

Mawana Sugars Limited

REGD. OFFICE: 5th Floor, Kirti Mahal, 19, Rajendra Place, New Delhi-110125



NOTICE

Notice is hereby given that an Extra Ordinary General Meeting of the members of the Company will be held as scheduled below:

Day : Friday
Date : 15.2.2013
Time : 11.30 A.M.
Place : Kamani Auditorium, 1, Copernicus Marg, New Delhi - 110001

to transact the following business :

SPECIAL BUSINESS:

1. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“Resolved that in pursuance to the provision of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and other applicable Acts, the Company hereby considers and take note of the erosion of more than 50% of the Net Worth of the Company as at the end of the financial year ended 30th September, 2012 (18 months) in relation to its peak Net Worth during the immediately preceding four financial years.”

By Order of the Board of Directors
For Mawana Sugars Limited

Place : New Delhi
Date : 21.1.2013

(Naveen Jain)
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 THEN FORTY EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. The Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business as set out above is attached hereto.
3. Members holding shares in physical form may write to the Company's Registrar and Share Transfer Agents for any change in their addresses or other updation, members holding shares in electronic form may write to their depository participants for required updation.
4. Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) except holidays between 11.00 A.M. and 1.00 P.M. upto the date of Extra Ordinary General Meeting and will also be available for inspection at the meeting.
5. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

As per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (“the Act”), if the accumulated losses of an industrial company as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, such company is required:

- 1) to report the fact of such erosion to the Board for Industrial and Financial Reconstruction; and
- 2) to hold an extra-ordinary general meeting of its shareholders for considering such erosion within sixty days from the date of adoption of its duly audited accounts at the Annual General Meeting.

The accumulated losses of the Company as at 30th September, 2012 were Rs. 2152.43 Million. This constitutes more than fifty percent of peak net worth during the four financial years preceding 30th September, 2012 mainly on account of the factors explained in the enclosed Report of the Board of Directors.

Accordingly, an extra-ordinary general meeting has been convened to consider and approve the enclosed report of the Board of Directors on such erosion and revival measures being taken as per Section 23 of the Act.

Your Directors recommends the resolution for your approval.

None of the Directors of the Company is concerned or interested in the said resolution.

By Order of the Board of Directors
For Mawana Sugars Limited

Place : New Delhi
Date : 21.1.2013

(Naveen Jain)
Company Secretary

Mawana Sugars Limited

REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY UNDER SECTION 23(1)(b) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

To the Members Mawana Sugars Limited

As required under Section 23(1)(b) of the Sick Industrial Companies (Special Provisions), Act, 1985 ("the Act"), the following report, as to the erosion more than 50% of its peak net worth of the Company and the causes thereof, is being forwarded to the Members of the Company.

As per audited financial accounts of the Company for the year ended 30th September, 2012 (18 months), adopted by the Members at their 49th Annual General Meeting held on 19th December, 2012, the Company's accumulated losses stood at Rs.2152.43 Million, which are more than 50% of its peak net worth during the preceding four years.

Causes of erosion of more than 50% Peak Net Worth

The sugar industry has been facing a number of problems of illogical Government regulations in an agri-industry which could be done away with if the government were to eliminate sugar releases, levy sugar quota, and the state government could bring themselves to link sugar cane prices to sugar prices in the market.

In addition, the weather conditions play a defining role in the economics of sugar.

The performance of the Company was adversely affected mainly on account of the following reasons:

- a) Substantial reduction in margins due to higher sugar cane prices fixed by the Uttar Pradesh Government without any relation to the sugar prices during the last few years. Such cane price fixed by the Uttar Pradesh Government is substantially higher than the Fair and Remunerative Price (FRP) (an alternate to the Statutory Minimum Price) set by the Central Government. This FRP is based on the Commission for Agricultural Costs and Prices (CACP) recommendations.
- b) Lower sugar recovery from cane owing to aging varieties and non planting of new varieties despite degeneration of the existing sugar cane varieties, has led to a lower sugar recovery. Late planting by farmers leading to poor crop growth, poor ratoon management practices, poor crop husbandry, improper seed selection and treatment by cane growers, poor health of the soil, excessive use of nitrogenous fertilizer, incidence of white grubs and borers, stale cane, rejected varieties of cane etc. have all become endemic because the price of sugar cane is paid for by weight and not by quality.
- c) Higher interest burden resulting from excess debt taken on for a Rs.669.03 crores investment made under the Sugar Industry Promotion Policy as announced by Government of Uttar Pradesh in the year 2004.
- d) Pursuant to the Sugar Industry Promotion Policy as announced by Government of Uttar Pradesh in the year 2004, the company made a capital investment of Rs.669.03 crores, during the period April 2004 to January 2008, which was eligible for getting various benefits, concessions and incentives under the said policy.

After completing the projects, the company submitted the application with the State Government and received the eligibility certificate for getting the incentives. However, in June 2007, the State Government scrapped the Incentive Policy. At present, the matter is pending in the Hon'ble Allahabad High Court.

As at period ending 30.09.2012, the company is entitled to receive an amount of around Rs.105 crores for getting various incentives under the policy which would have made the company's financial health better.

Steps taken for revival

The Company is taking various steps for improvement of operations in consultation with various stakeholders including State Governments, Banks, Financial Institutions, Cane growers etc.

On behalf of the Board of Directors
For Mawana Sugars Limited

Place : New Delhi
Date : 21.1.2013

(Sunil Kakria)
Managing Director

Mawana Sugars Limited

REGD. OFFICE: 5th Floor, Kirti Mahal, 19, Rajendra Place, New Delhi-110125



ADMISSION SLIP

PLEASE COMPLETE THE ADMISSION SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING

Folio No./DP ID/Client ID:	No. of Share(s):
Name and Address:	

I HEREBY RECORD MY PRESENCE AT THE EXTRA ORDINARY GENERAL MEETING OF MAWANA SUGARS LIMITED ON FRIDAY, THE 15TH FEBRUARY, 2013 AT 11.30 A.M. AT KAMANI AUDITORIUM, 1, COPERNICUS MARG, NEW DELHI – 110001.

SIGNATURE OF THE SHAREHOLDER/PROXY

- Notes:
- Shareholders who come to attend the meeting are requested to bring their copies of the EGM Notice with them.
 - Shareholders having any queries are requested to send them 10 days in advance of the date of Extra Ordinary General meeting to the Company to enable it to collect the relevant information.
 - This Admission Slip is valid only in case shares are held on the date of this EGM.
 - **No duplicate attendance slip will be issued at the attendance counter. If required, same may be obtained from the registered office of the company before the date of the meeting.**

----- Please tear here -----

Mawana Sugars Limited

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PROXY FORM

L.F.No. _____

No. of Shares Held _____

DP. ID _____

Client ID. _____

I/We.....
of
(write full address)

being a member/members of Mawana Sugars Limited appoint Mr./Mrs.....
.....of.....
(write full address)

.....or failing him/her Mr./Mrs.....
of as my/our proxy
(write full address)

to attend and vote for me/us on my/our behalf at the Extra Ordinary General Meeting of the Company to be held on Friday, the 15th February, 2013 and at any adjournment thereof.

Signed thisday of2013.

Signature



- Notes :
- (i) The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of the meeting.
 - (ii) Please mark the envelope 'MSL – PROXY'

BOOK-POST

To



If undelivered, please return to:

Mawana Sugars Limited

Regd. Office: 5th Floor, Kirti Mahal, 19, Rajendra Place, New Delhi-110125

Phone: 011-25739103, Fax: 011-25743659

E-mail : corporate@mawanasugars.com

Website: www.mawanasugars.com