

Mawana Sugars Limited

Registered Office: 5th Floor, Kirti Mahal, 19, Rajendra Place, New Delhi – 110215

Phone No: 011-25739103, Fax No:011-25743659

CIN: L74100DL1961PLC003413, Website: www.mawanasugars.com



Dear Member,

Notice pursuant to Section 110 of the Companies Act, 2013

Notice is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013, (the "Act"), read together with the Companies (Management and Administration) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force, that the resolutions appended are proposed to be passed as special resolutions by way of postal ballot / e-voting. The explanatory statement pertaining to the aforesaid resolutions setting out the material facts concerning each item and the reasons thereof is annexed hereto along with a postal ballot form (the "Form") for your consideration. The Board of Directors of the Company (the "Board") has appointed Mr. Pradeep Debnath (FCS-6654) of M/s Pradeep Debnath and Company, Practicing Company Secretaries as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the Form, record your assent (for) or dissent (against) therein by filling necessary details and affixing your signature at the designated place in the Form and return the same in original duly completed in the enclosed self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 6.00 p.m. on Monday, 24th day of November, 2014.

Members desiring to opt for e-voting as per facilities arranged by the Company are requested to read the notes to the notice and instructions overleaf the Form. References to Postal Ballot(s) in this notice include votes received electronically.

Upon completion of the scrutiny of the Forms, the Scrutinizer will submit his report to the Board of Directors. The result of the postal ballot would be announced by a Whole Time Director or the other Directors of the Company on Thursday, 27th day of November, 2014 at the registered/corporate office of the Company. The aforesaid result would be displayed at the registered/corporate office of the Company, intimated to the Stock Exchanges where the shares of the Company are listed, published in the newspapers and displayed along with the Scrutinizer's report on the Company's website viz. www.mawanasugars.com.

Resolutions:

1. To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in supersession of the resolution(s) passed under Section 293(1)(d) of the Companies Act, 1956 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force), as amended from time to time, the consent of the Company be and is hereby accorded in terms of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course business may exceed the aggregate of the paid up capital and its free reserves not set apart for any specific purpose, that the total amount so borrowed by the Board shall not at any time exceed Rs.1000,00,00,000/- (Rupees One Thousand Crores).

2. To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in supersession of the resolution(s) passed under Section 293(1)(a) of the Companies Act, 1956 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force), as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the Company for mortgaging and/or charging all or any assets including moveable or immovable properties of the Company both present and that may be acquired in future, in favour of the Banks, Financial Institutions and other bodies for securing any loans or other banking/credit facilities obtained or as may be obtained from time to time upto a maximum amount of Rs.1000,00,00,000/- (Rupees One Thousand Crores).

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board or any Committee thereof be and is hereby authorized to finalize, settle and execute such documents /deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid.

3. To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 196, 197 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any amendment or modification thereof and subject to the approval of Shareholders of the Company, 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 appointment of Mr. Rajendra Khanna, Whole Time Director of the Company for the period from 01.02.2014 to 30.11.2018 and payment of the remuneration for a period of 3 years w.e.f. 01.02.2014 to 31.1.2017:

1. Basic Salary: Rs.3,50,000/- per month.
2. Provident Fund: As per the rules of the Company.
3. Gratuity: As per the rules of the Company.
4. Medical Reimbursement: Expenses incurred for self and family upto Rs.2,500/- p.m. as per the rules of the Company.
5. Company Lease hold Accommodation: Rs.55,000/- per month w.e.f. 15th June, 2014 subject to the conditions stipulated in point No.(d) of the other benefits.
6. Special Allowance: Rs.3,29,600/- per month.
7. Leave Travel Allowance: Rs.8,400/- per month.

Other Benefits:

- (a) Fully maintained Company leased car (Honda Accord or equivalent) with actual running expenses. In the event of Mr. Khanna opting for a higher value car, the differential monthly lease rental shall be adjusted from his personal account.
Petrol expenses will be on actuals and maintenance expenses on actuals upto a limit of Rs.8,000/- per month as per the rules of the Company.
- (b) Reimbursement of expenses of one landline and one Mobile at actual. However, personal STD/ISD calls charges are not reimbursable.
- (c) Leave facility and retirement benefit will be as per the rules of the Company.
- (d) The lease period commencing from 15th June, 2014 till 14th May, 2015 which shall be renewed for 11 months at a time with an increase in rental by 10% at the start of the renewal period.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary.

By order of the Board
For Mawana Sugars Limited

(Rajendra Khanna)
Whole Time Director
DIN No.00112534

Place: New Delhi
Date : 30.07.2014

NOTES:

1. An explanatory statement pursuant to Section 102 of the Act, setting out the material facts and reasons for the proposed special resolutions at Item Nos. 1 to 3 above, are appended herein below along with Form for your consideration.
2. The Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited ("NSDL")/Central Depository Services (India) Limited ("CDSL") as on 10.10.2014.
3. In compliance with the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Companies (Management and Administration) Rules, 2014 and the Listing Agreement entered into with the Stock Exchanges, the Company is pleased to offer e-voting facility as an option to all the Members of the Company. The Company has entered into an agreement with CDSL for facilitating e-voting to enable the Members to cast their votes electronically instead of dispatching Form. E-voting is optional.
4. As per Section 110 of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Notice of Postal Ballot may be served on the Members through electronic means. Members who have registered their e-mail IDs with depositories or with the Company are being sent this Notice of Postal Ballot by e-mail and the members who have not registered their e-mail IDs will receive Notice of Postal Ballot along with physical Form through post/courier. Members who have received Postal Ballot Notice by e-mail and who wish to vote through physical Form may indicate their option to receive the physical Form from the Company by clicking on the box provided in the e-mail or alternatively download the Form from the link www.evotingindia.com or from the 'Investors' section on the Company's website www.mawanasugars.com.

EXPLANATORY STATEMENT

Explanatory Statement for Resolutions mentioned under item Nos. 1 to 3 pursuant to Section 102 of the Companies Act, 2013 (hereinafter referred to as the "Act")

Item No. 1 & 2

At the Extra-ordinary General Meeting of the Company held on December 12, 2007, the Members had, by way of Ordinary Resolutions and in pursuance of the provisions of Section 293(1)(a) and (d) of the Companies Act, 1956, approved:

- (i) to borrow such sums of monies as it may think fit notwithstanding that the monies so borrowed may exceed the aggregate of the paid up capital and free reserves of the Company subject to an overall limit of Rs.1000,00,00,000/- (Rupees One Thousand Crores) and
- (ii) mortgaging and/or charging all or any assets including moveable or immoveable properties of the Company both present and that may be acquired in future, in favour of the Banks, Financial Institutions and other bodies for securing any loans or other banking/credit facilities obtained or as may be obtained from time to time upto a maximum amount of Rs.1000,00,00,000/- (Rupees One Thousand Crores)".

Under Section 180 of the Act, the above powers of the Board are required to be exercised only with the consent of the company by a Special Resolution.

The Ministry of Corporate Affairs ("MCA") has vide its General Circular No 4/2014 dated March 25, 2014 clarified that the Ordinary Resolutions passed under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

The approval of the Members for the said borrowings and creation of a mortgage or charge for the said borrowing is therefore now being sought, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Act respectively.

The Directors recommend the Resolutions at Item Nos. 1 and 2 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item Nos. 1 and 2.

Item No.3

Mr. Rajendra Khanna was appointed as Whole Time Director of the Company w.e.f. 01.02.2014 pursuant to the provisions of Section 198, 269 309 read with Schedule XIII of the Companies Act, 1956. The Remuneration payable to him was duly approved by the Nomination and Remuneration Committee and the Board of Directors of the Company in their respective meetings held on 13.02.2014 subject to the approval of the Shareholders of the Company.

An Abstract under Section 302 of the Companies Act, 1956 of the terms of remuneration payable to Mr. Rajendra Khanna was already circulated to the shareholders on 28.02.2014.

The Company was informed vide letter dated 5.6.2014 that Mr. Rajendra Khanna has shifted his residence from Noida to Gurgaon w.e.f. 15th June, 2014.

Accordingly, the Nomination and Remuneration Committee and Board of Directors of the Company in their respective meetings held on 30.7.2014 had approved the leasehold accommodation of Mr. Rajendra Khanna in terms of his appointment letter and adjusted the same in his compensation structure.

Nature of concern/interest: - (as per Section 102 of the Companies Act, 2013 and Section 300 of the Companies Act, 1956)

PERSON NATURE OF INTEREST IN THE TRANSACTIONS

Directors not interested, except Mr. Rajendra Khanna

Key Managerial Personnel Not interested, except Mr. Rajendra Khanna

Relatives of Directors/Key Managerial Personnel None

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE ACT.

I. GENERAL INFORMATION:

- (i) **Nature of Industry :**
The Company is engaged in the Manufacture and Marketing of Chlor Caustic at its Units Siel Chemical Complex, Rajpura, Punjab. Producing Sugar and related by products from Sugar Cane at its units at Mawana Sugar Works, Titawi Sugar Complex and Nanglamal Sugar Complex and Co-generation of Power and production of as Ethanol.
- (ii) **Date or expected date of commencement of commercial production:**
Date of commencement of commercial production: The Company is an existing Company and is into manufacturing operation since long.
- (iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.**
Not applicable.
- (iv) **Financial performance based on given indicators**
The performance of the Company as on 30.09.2013 (the latest Audited Balance Sheet of the Company)

Particulars	Amount (Rs./lacs)
- Turnover	128720
- Net Profit/(Loss)	(28805)
- Effective Capital	11136

- (v) **Export performance and net foreign exchange collaborations**
During the Financial Year 2012-13, earnings in foreign currency/FOB value amounted to Rs.70 lakhs.
- (vi) **Foreign investments or collaborators, if any:** None

II. INFORMATION ABOUT THE APPOINTEE:

(a) Background Details:

Mr. Rajendra Khanna, aged 60 years, is a Chartered Accountant and is a sound finance professional who has, over the years, also developed various other management skills. His experience of around 35 years with companies like the DCM Limited, Chambal Fertilizers and Chemicals, Birla Home Finance Limited, Mawana Sugars Ltd and his last assignment with Arcelor Mittal at Kazakhstan as CFO with some CEO responsibilities is invaluable for our company.

Past remuneration (last two years)

Particulars	1.4.2012 to 31.3. 2013	1.4.2013 to 31.7.2013
Salary	12 Million per annum	4 Million
	CTC	CTC (Part of the year)

- (b) **Recognition or Awards:** Performance Bonus received Rs.30 Lacs approx in equivalent Indian Rupees, Officiating CEO (in the absence of CEO) and running Management Committee Meeting in the absence of CEO.

(c) **Job Profile and his Suitability:**

In his new role with MSL, Mr. Rajendra Khanna will be designated as Whole Time Director (i.e. on the Board of the Company) and shall have the task of taking the company out of its present condition through different approaches.

He will particularly lead the sugar sales function, all cost and financial control functions, strategic formulation with stakeholders for success in an extremely difficult situation, and work for H.R. management and development and coordinating technical and commercial functions etc.

- (d) **Remuneration Proposed:** The remuneration proposed is detailed in the resolution.

(e) **Comparative remuneration Profile with respect to Industry, size of the Company, profile of the position and person**

The proposed remuneration is much below the prevailing remuneration in the industry of similar size for similarly placed persons.

(f) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personal, if any.**

Mr. Rajendar Khanna has no pecuniary relationship directly or indirectly with the Company or its managerial personnel other than his Remuneration in the capacity of a Whole Time Director. As on date he holds 21616 equity shares in the Company in his personal capacity.

- (g) **Outside Directorship :** 1 Siel Industrial Estate Limited

III. OTHER INFORMATION:

(a) **Reasons of loss or inadequate profits**

- (i) Sugar, which is the main business of the Company is a cyclical business and is largely dependent on climatic factors, supply-demand position and government policies, including sugarcane pricing. High sugar production in the country results in softening of sugar prices, which in turn adversely affects the profitability of the sugar mills. Conversely lower production generally results in strong sugar profitability due to higher sugar prices.
- (ii) The sugarcane price, is fixed by the Government of Uttar Pradesh (GoUP) on arbitrary manner (State Advised Price – SAP) without any reference, whatsoever, to the prevailing sugar price. The GoUP is yet to carry out reforms as advocated by Dr. Rangarajan Committee Report and thus there is a complete mismatch between the output and input prices. The Sugarcane prices have been rising much faster than sugar sales prices, which is resulting in loss suffered by sugar factories over last few years.
- (iii) Large amount on account of various incentives and subsidies in respect of the investments of about Rs.700 crores made by MSL under the UP Sugar Promotion Policy are held up since the GoUP has withdraw the incentive scheme after all investments were already made. Since these investments were funded mainly by raising debts, the interest cost has gone up without receiving the incentives provided by GoUP.

(b) **Steps taken or proposed to be taken for improvement**

The Company has been taking all measures within its control to maximize efficiencies and optimize costs to lower the cost of production of sugar, realizing that it has little control over Government policies. With a view to make its sugar operations more viable, the Company has chalked out a road map with ambitious cane development targets which will increase the recovery of sugar and to increase the profitability of sugar integrated businesses, such as cogeneration and distillery operations. The Company hopes to contain or lower the financial cost by increasing production volumes, curtailing running cost, manpower reduction and reduced operational losses.

(c) **Expected increase in productivity and profit in measurable terms.**

In the sugar season 2014-2015 it is expected the production of sugarcane and recovery will be better than the previous sugar season. The much awaited reforms by the Government in the sugar sector and resumption of normal economic growth in the country may accelerate the turnaround of the Company. The fundamentals of the Company are sound and it has well balanced and diversified business and has the potential of not being just profitable but achieving significant growth.

In view of the facts stated above, it is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that the productivity and profitability shall improve and would be comparable with the industry average.

IV. DISCLOSURES:

(a) **The shareholders of the Company shall be informed of the remuneration package of the managerial person:**

Details furnished in the resolution.

(b) **Other Disclosures:**

Not Applicable.

None of the Directors of the Company except Mr. Rajendra Khanna, is concerned or interested in the said resolution.

By order of the Board
For Mawana Sugars Limited

(Rajendra Khanna)
Whole Time Director
DIN No.00112534

Place: New Delhi

Date : 30.07.2014