

MAWANA SUGARS LIMITED

CIN : L74100DL1961PLC003413

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POSTAL BALLOT NOTICE

Dear Member(s),

Notice is hereby given pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the "Act"), if any, read together with Rule 22 of the Companies (Management and Administration) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force, the Resolution appended below is proposed to be passed as a Special Resolution through postal ballot and electronic voting.

According to Section 180 (1) (a) of the Companies Act, 2013, sale, lease or otherwise disposal of the whole or substantially the whole of an undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking requires the approval of the shareholders through a Special Resolution.

The Board of Directors in its meeting held on 18.11.2016 has proposed, subject to the approval of the shareholders of the Company and other necessary approvals required for the purpose, to sell /dispose off one of Company's operating unit under the name and style of "Titawi Sugar Complex" (TSC), situated at Village & P.O. Titawi, District Muzaffarnagar-251301 ("Undertaking") together with all assets and liabilities including current assets and current liabilities but excluding brands, trademarks, logos and other IPRs and contingent liabilities and contingent assets relating to undertaking of TSC on a slump sale basis as a going concern on "as is where is what is" basis for a consideration of Rs. 375 crores (Rupees Three Hundred Seventy Five Crores only) on such terms and conditions decided and approved by the Board.

The Company is therefore seeking shareholder's consent for the proposal as contained in the draft Special Resolution appended below. An Explanatory Statement pertaining to the said Resolution setting out all material facts and the reasons for which such resolution is proposed is also enclosed.

As per Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 ("Rules"), the consent of the Company's shareholders for the above purpose is required to be obtained by means of a postal ballot. Accordingly, the said Special Resolution and the Explanatory Statement is being sent to Company's shareholders along with the Postal Ballot Form for their consideration. Further, as per the provisions of the Act, read with the Rules and the Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is required to provide to its members facility to exercise their right to vote by electronic means. Accordingly, instructions for remote e-voting have been provided hereunder.

It is requested that shareholders carefully read the instructions printed on the accompanying Postal Ballot Form, record assent (FOR) or dissent (AGAINST) therein and return the same in original duly completed in the attached self-addressed, pre-paid postage envelope (if posted in India) so as to reach the Scrutinizer not later than 5:00 p.m. on 26.12.2016 to be eligible for being considered, failing which, it will be considered that no reply has been received from the concerned shareholder. The Scrutinizer will submit its report to the Chairman / Managing Director / Director of the Company. The result of the Postal Ballot would be announced by a Director or the Company Secretary of the Company on or before 28.12.2016. The said results would be displayed at the Registered Office of the Company, intimated to the Stock Exchanges where the Company's shares are listed and Registrar and Share Transfer Agent and displayed along with the Scrutinizer's report on the Company's website viz. www.mawanasugars.com and also on the website of the agency providing remote e-voting facility i.e. Central Depository Services (India) Limited ("CDSL").

The Resolution will be deemed to have been passed on the date of declaration of the result of the postal ballot, if approved by the requisite majority.

Special Resolution

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

"RESOLVED THAT pursuant to Section 180 (1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and any other applicable law, rules and regulations, the permission and approval of the Company be and is hereby given to the Board of Directors of the Company to sell /dispose off the whole of the undertaking of its sugar manufacturing unit operating under the name and style of 'Titawi Sugar Complex'(TSC) situated at Village & P.O. Titawi, Distt. Muzaffarnagar-251301 (U.P.) together with all assets and liabilities including current assets and current liabilities but excluding brands, trademarks, logos and other IPRs and contingent liabilities and contingent assets relating to undertaking of TSC on a slump sale basis as a going concern and on "as is where is what is" basis for a consideration of Rs. 375 crores (Rupees Three Hundred Seventy Five crores only) on such terms and conditions as may be decided and approved by the Board of Directors or any Committee thereof constituted for this purpose.

RESOLVED FURTHER THAT the Board or any Committee of the Board constituted for this purpose be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or expedient for the purpose of giving effect to the sale of TSC and for matters connected therewith or incidental thereto, including without limitation, signing and executing all agreements and documents in connection with or in order to give effect to this Resolution."

Place : New Delhi
Date : 18.11.2016

By order of the Board of Directors
For Mawana Sugars Limited
sd/-
(Ashok Kumar Shukla)
Company Secretary
M. No. 29673

Notes:

- 1) An Explanatory Statement in terms of Section 102 of the Companies Act, 2013, setting out the material facts are appended herein below.
- 2) The Postal Ballot Notice will be dispatched / sent to all the Members whose names appear in the Register of Members/Records of Depositories as on 18.11.2016 viz. the cut-off date and a person who is not a member as on that date should treat this Notice for information purposes only. Notice of Postal Ballot is also being sent to all the Directors and Auditors of the Company.
- 3) The voting rights of the members shall be reckoned in proportion to their share(s) in the total paid-up equity share capital of the Company as on 18.11.2016.
- 4) Members who have registered their E-mail IDs with their Depository Participants are being sent Notice of Postal Ballot by E-mail and Members who have not registered their E-mail IDs will receive Notice of Postal Ballot along with the Postal Ballot Form in physical form.
- 5) As per the Companies (Management and Administration) Rules, 2014, Notice of Postal Ballot along with Postal Ballot Form is being sent to all the Members through Courier.
- 6) In compliance with the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Company is pleased to offer remote e-voting facility as an option to all the Members of the Company. The Company has entered into an agreement with CDSL for facilitating remote e-voting to enable the Members to cast their votes electronically instead of dispatching Postal Ballot Form. Members may please refer to the instructions below for the purpose of voting through remote e-voting facility.
- 7) Mr. Nirbhay Kumar of M/s Nirbhay Kumar & Associates, Practicing Company Secretary (M. No. 21093) has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

- 8) The Members can opt for only one mode of voting, i.e.: either by physical ballot or remote e-voting. In case Members cast their votes through both the modes, voting done by remote e-voting shall prevail and votes cast through physical Postal Ballot Forms will be treated as invalid. A Member cannot exercise his vote by proxy on postal ballot.
- 9) Members who have received Postal Ballot Notice by E-mail and who wish to vote through Physical Postal Ballot Form can download Postal Ballot Form from the Company's website www.mawanasugars.com or seek duplicate Postal Ballot Form from the Company or from the Registrar and Share Transfer Agent of the Company.
- 10) Voting period will commence from Sunday, 27.11.2016 at 9.00 A.M. and ends on Monday, 26.12.2016 at 5:00 P.M.
- 11) Members are also requested to read carefully the instructions printed on the Postal Ballot Form before exercising their physical vote and return the Postal Ballot Form duly completed with the assent (FOR) and dissent (AGAINST), in the attached self-addressed postage pre-paid Business Reply Envelope, so as to reach the Scrutinizer at the Registered Office of the Company at 5th Floor, Kirti Mahal, 19, Rajendra Place, New Delhi-110125, on or before 5:00 P.M. on 26.12.2016. Please note that any Postal Ballot Form(s) received after the said date and time will be treated as if reply from the Member has not been received. No other form or photocopy thereof is permitted. Members who do not receive the Postal Ballot Form may download the Postal Ballot Form from the Company's website www.mawanasugars.com or seek duplicate Postal Ballot Form from the Company or from the Registrar and Share Transfer Agent of the Company.
- 12) All the material documents referred to in the explanatory statement will be available for inspection at the Registered Office of the Company during office hours on all working days from the date of dispatch of the Notice till closing of the remote e-voting facility.
- 13) Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent of the Company quoting their Folio number.

Explanatory Statement pursuant to section 102 of the Companies Act, 2013

The Company has large unpaid cane dues of the farmers for the crushing season 2015-16. In addition, the Company also has un-serviced debt liability of the Lenders/Banks. These liabilities have been caused primarily on account of continuous losses incurred by the Company during previous years. This situation was further compounded on account of denial of legitimate benefits accrued to the Company under the Sugar Industry Promotion Policy of the State Government.

The total liability on these accounts as on date, without any interest provision thereon, is Rs. 789.26 Crores.

The Company does not have wherewithal to pay the outstanding dues of the farmers and the lenders. The delay in payment to farmers is causing acute short supply of sugar cane to TSC and the cane areas are being diverted to other mills, thereby worsening the situation. Under the present circumstances of the Company, it is difficult to service its cane arrears and debt obligations to Lenders.

The Board of Directors in its meeting held on 10.5.2016 had decided to explore the possibility to dispose of its operating sugar manufacturing undertaking situated at Village & P.O. Titawi, Distt. Muzaffarnagar-251301 (U.P.) to be able to discharge the liabilities towards farmers and lenders.

The Company has received an offer from M/s Indian Potash Limited for purchase of sugar manufacturing undertaking of Titawi Sugar Complex (TSC), a unit of the Company situated at Village & P.O. Titawi, Distt. Muzaffarnagar-251301 (U.P.) together with all assets and liabilities including current assets and liabilities but excluding brands, trademarks logos and any other IPRs and contingent liabilities and contingent assets relating to the undertaking of TSC on a slump sale basis as a going concern and on "as is where is what is" basis. The Board of Directors of the Company in its meeting held on 18.11.2016 has accepted the offer subject to the all statutory approvals as may be required in this regard. The salient features of the offer are as under:-

- (a) The cut-off date for the purposes of enterprise valuation shall be 30.09.2016.
- (b) Total consideration for the sale of the undertaking shall be Rs.375.00 crores based on the valuation as on 30.09.2016.
- (c) In addition to (b) above, Company shall be eligible to receive the sale proceeds of sugar sold between 01.10.2016 up to 04.11.2016 as well as the Export subsidy to be received by the Company for the exports done in the previous years. The aggregate amount on this account would be around Rs.4.66 crores
- (d) The Purchaser shall, immediately upon signing of the 'Business Transfer Agreement' arrange for upfront payment of cane arrears of the farmers of TSC due for the crushing season 2015-16, which is estimated to be around Rs.150 crores (Rupees One Hundred Fifty Crores only) to ensure maximum and adequate supply of cane by the farmers resulting into smooth and optimal crushing operations at TSC.
- (e) Immediately after payment of past dues to Titawi Cane Farmers, Company will approach respective authorities for cancelling the recovery certificates/FIRs as the cause for their issuance would have been eliminated.
- (f) The Balance Business Transfer Consideration, after adjusting the payment made towards the cane dues, shall be made by the Purchaser to the Company as under:
 - (i) 25% of the Balance Business Transfer Consideration shall be paid by the Purchaser to the Company on the Agreement date;
 - (ii) 15% of the Balance Business Transfer Consideration shall be paid by the Purchaser to the Company on receipt of NOCs and release of charge on the Assets of TSC by the following lenders:
- Edelweiss Asset Reconstruction Company, Axis Bank and Rabo Bank.
 - (iii) 25% of the Balance Business Transfer Consideration shall be paid by the Purchaser to the Company upon the receipt of NOCs and release of charge of the assets of TSC by the following Lenders:
- Punjab National Bank, State Bank of Hyderabad and SDF (IFCI)
 - (iv) 20% of the Balance Business Transfer Consideration shall be paid by the Purchaser to the Company upon the receipt of NOC from BIFR, if required.
 - (v.) The remaining Balance Business Transfer Consideration shall be paid by the Purchaser to the Company on the Closing Date.
- (g) The Company shall provide Corporate Guarantee to the Purchaser for payments made by the purchaser to the Company from time to time as above.
- (h) The Corporate Guarantee shall stand extinguished on the Closing Date.
- (i) All contingent liabilities (Mainly on account of pending legal cases relating to RC Collection charges) and contingent assets (mainly the receivables on account of Sugar Incentive Policy and other benefits announced by State Government but not paid, and realizable on account of RECs/CERs) shall continue to vest in MSL.
- (j) the transaction is subject to statutory approvals to be obtained by the respective parties.
- (k) The taxes (other than Income Tax) duties, levies and charges like stamp duty, VAT or any such charge relating to transfer shall be to the account of the Buyer.
- (l) The Transaction is sought to be completed on or before 31.01.2017 unless mutually agreed for any other date.

Section 180(1)(a) of the Companies Act, 2013 requires prior approval of the members through special resolution to sell, lease or otherwise dispose of the whole or substantially the whole of any of the Company's undertakings and such approval has to be accorded through postal ballot.

In view of the above, the Board recommends for approval of Special Resolution for the attached Notice.

None of the Directors and/or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the said Special Resolution.

Place : New Delhi
Date : 18.11.2016

By order of the Board of Directors
For Mawana Sugars Limited
sd/-
(Ashok Kumar Shukla)
Company Secretary
M. No. 29673