (ii) Income from sale of land is recognized on receipt of full consideration from customers and significant risks and rewards of ownership have been transferred which coincides with the entering into a legally binding agreement.

j) Stock in trade

Stock of land in Industrial Estate is valued at lower of cost and estimated realisable value.



k) Land under Development

Land under Development represents construction work in progress which are stated at the lower of cost and net realizable value. This comprises of cost of land, construction related overhead expenditure and other net costs incurred during the period of development.

l) Income Taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the period in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).



For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are shown by way of Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are neither recognized nor disclosed in the accounts

o) Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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Note 11.

Contingent Liabilities and Commitments

	31 st Mar.' 2014	31 st Mar.' 2013
a) Contingent liabilities not provided for in respect of:		
i) Claims against the Company not acknowledged as debt	---	---
ii) Bank Guarantees issued (in Rs.)	50,000	50,000
b) Other Commitments	---	---
i) The Company has mortgaged its Industrial estate land measuring 455.23 acres (Previous year 455.23 acre) as a collateral security in favour of lenders of holding company (Mawana Sugars Limited) to secure the repayment of all monies due to lenders upto Rs.7,869,848,000.		
ii) The Company has given a Corporate Guarantees of Rs. 5,295,000,000 (Previous year Rs. 4,857,300,000) as collateral security on behalf of the holding company (Mawana Sugars Limited) in favour of lenders of Mawana Sugars Limited.		
iii) The Company has given a Corporate Guarantee on 1 st April, 2009 on behalf of Mawana Sugars Limited (Mawana), the holding company in favour of Asian Development Bank (ADB), the trustee of the Asia Public Carbon Fund for 308,000 Certified Emission Reductions (CERs) for a sum not exceeding US\$ 6,413,460 for securing the advance payment received by Mawana from ADB against the sale of CERs by Mawana Sugars Limited. (This Corporate Guarantee has been expired and released by ADB vide letter dated 11.06.2013.)		
iv) Other Commitments (except as mentioned above)	NIL	NIL
c) Pursuant to MOU signed with Govt. of Punjab, as at the close of the year, the Company has possession of 455.32 acres (Previous year 455.32 acres) of land, which has been conveyed in the name of the Company. The land of 58.01 acres which is under litigation has been denotified in the previous financial year, against which the Company has deposited an amount of Rs.13,280,839 (Previous year Rs.13,280,839), which has been shown as recoverable under 'Short Term Loans and Advances' (Note 6c).		
<p>The Additional District Judge, Patiala has, vide Order dated 12.11.2005, enhanced an amount of Rs. 30,000 per acre in the basic land price compensation. Further, compensation for Abadi land, Loss of Income, Superstructures, trees, etc has also been granted. The Company has filed an appeal against the above Order in the Punjab & Haryana High Court in April'06, which is pending.</p> <p>The Collector, Land Acquisition has confirmed a total liability of Rs. 71,598,497 towards the said enhancement and the Company has deposited this entire enhanced amount with the Additional District Judge, Patiala. Suitable adjustment entries in this regard have been made in the books of accounts of the Company.</p>		
d) The State Government has exempted the Company from all the provisions of Punjab Apartment and Property Regulation Act, 1995 'PAPRA' subject to the terms and conditions as stated in Notification No. 2/14/2000-2HG(2)/895 dated 12.2.2004 and 2/14/2000-2HG(2)/3395-98 dated 25.5.2004.		
e) The legal challenges on 58.01 acres of land deterred potential customers and therefore the development of the land. These legal challenges were finally overcome and the unencumbered		



possession of the land has been achieved on October, 2011 upon final conclusion of all pending legal cases in the Punjab and Haryana Court in relation to the said land.

Accordingly, the Company is now in a position to undertake the development of the land in synchronization with the evolving needs of the State and customer interest, as earlier envisaged. The MOU mandates the development of the estate within ten years of receiving the unencumbered possession of the land.

- f) During the previous year, The Holding Company i.e., M/s Mawana Sugars Ltd, has sold 49% stake (13,475,000 equity shares of Rs. 10/- each) in the Company to another wholly owned subsidiary i.e. M/s Siel Infrastructure and Estate Developers Private Limited for Rs. 1,350,195,000/-. This consideration has been discharged by issuing of 13,501,950 equity shares of Rs. 100/- each of M/s Siel Infrastructure and Estate Developers Private Limited to M/s Mawana Sugars Limited.
- g) As per the accounting policy of the Company, inventories are valued at lower of cost or estimated realizable value. During the financial year 2013-14, as the estimated realizable value of land was higher than cost, the Company valued its inventories at cost Rs. 224,592,291 (previous year 222,117,091) which is inclusive of enhanced compensation as per the Order of Additional District Judge, Patiala referred to in c above. For the current year, in view of the current prevailing market condition, the value indicated by the valuer is higher than the cost hence, the Company valued its inventories at cost.
- h) Related Party transactions: The list of related parties and transactions with them is as under:

	31 st Mar.' 2014	31 st Mar.' 2013
(A)		
Usha International Limited (UIL)		
Expenses reimbursed	2,534,389	733,024
Balance outstanding	549,226	733,024
(B)		
Mawana Sugars Limited		
Expenses reimbursed	136,205	433,671
Balance outstanding	569,876	433,671
Inter Corporate Deposits	NIL	NIL
Inter Corporate Deposits Repayment (in Rs.)	NIL	NIL
Interest Income (in Rs.)	NIL	NIL
Outstanding Balance at period-end	NIL	NIL
Outstanding Guarantee at period-end (in US\$)	NIL	6,413,460

The Company has given Corporate Guarantees of 5,295,000,000 (Previous year 4,857,300,000) and equitable mortgage of its industrial estate land measuring 455.23 acres (Previous year 455.23 acres) as a collateral security to the lenders of the Company's Holding Company (Mawana Sugars Limited) to secure the repayment of all monies due to lenders upto Rs.7,869,848,000.

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(C) Fellow Subsidiaries of the Holding Company

Siel Financial Services Limited	NIL	NIL
Mawana Foods Limited (Formerly known as Siel Edible Oils Limited)	NIL	NIL
Siel Infrastructure & Estate Developers Pvt. Limited (Issue of 154,691 Equity Shares at Rs. 100.20/-)	NIL	15,500,039
<u>Enterprises over which key management personnel have significant influence</u>		
Usha International Limited (UIL)	NIL	NIL
<u>Key Management personnel and their relatives</u>		
Mr. Siddharth Shriram	NIL	NIL
Mr. P.K. Bhalla	NIL	NIL
Mr. A. K. Mehra	NIL	NIL

i) Earnings per share (EPS) in terms of Accounting Standard – 20

	31 st Mar.' 2014	31 st Mar.'2013
(i) Profit/(Loss) as per P&L A/c (in Rs.)	(2,497,452)	(2,607,960)
Total Profit/(Loss) after tax attributable to equity shareholders	(2,497,452)	(2,607,960)
(ii) Weighted average number of equity shares of Rs.10/- each outstanding during the period (in nos.)	27,654,691	27,579,676
(iii) Earnings/ (Loss) per share - Basic & Diluted (in Rs.)	(0.09)	(0.09)

Deferred Tax

The components of Deferred Tax balances as on 31st March 2014 are as follow:-

Particulars	31 st Mar.'14	31 st Mar.'13
Deferred Tax Liability-	NIL	NIL
Total (A)	NIL	NIL
Deferred Tax Assets-		
Fixed Assets (in Rs.)	14,136	14,992
Brought forward losses (in Rs.)	2,189,121	1,539,339
Total (B) (in Rs.)	2,203,257	1,554,331
Net Deferred Tax Assets (B-A) (in Rs.)	2,203,257	1,554,331
Amount Recognized in Statement of Profit & Loss Account*	-	-

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*As at 31st March 2014 the Company has tax losses/ unabsorbed depreciation as per tax laws. In view of virtual uncertainty of realization of tax losses / unabsorbed depreciation, no deferred tax assets have been recognized by the company as at 31st March 2014.

- j) In the opinion of the management, current assets, loans and advances have a value on realization in the ordinary course of business, not less than the amount at which they are stated in the Balance Sheet.
- k) The Company has only one segment of business i.e. to conceive, design, promote, built, develop, consult, establish, sell manage and maintain integrated Industrial Estate, Science Parks, Business Parks etc. Therefore, no segment is required to be disclosed as per Accounting Standard (AS) – 17 on "Segment Reporting" notified by Companies (Accounting Standards) Rules, 2006 (as amended).
- l) Figures are rounded off to the nearest rupee.
- m) Additional information of required of paragraph V of part II of revised Schedule VI of the Companies Act, 1956.

i. Particulars of opening and closing stock, purchases and sales

Description	31 st Mar.' 2014 (Acres)	31 st Mar.' 2013 (Acres)
Opening stock	455.32	455.32
Purchases	0.21	-
Adjustments	-	-
Sales	-	-
Closing stock	455.53	455.32

Signatures to Notes 1 to 11 inclusive

As per our report of even date attached
for S.S.Kothari Mehta & Co.,
Chartered Accountants
Firm Registration No.: 000756N


(Kamal Kishore)
Partner
Membership No. 078017



New Delhi

Dated: *Jan 20, 2014*

For and on behalf of the Board of Directors of
Siel INDUSTRIAL ESTATE LIMITED


Director


Director

