

52nd ANNUAL REPORT

2015-2016
(15 MONTHS)



MAWANA SUGARS LIMITED

Mawana Sugars Limited

BOARD OF DIRECTORS

Prof. Dinesh Mohan
Mrs. Parmjit Kaur
Mr. Piar Chand Jaswal
Mr. Ravinder Singh Bedi
Mr. Dharam Pal Sharma - Whole Time Director

COMPANY SECRETARY

Mr. Ashok Kumar Shukla

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants
9, Scindia House, Kasturba Gandhi Marg
New Delhi – 110001

BANKERS

Punjab National Bank
State Bank of Hyderabad
State Bank of Mysore
Axis Bank Ltd.

REGISTERED OFFICE

5th Floor, Kirti Mahal, 19, Rajendra Place
New Delhi – 110125
Phone No: 91-11-25739103
Fax No: 91-11-25743659
CIN: L74100DL1961PLC003413
E-mail: corporate@mawanasugars.com
Website: www.mawanasugars.com

CORPORATE OFFICE

Plot No.3, Institutional Area
Sector-32, Gurgaon - 122001, Haryana
Phone No: 91-124-4298000
Fax No: 91-124-4298300

WORKS

- Mawana Sugar Works, Mawana
Distt. Meerut – 250402 (U.P.)
- Titawi Sugar Complex,
Village & P.O. Titawi
Distt. Muzaffarnagar - 251301 (U.P.)
- Nanglamal Sugar Complex
Garh Road, Village Nanglamal
Distt. Meerut – 250001 (U.P.)
- Siel Chemical Complex,
Charatrapur, Vill. Khadauli/Sardargarh,
P.O. Box No. 52, Rajpura, Distt. Patiala, Punjab –140401

REGISTRAR & SHARE TRANSFER AGENT

Mas Services Limited
T-34, Okhla Industrial Area, Phase-II, New Delhi - 110020
Phone No. : 011-26387281-83, Fax: 011-26387384
Website : www.masserv.com
E-mail : info@masserv.com

NOTICE

Notice is hereby given that the 52nd Annual General Meeting of the members of Mawana Sugars Limited will be held as scheduled below:

Day : Monday
Date : 13.06.2016
Time : 11.00 A.M.
Place : Shriram Bharatiya Kala Kendra (Lawn)
1, Copernicus Marg, Mandi House, New Delhi – 110001

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:
 - (a) the audited financial statements of the Company for the financial period ended 31st March, 2016 (15 months), the reports of the Board of Directors and Auditors thereon; and
 - (b) the audited consolidated financial statements of the Company for the financial period ended 31st March, 2016 (15 months).
2. To appoint a Director in place of Mr. Piar Chand Jaswal (DIN-07100098) who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s A.F. Ferguson & Co., Chartered Accountants (ICAI Registration Number 112066W), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors or a Committee thereof.

SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re- enactment thereof for the time being in force and SEBI (LODR) Regulations, 2015, Mrs. Parmjit Kaur (DIN-06714249), who was appointed as an Additional Director on the Board of the Company w.e.f. 23.10.2015, pursuant to provisions of Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of director, be and is hereby appointed as an Independent Director on the Board of the Company to hold office for a period of 5 (five) consecutive years commencing from 23.10.2015.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re- enactment thereof for the time being in force and SEBI (LODR) Regulations, 2015, Mr. Dharam Pal Sharma (DIN: 07259344) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 13.8.2015 and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

Notice (Contd.)

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 196 & 197 read with 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 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. Dharam Pal Sharma (DIN-07259344), Whole Time Director of the Company for a period of 5 years w.e.f. 13.08.2015 to 12.08.2020 and payment of the remuneration for a period of 3 years w.e.f. 13.08.2015 to 12.08.2018:

1.	Basic Salary	Rs.45,000/- 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.1,250/- p.m. as per the rules of the Company.
5.	Leave Travel Allowance	Rs.2,000/- per month.
6.	Conveyance Allowance	Rs.1,600/- per month.
7.	Special Allowance	Rs.92,500/- per month.
8.	Leave Facility	Leave facility and retirement benefits will be as per the rules of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company 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.

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

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.20,000/- (Rupees Twenty Thousand only) per unit plus service tax as applicable and reimbursement of out of pocket expenses for the Financial Period 2015-16, as approved by the Board of Directors on the recommendation of Audit Committee paid to M/s. Bahadur Murao & Co., Cost Accountants (Firm Registration No. 4941) to conduct the audit of the cost records of the Company in respect of Power Generated by Co-generation plants from its three sugar units be and is hereby ratified.

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

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.2,28,000/- (Rupees Two Lacs Twenty Eight Thousand only) plus service tax as applicable and reimbursement of out of pocket expenses for the financial year 2016-17, as approved by the Board of Directors on the recommendation of Audit Committee, to be paid to M/s Bahadur Murao & Co., Cost Accountants (Firm Registration No.4941) to conduct the audit of the cost records of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 13 and 61 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the present Authorised Share Capital of the Company Rs.175,00,00,000/- (Rupees One Hundred Seventy Five Crores Only) divided into 17,50,00,000 (Seventeen Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) be and is hereby reclassified into 10,00,00,000 (Ten Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each aggregating to Rs.100,00,00,000/- (Rupees One Hundred Crores Only) and 75,00,000 (Seventy Five Lacs) Preference Shares of Rs.100/

Notice (Contd.)

- (Rupees One Hundred Only) each aggregating to Rs.75,00,00,000/- (Rupees Seventy Five Crores only) total aggregating to Rs. 175,00,00,000/- (Rupees One Hundred Seventy five Crores Only) and accordingly, the Memorandum of Association of the Company be and is hereby altered as follows:

RESOLVED FURTHER THAT Clause V of the Memorandum of Association be amended suitably to give effect to the above Reclassification of shares.

Clause V of the Memorandum of Association of the Company is substituted by the following:-

- V. "10,00,00,000 (Ten Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each aggregating to Rs.100,00,00,000/- (Rupees One Hundred Crores Only) and 75,00,000 (Seventy Five Lacs) Preference Shares of Rs.100/- (Rupees One Hundred Only) each aggregating to Rs.75,00,00,000/- (Rupees Seventy Five Crores Only). The Company will have the right to increase or reduce its capital and to divide its capital for the time being in shares of different classes and to attach to any such shares preferential, deferred, qualified or special rights, privileges or conditions and to vary, modify or abrogate any such rights or privileges or conditions in accordance with the Articles of Association of the Company and the legislative provisions for the time being in force in that behalf."

RESOLVED FURTHER THAT Mr. Dharam Pal Sharma, Whole-Time Director and Mr. Ashok Kumar Shukla, Company Secretary of the Company be and are hereby severally authorised to take all necessary steps in this regard.

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

Place : New Delhi
Dated : 10.05.2016

(Ashok Kumar Shukla)
Company Secretary
ACS-29673

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses to be transacted at the AGM as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 07.06.2016 to 13.06.2016 (both days inclusive).
4. In compliance of SEBI requirements, Mas Services Limited has been appointed the Registrar and Share Transfer Agent of the Company, who handle share transfer work in Physical as well as in Electronic Form and other related activities at the following address:
Mas Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, New Delhi - 110020
Phone No. : 011-26387281-83
Fax No. : 011-26387384
Website: www.masserv.com
E-mail: info@masserv.com
5. Members are requested to notify immediately any change in their address to Mas Services Ltd. quoting their folio numbers.
6. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.
8. In terms of Section 72 of the Companies Act, 2013 the Shareholder of the Company may nominate a person to whom the shares held by him/her shall vest in the event of death.

In case any member wishes to avail the nomination facility in respect of shares held by him/her, please write to the Company to obtain the nomination form.

Notice (Contd.)

9. The equity shares of the Company have been notified for compulsory trading in demat form by all investors and are available for trading in demat form both on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- Shareholders are requested to avail this facility and get their shareholding converted into dematerialized form by sending the Dematerialization Request Form (DRF) along with the share certificates to their Depository Participant (DP).
10. **The Ministry of Corporate Affairs, vide its Circular No.18/2011 dated 29th April, 2011, clarify that as a measure of “Green initiative in Corporate Governance” it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail, to support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company’s RTA, M/s Mas Services Limited by filling the form available on the Company’s website and also update the e-mail address as and when there is any change.**

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

In terms of the provisions of Sections 149,161 of the Companies Act, 2013 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013, Mrs. Parmjit Kaur was appointed as an Additional Director (under the category of Non-Executive Independent Woman Director) of the Company with effect from 23.10.2015 by the Board of Directors, who shall hold office upto the date of the ensuing Annual General Meeting of the Company.

Further, in terms of provisions of Sections 149, 150, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mrs. Parmjit Kaur as Independent Director of the Company for a period of 5 (five) consecutive years commencing from 23.10.2015.

The Company has received declaration from Mrs. Parmjit Kaur that she meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under the SEBI (LODR) Regulations, 2015.

The Company has received notice in writing from a member along with deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing her candidature for the office of director of the Company.

In the opinion of the Board, Mrs. Parmjit Kaur fulfills the conditions for appointment as Independent Director as specified in the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 and is independent of the management of the Company and/or subsidiary/associate companies.

Brief resume of Mrs. Parmjit Kaur, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships /chairmanships of Board Committees, her shareholding in the Company, relationships amongst directors’ inter-se as stipulated under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, is provided in the Annual Report.

Except Mrs. Parmjit Kaur and her relatives, if any, in the Company, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested in the said Resolution.

Accordingly, the Board recommends the Ordinary Resolution as set out at Item No.4 of this Notice for approval of the members of the Company.

ITEM NO. 5 & 6

The Board of Directors of the Company in its meeting held on 13.8.2015 had appointed Mr. Dharam Pal Sharma as an Additional Director who shall hold office on the Board of the Company till the date of ensuing Annual General Meeting pursuant to the provisions of the Section 161 of the Companies Act, 2013 and Articles of Association of the Company. A notice pursuant to Section 160 of the Companies Act, 2013 along with deposit of requisite amount has been received from a member signifying his intention to propose him as a candidate for the office of Director. He is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director.

The Board at the same meeting also appointed Mr. Dharm Pal Sharma as Whole Time Director of the Company for a period of 5 years w.e.f. 13.08.2015 pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V of the Act and the Rules made thereunder.

The Nomination and Remuneration Committee of the Company in its meeting held on 13.08.2015 has approved the appointment of Mr. Dharam Pal Sharma as a Whole Time Director of the Company for a period of 5 years w.e.f. 13.08.2015 to 12.08.2020 and payment of the remuneration for a period of 3 years w.e.f. 13.08.2015 to 12.08.2018.

Notice (Contd.)

The terms and conditions of his appointment and remuneration are subject to the approval of the shareholders and Central Government.

Accordingly, the resolutions are recommended for approval of the shareholders of the Company.

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 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 Ethanol. Producing and marketing Chlor Caustic at its Unit Siel Chemical Complex, Rajpura, Punjab.

(ii) Date or expected 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 during the 15 month period ended on 31.03.2016 (the latest Audited Balance Sheet of the Company)

Particulars	Amount (Rs./Million)
- Total Revenue	14941.87
- Net Profit/(Loss)	22.14
- Effective Capital	(1689.89)

(v) Export performance and net foreign exchange collaborations:

Nil

(vi) Foreign investments or collaborators, if any:

None

II. INFORMATION ABOUT THE APPOINTEE:

(a) Background Details:

Mr. Dharam Pal Sharma, aged 64 years, is B.Sc (Ag) (Hons) and has thorough understanding of sugar industry. He is associated with the sugar industry for more than 34 years and during this period has worked with Punjab Sugar Federation, Triveni Engineering, Piccadilly Agro Industrial Limited, RBNS Sugar Mills in various capacities. Since 1997, Mr. Sharma was associated with the Company.

Past remuneration (last three years)

Per Annum

Particulars	March 31, 2015*	March 31, 2014	March 31, 2013
Salary	Rs.9,63,900/-	Rs.13,43,729/-	Rs.12,96,000/-

*Salary is for the part of the year.

(b) Recognition or Awards:

None

(c) Job Profile and his Suitability:

In his new role with MSL, Mr. Dharam Pal Sharma is designated as Whole Time Director of the company and shall have the task of taking the company out of its difficult phase through different approaches and efforts for the revival of the company.

He is overlooking the cane department on the priority basis and actively involved in developing harmonious relationship with farmers in view of present weak financial position of the Company for non-payment of cane dues.

He also involves in the financial control functions, strategic decisions formulation and discussions with various stakeholders for success in an extremely difficult situation. He will also be working for H.R. management and developing and coordinating technical and commercial functions etc.

Notice (Contd.)

- (d) **Remuneration Proposed:** The proposed remuneration of Mr. Dharam Pal Sharma as Whole Time Director of the Company is detailed in Item No.6 above.
- (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 personnel, if any.**
Mr. Dharam Pal Sharma 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.

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 a sales price, 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 con stain 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 2015-2016 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. Recently the Government has been notified mandatory export of sugar for the season 2015-16, it will help take pressure of prices by reducing domestic stockpiles.

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.

Except Mr. Dharam Pal Sharma and his relatives, if any, in the Company, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested in the said Resolution.

ITEM NO. 7

The Company has received a consent letter dated 5.5.2015 from M/s Bahadur Murao & Co., Cost Auditors of the Company for appointment as Cost Auditor for conducting the Cost Audit for the Power generated by co-generation plants of three sugar units of the Company in addition to Sugar, Caustic Soda, SBP and Industrial Alcohol manufactured by the Company for the financial period 2015-16 (15 months).

Notice (Contd.)

Accordingly, the Board of Directors of the Company in its meeting held on 12.5.2015 had approved the appointment of M/s Bahadur Murao & Co., Cost Auditors of the Company for conducting the Cost Audit for the Power generated by co-generation plants of three sugar units of the Company at a remuneration of Rs.20,000/- per unit + travelling & out of pocket expenses for the financial period ended 2015-16. The remuneration paid/to be paid to the Cost Auditors is required approval by the members of the Company.

Accordingly, resolution set out under Item No.7 is recommended for ratification of the members of the Company as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relatives is concerned or interested in the said Resolution.

ITEM NO. 8

The Board of Directors has appointed M/s Bahadur Murao & Co., Cost Auditor (Membership No. 4941), as the Cost Auditor for audit of the cost accounting records of the Company pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under for the financial year 2016-17. It is proposed to pay Rs.2,28,000/- as the remuneration, plus out of pocket expenses incurred/to be incurred by the auditors during the course of audit.

Accordingly, resolution set out under Item No.8 is recommended for approval of the members of the Company as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relatives is concerned or interested in the said Resolution.

ITEM NO. 9

The Company has a large unserviced debt liability of the Banks and cane price arrears for the crushing season 2015-16. The total liability on these accounts as on date, without any interest provision, is Rs. 1042 Crores. As per the directions of the Hon'ble High Court for Judicature at Allahabad, the payment of dues of the farmers shall have precedence over all other payments including those to the Banks.

A part of the liability of the cane price arrears would be met out of sale of sugar stocks inventory but it would still leave a substantial unpaid amount on this account. Company does not have wherewithal to pay these amounts except by selling its assets. The sale of sugar assets located in UP is difficult under the present economic and potential political circumstances of the State of UP.

The Company's account with Banks has been long declared NPA. Under extant dispensation, Banks are keen to either sell their debts to Asset Reconstruction Companies (ARCs) or make one time settlement (OTS) or agree for restructuring the loans depending on the circumstances of individual borrower. However, under all scenarios, there is always a requirement for some upfront payment. To be able to avail any of such opportunity as and when it occurs, it is considered desirable to be prepared. Some exploratory discussions held with some investors, it is revealed that potential investor(s) may be interested to invest in the Company in a manner that will enable them to either cash out or redeem their investment in a fixed time period. Such investment therefore could be in the form of investment in equity shares or convertible securities like debenture or preference shares.

The current Authorised Capital Structure is very large but consists of Equity shares only and therefore does not permit issue of Preference Shares. Increasing the Authorised Capital by incorporating Preference Shares is not considered a good option as it entails significant expense. It is however possible to reclassify the existing Authorised Capital structure by dividing the Capital partly into Equity shares and Preference shares.

It is therefore proposed that the existing Authorised Capital structure of the Company be reclassified as under:

Authorised Capital:

- (i) 10,00,00,000 (Ten Crores) Equity Shares of Rs. 10 each
- (ii) 75,00,000 (Seventy Five Lacs) Optionally Convertible Cumulative Redeemable Preference Shares of Rs.100 each.

Accordingly, clause V of the Memorandum of Association containing capital description is also proposed to be altered in conformity with the proposed reclassification in Authorised Share Capital.

Provisions of the company law stipulate that to reclassify the authorized capital, the company should obtain approval of shareholders. Hence, this resolution is placed before yourself to pass as a special resolution.

None of the Directors, Key Managerial Personnel or their relatives is concerned or interested in the said Resolution.

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

(Ashok Kumar Shukla)
Company Secretary
ACS-29673

Place : New Delhi
Dated : 10.05.2016

Brief Profile of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of Director	Mr. Piar Chand Jaswal	Mrs. Parmjit Kaur	Mr. Dharam Pal Sharma
Age	55 years	74 years	64 years
Date of Appointment	18.02.2015	23.10.2015	13.8.2015
Qualification	Matriculate	B.A. (Hons) English	B.Sc. (Ag) (Hons)
Expertise	Mr. Piar Chand Jaswal is a retired Junior Commission Officer from Indian Army.	Land owner.	Mr. Dharam Pal Sharma having a sound knowledge of Sugar Industry. Over the years, he has developed various other management skills. His experience of more than 34 years with various sugar Companies like Punjab Sugar Federation, Triveni Engineering, Piccadilly Agro Industrial Limited, RBNS Sugar Mills and from last 18 years he is associated with the Company.
Shareholding of Directors in the Company	Nil	Nil	Nil
Directorship held in other Public Companies excluding foreign and private companies	Nil	Nil	Nil
Chairmanships/Memberships of Committee	Member: 1. Audit Committee 2. Stakeholders Relationship Committee 3. Nomination and Remuneration Committee 4. Social Responsibility Committee 5. Risk Management Committee	Nil	Nil