

**IN THE HIGH COURT OF JUDICATURE AT MADRAS
(ORDINARY ORIGINAL CIVIL JURISDICTION)**

COMPANY APPLICATION No.182 OF 2015

In the matter of the Companies Act, 1956 (1 of 1956)

and

In the matter of Sections 391 to 394 of the Companies Act, 1956 (1 of 1956)

and

In the Matter of Scheme of Arrangement

of

Sakthi Sugars Limited

with

Its Foreign Currency Convertible Bond (Series B) Holders

and

The Equity Shareholders

Sakthi Sugars Limited,
a company incorporated under the
Companies Act, 1956 and
having its Registered Office at
Sakthinagar - 638 315,
Bhavani Taluk,
Erode District,
Tamilnadu.

... Applicant Company

Notice of Postal Ballot / E-voting

(Notice pursuant to Section 110 of the Companies Act, 2013 and Section 391(2) of the Companies Act, 1956 and Securities and Exchange Board of India (SEBI) Circulars CIR/CFD/DIL/5/2013 dated 4/2/2013 and CIR/CFD/DIL/8/2013 dated 21/5/2013)

To

The Equity Shareholders of the Applicant Company,

Take notice that by an Order dated 25th February 2015 as amended by Orders dated 23rd March 2015 and 29th April 2015 in C.A.No.182 of 2015, read with C.A. 515 of 2015, the High Court of Judicature at Madras has directed the Applicant Company to seek the approval of the Equity Shareholders of the Applicant Company for the Scheme of Arrangement of the Applicant Company with the holders of Foreign Currency Convertible Bonds (Series B) [FCCB (Series B)] by way of Postal Ballot / e-voting in terms of Section 391(2) of the Companies Act, 1956 read with Securities and Exchange Board of India (SEBI) Circulars CIR/CFD/DIL/5/2013 dated 4/2/2013 and CIR/CFD/DIL/8/2013 dated 21/5/2013.

The Hon'ble High Court of Judicature at Madras has appointed Dr. M. Manickam, Executive Chairman, failing him, Mr. M. Balasubramaniam, Managing Director of the Applicant Company to be the Chairman for the purpose of conducting the said Postal Ballot/e-voting.

In pursuance of the said Orders, the following are enclosed herewith:

- 1) Copy of the Proposed Resolution;
- 2) Scheme of Arrangement;
- 3) Explanatory Statement for the said resolution setting out the material facts and reasons required under Section 393 of the Companies Act, 1956;
- 4) Postal Ballot Form; and
- 5) Instructions on Postal Ballot and E-voting.

The Shareholders are requested to carefully read the instructions for exercising voting through Postal Ballot / e-voting and return the completed Postal Ballot Form, in the enclosed self addressed postage pre-paid business reply envelope (if posted in India) so as to reach the Scrutinizer, Unit: Sakthi Sugars Limited, "Surya", 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028 on or before 5.30 p.m. on Wednesday, the 22nd day of July, 2015 (Last date for Voting).

The Applicant Company offers E-Voting facility also as an alternative for physical postal ballot for its shareholders. E-voting is optional. The shareholders are requested to read carefully and follow the instructions on E-Voting .

The above mentioned Scheme of Arrangement, if approved by postal ballot / e-voting by requisite majority, will be subject to the subsequent approval of the Hon'ble High Court of Judicature at Madras.

Coimbatore
11th June 2015

M. MANICKAM
Chairman appointed by the Court for
conducting Postal Ballot / E-voting

Proposed Resolution

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

"RESOLVED that, subject to such approvals as may be necessary from the Hon'ble High Court of Judicature at Madras under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 (including corresponding provisions of the Companies Act, 2013, if any applicable) and such other statutory or other authorities, the Scheme of Arrangement of the Company with the Holders of FCCB (Series B) be and is hereby agreed and approved."

"RESOLVED FURTHER that the Board of Directors of the Company and any Committee and/or person authorised by the Board of Directors and/or the Committee, be and are hereby severally authorised to take all such steps as may be necessary or desirable and do all such acts, deeds, things and matters, as may be considered necessary or desirable and do all such acts, deeds, things and matters as may be considered necessary to give effect to the aforesaid Scheme of Arrangement and to this Resolution and to accept such alteration, modification and /or conditions, if any, which may be proposed, required or imposed by the Hon'ble High Court of Judicature at Madras while sanctioning the said Scheme of Arrangement."

**Scheme of Arrangement
between
Sakthi Sugars Limited
and
Its Foreign Currency Convertible Bond-series B (FCCB) Holders (Bondholders)
and
The Equity Shareholders**

PART - I

1. PREAMBLE:

- 1.1. The Scheme of Arrangement with FCCB Holders (hereinafter called as Bondholders) is presented under Section 391 and other related provisions of the Companies Act, 1956 read with notified sections of Companies Act, 2013 for entering into a compromise with the Bondholders, being a distinct class of creditors. The Scheme also provides for various other matters consequential or otherwise integrally connected therewith.
- 1.2 The Scheme is divided into following Parts:
- ❖ Part I deals with Preamble
 - ❖ Part II deals with Background and Rationale for the Scheme
 - ❖ Part III deals with the Definitions
 - ❖ Part IV deals with Object Clause and Share Capital
 - ❖ Part V deals with General Terms and Conditions
 - ❖ Part VI deals with Conversion of the FCCB into Equity Shares of the Company
 - ❖ Part-VII deals with Payment to the FCCB Holders
 - ❖ Part VIII deals with Tax and Accounting Treatment
 - ❖ Part IX deals with Other Terms and Conditions.

PART - II

2. BACKGROUND AND RATIONALE OF THE SCHEME

- 2.1 Sakthi Sugars Limited (Company) is the flagship company of Sakthi Group, engaged in diverse business activities like manufacture of Sugar, Industrial Alcohol, Power Generation and manufacture of Soya Products.
- 2.2. With a view to ensuring long term viability of the Company and to de-risk the sugar business, which is cyclical in nature, the Company had during 2007-08 installed a new 3500 TCD Greenfield Sugar Plant at Modakurichi along with 25 MW Co-generation facility, besides a cogeneration plant of 35 MW at Sivaganga. The Sugar Unit at Sakthi Nagar was expanded from 7500 TCD to 9000 TCD and the Distillery unit was expanded from 90 KLPD to 120 KLPD. A second cogeneration plant of 25 MW was taken up for installation at Sakthi Nagar. The total capital expenditure incurred for the above was around Rs.500 crores which was funded through Bank Loans of Rs.160 crores, FCCB issuance of USD 60 million (Rs.245 crores) in two tranches of USD 20 Mn and USD 40 Mn and balance from internal accruals.
- 2.3. The expansion plans were based on the assumption of adequate sugarcane availability for the expanded capacities as also the generation of power at full capacity through a mix of captive bagasse available from crushing and imported coal as fuel (at the then prevailing landed cost of around Rs.2,000 per MT). However, with the shortage in availability of sugarcane for the following two years, the operation of the sugar mills could not be maintained at an optimal level. Further, the cogeneration plants also could not be put to optimal use due to the shortage in availability of bagasse as also high prices of landed coal.
- 2.4. Since Sugar industry is a highly controlled and politically sensitive industry in India, while there is an increase in the prices of sugarcane every year, there has not been a corresponding increase in selling price of sugar. The realization price of sugar continues to be low at about Rs.3100 per quintal as against the landed cost of sugar cane of Rs.2750 per tonne and conversion cost of about Rs.350 per quintal.
- 2.5. On account of various external reasons and consequent liquidity constraints, loans of the Company were restructured under Corporate Debt Restructuring (CDR) mechanism in 2009. Since then, the package has been implemented and servicing of loans has been done by the Company as per the approved package till April 2012. However as envisaged in the package and

- subsequently assessed by Monitoring Institution, the need based working capital was not fully released by the member banks. This has led to shortage of critical funds which adversely affected the earnings substantially.
- 2.6. The absence of working capital funds has affected the payment to cane growers which in turn affected availability of cane to the Company resulting in reduced crushing. This led to reduction in the cash flow and affected the debt servicing capabilities of the Company.
 - 2.7. Cane prices in India continue to be regulated by the Central and State Governments. For the Sugar Year (SY) 2013-14, the Central Government has announced a 23.5 per cent hike in the minimum price payable for sugarcane through the Fair and Remunerative Price (F&RP) mechanism. However, the increase in market prices of sugar was limited to 8-9 per cent. Sugar mills in Uttar Pradesh and Tamil Nadu, where the State Advised Price (SAP) for sugarcane is higher than the F&RP, would be more adversely impacted, compared with their counterparts in other states that adhere to F&RP.
 - 2.8. Over the last few years, the increase in sugar prices has not kept pace with the increase in cane prices. While average sugarcane prices paid by mills increased at 14 per cent CAGR over the last three seasons from 2010-11 to 2012-13, the increase in sugar prices has been a mere 2.6 per cent.
 - 2.9. Also, with higher interest cost due to higher requirement of working capital and prevailing higher interest rates, earnings have been adversely affected.
 - 2.10. In view of the above situation, the Company has requested the banks that have advanced loans to the Company for rescheduling of the existing repayment schedule, interest funding for a period of two years, sanction and release of additional working capital limits and also sanction of additional term loans.
 - 2.11. At the Macro level, the Government of India is conscious of the crisis that has affected the Sugar Industry and is coming forward with a slew of measures including increase of import duty on sugar, restoring incentive on export and providing interest free loan equivalent to excise duty paid for the past five years (Scheme for Extending Financial Assistance to Sugar Undertaking 2014). The Company is hopeful of improved performance and increased cash flow in the long run resulting from these measures taken by the Government of India.
 - 2.12. The Promoters of the Company have shown earnestness as also resourcefulness in reviving and rehabilitating the Company and in this direction a Promoter Group Company ABT Ltd has infused a sum of Rs. 180 crores into the Company. In terms of mandate of CDR, this sum has been converted into equity shares at a price of Rs. 30.30 per share on 25.3.2014.
 - 2.13. The Company has made application for second restructuring of the debts due to the Banks through the monitoring Institution in CDR Mechanism and inter alia set out therein that the entire FCCB will be converted into equity, subject to appropriate Scheme/Approvals and such second restructuring has been recommended at the Joint Lenders meeting convened by Monitoring Institution for approval by the CDR Empowered Group. In terms of the said proposal, the cash flows of the Company will be free for utilization by the Company without restrictions by way of waterfall mechanism, only from the financial year 2022-2023.
 - 2.14. Under the circumstances, the Company was unable to meet the redemption obligation of FCCB in terms of the Offering Circular.
 - 2.15. The Bondholders have subscribed to the Bonds, being fully aware of the risks associated with investing in Bonds issued by the Respondent Company. The Offering Circular, vide pages 12 to 25 have under various captions listed out the short term risks, long term risks, economic risks, geographical risks, and industry specific risks that may impact the performance of the Company.
 - 2.16. Bondholders holding USD 1 Million FCCBs have filed Company Petitions before the High Court of Madras for winding up of the Company on the ground that the Company is unable to pay its debts, which Petition is yet to be admitted by the High Court. There was a compromise reached with the Petitioners for payment of the principal sum due together with future interest thereon, but that such payment could not be made initially owing to RBI not granting permission and subsequently since some of the Secured Creditors objected thereto.
 - 2.17. The Trustee to the Bondholders has filed a Company Petition on the file of the High Court of Madras, purportedly on the mandate requisite majority of the Bondholders to wind up the Company, on the ground that the Company is unable to redeem the FCCB. This Petition is also still to be admitted by the High Court.
 - 2.18. The Bondholders have not been able to realize any value for the FCCB since the company is unable to redeem the FCCBs owing to inadequate cash flow.
 - 2.19. The Company is faced with Winding Up Petitions and is also unable to meet the liability in terms of the compromise reached, owing to objection from Secured Creditors.

- 2.20. The Bondholders have a right to convert the bonds into equity shares as per the terms of the Offering Circular at Rs.190 per share based on prefixed exchange rate of Rs.44.89 per USD. The prevailing market price of the equity shares of Company is ranging between Rs 20 to 27. Therefore if the Bondholder exercises the right to convert the FCCB into equity shares, in terms of the Offering Circular, the Bondholder will realize only approximately one tenth of the value of investment. So, exercising the option to convert is also not a realistic option to the Bondholders.
- 2.21. In the above background, the Company proposes under the instant Scheme to convert 50% of the principal amount of the outstanding FCCB Bonds into equity shares at a Conversion Price, which would facilitate and provide to the Bondholder an exit option and to pay the balance 50% in June 2024.

PART - III

3. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 3.1. "Act" or "Companies Act" means the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and / or the notified Sections of the Companies Act, 2013 (from the date of applicability as may be notified by the Government, including any statutory modification or re-enactment thereof).
- 3.2. "Agent" shall mean the Principal Paying, Transfer and Conversion agent for the Bonds being Citibank N.A., 21st Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom or any other Bank/Institution as may be appointed by the Board.
- 3.3. "Applicable provisions of the Act" or "Applicable provisions of the Companies Act" means Sections 391 to 394 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and / or Sections 230 to 232 of the Companies Act, 2013 (from the date of applicability as may be notified by the Government, including any statutory modification or re-enactment thereof).
- 3.4. "Appointed Date" means the 30th day of June 2014 or such other date as the Court may direct for the purposes of this Scheme and for the Income Tax Act, 1961.
- 3.5. "Board" means Board of Directors of the Company.
- 3.6. "Bondholder" means the person/s having title to the FCCB or any portion thereof as certified by the Agent
- 3.7. "Company" shall mean Sakthi Sugars Limited, having its CIN No. L15421TZ1961PLC000396 and Registered Office at Sakthinagar- 638 315, Bhavani Taluk, Erode District, Tamilnadu.
- 3.8. "Conversion Price" shall mean Rs.30, being the Conversion Price arrived at in the manner set out in Schedule-A to the Scheme, as on the Appointed Date.
- 3.9. "Effective Date" means the date on which a Certified Copy of the Order of the Hon'ble High Court sanctioning this Scheme is filed with the Registrar of Companies, Tamil Nadu, Coimbatore.
- 3.10. "Exchange Rate" shall mean Rs 44.89 per USD, being the rate of exchange fixed in the Offering Circular.
- 3.11. "FCCB" or "Foreign Currency Convertible Bonds" or "FCCB Bonds" shall mean the outstanding Zero Coupon Foreign Currency Convertible Bonds (Series-B) aggregating to USD 15.6 Million, issued by the Company in terms of the Offering Circular dated 15th day of May 2006.
- 3.12. "High Court" or "Court" means the Hon'ble High Court of Judicature at Madras and shall include the National Company Law Tribunal (NCLT) or such other forum or authority, as may be vested with any of the powers of a High Court under the Companies Act, if applicable.
- 3.13. "Maturity Date" shall mean the 30th day of June 2024.
- 3.14. "Record Date for Conversion" shall mean a date to be fixed by the Board of Directors of the Company for purpose of ascertaining the holders of FCCB for conversion under the Scheme.
- 3.15. "Record Date for Meeting" shall mean a date to be fixed by the Honorable High Court as the date for reckoning the Bondholders eligible to vote and/or participate in the meeting or E-Voting or Postal Ballot as may be applicable, for considering the Scheme.
- 3.16. "Record Date for Payment" shall mean the 30th day of May 2024 being the date for reckoning the Bondholders eligible to receive payment of the Redemption Amount.
- 3.17. "Redemption Amount" shall mean USD 7.8 Million, being 50% of the principal amount outstanding in respect of the FCCB.

- 3.18. "Scheme" or "Scheme of Arrangement" shall mean this Scheme of Arrangement between Sakthi Sugars Limited and the Bondholders and the Equity Shareholders of Sakthi Sugars Limited in its present form or with any modification(s) approved, imposed, or directed by the shareholders, or the Bondholders, or any Regulatory or Statutory Authority or the Hon'ble High Court.
- 3.19. "SEBI Scheme Circular" shall mean Securities and Exchange Board of India Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013, (including any amendment/ modification or re-notification thereof for the time being in force).
- 3.20. The expressions used in the Scheme of Arrangement and not expressly defined herein shall carry the same meaning as in the Act.

PART - IV

OBJECT CLAUSE AND SHARE CAPITAL

4. Main Objects of the Company:

- 4.1. The Objects of the Company are as enumerated in the Memorandum of Association of the Company and they not being segregated as Main and Other objects (being a Company incorporated in 1961) the material Objects are extracted hereunder:
- i. To plant, cultivate, produce and raise or purchase sugar-cane, sugar-beet, maize, palmyra trees, palm trees and other crops or trees whatsoever and to purchase, manufacture, produce, boil, refine, prepare, import, export, sell and generally to deal in sugar, sugarcandy, jaggery, confectionery, molasses, syrups, alcohol, spirits, rum, gin, whisky and brandy and any special syrups, tinctures, essences and pharmaceutical and other chemical preparations, chemical fertilisers and manures and all other bye-products and raw materials of sugar industry and products such as boot-polish, wax, buttons, power alcohol, etc.
 - ii. To carry on the business of extracting oil either by crushing or by chemical means or any other process and to carry on the business of refiners, manufacturers, importers and exporters and dealers and merchants in groundnuts, coconuts, copra, cotton seed, linseed, mowra, gingelly, rape, flax, mahua, neem, mustard, or any other seed or nut or oil bearing substances, whatsoever and oil and cakes manufactured therefrom; makers and manufacturers of cattle food and feeding and fattening preparations of every description, makers and manufacturers of vegetable ghee, toilets, toilet soaps and shampoos, manures and fertilisers of every description, food meal manufacturers, grain and seed merchants, cake and corn merchants, millers, flour merchants, bakers and biscuit makers, hay, straw, and fodder merchants and nursery men and owners, traders and dealers in all livestock.
 - iii. To engage in the business of generation of power/electricity by any process, for industrial and domestic purposes, for own consumption and to sell, distribute power/electricity to any person including Electricity Board/State Government / Central Government and to generally deal in power / electricity.
 - iv. To plant, cultivate, manufacture, produce, process, prepare, buy, sell and deal in soya bean, soya milk products and preparation of soya bean based products.
- 4.2. The Authorized, Issued, Subscribed and Paid- Up share Capital of the Company as on 31-3-2014 is as follows:

Authorised	(Rs. In lakhs)
11,00,00,000 Equity Shares of Rs.10 each	11,000.00
50,00,000 Preference shares of Rs.100 each	5,000.00
	16,000.00
Issued	
9,63,29,948 Equity Shares of Rs.10 each	9,632.99
Subscribed and Paid-up	
9,62,13,279 Equity Shares of Rs.10 each fully paid up	9,621.33

PART-V

5. GENERAL TERMS AND CONDITIONS

- 5.1. The Company shall not be bound to recognize any person as Bondholders unless the holding is certified by the Agent:
- A. As on the Record Date for Meeting, for the purpose of attending and/or voting at the Meeting or in Postal Ballot/E-voting as may be applicable, on the Resolution for considering the subject of according sanction to the Scheme.
 - B. As on the Record Date for Conversion, for the purpose of ascertaining the Bondholders to be eligible to get Equity Shares in terms of the sanctioned scheme.
 - C. As on the Record Date for Payment, for the purpose of payment of the Redemption Amount on the Maturity Date.
- 5.2. On the Scheme becoming effective, the Bondholders covered by the Scheme shall not be entitled to claim any payment or right to convert or redeem, save and except in accordance with the Scheme and all monetary or other entitlements of the Bondholders including by way of interest, not expressly provided for in the Scheme shall be deemed to have been waived by the Bondholders.
- 5.3. Upon the Scheme becoming effective, the Bondholders and the Trustee shall forthwith withdraw all existing litigations and legal cases against the Company, and there shall be executed simultaneously necessary documents/affidavits/applications etc. to be promptly submitted to concerned Courts, Statutory Authorities etc. in order to give immediate effect for such withdrawals of legal actions, cases or litigations. Notwithstanding any delay in withdrawing the existing legal cases, on sanction of the Scheme, the rights of the Bondholders will be submerged and recast in the manner proposed in the Scheme. Further, upon submission of this Scheme with the High Court, all litigations and proceedings against the Company by the Bondholders either individually or severally and/or by the Trustee shall be voluntarily stayed by the respective party till this Scheme comes into effect. This will enable the Company to successfully implement this Scheme.
- 5.4. Pending legal proceedings:
- a] Any proceedings, civil or criminal, pending against the Company arising due to, directly, indirectly, from non-payment of dues by the Company, relating to any of the FCCB Bonds shall, on the Scheme being effective, be dealt with as per clause 5.3 above and the rights, obligations and liabilities of the parties shall be governed only by the terms of the Scheme.
 - b] Further all the Bondholders would now be governed by the terms and conditions as stipulated in this Scheme and would not be entitled to take recourse under the Original Agreements or the Offering Circular or other Document or Resolution or Decree or Order of any Court or other Authority, unless the Company makes default in the complying with the Terms of the Scheme.
 - c] The Bondholders covered by the Scheme shall not be entitled to claim any payment except in accordance with this Scheme, subject to the Company fulfilling their obligations under this Scheme.
- 5.5. The rights and obligations of the Bondholders shall on the Scheme becoming effective be governed only by the terms of the Scheme, in complete supercession of the Offering Circular or other deed, Document or Writing as may have been in force prior thereto.
- 5.6. The Certificate or other document or authentication, either in electronic form or otherwise held by the FCCB Holder, shall from the Effective Date, be governed by the Scheme and shall not carry any entitlement otherwise than as specifically enumerated and provided for in the Scheme.

PART-VI

6. CONVERSION OF 50% OF THE OUTSTANDING PRINCIPAL AMOUNT OF THE FCCB INTO EQUITY SHARES OF THE COMPANY

- 6.1. Upon the Scheme becoming effective, in consideration of the FCCB held by the Bondholders and in redemption of 50% of the FCCB, the Company shall issue to the Agent to hold in trust for the Bondholders, Equity Shares in terms of the Conversion Price applying the exchange rate. In furtherance thereof, for every Bond with face value of USD 100,000, 74,816 equity shares will be allotted by conversion of 50% of the face value of that Bond.
- 6.2. All fractional entitlements not covered by allotment of equity shares in the manner set out in clause 6.1. above shall stand extinguished for the purpose of issuance of Equity Shares in terms of the Scheme.
- 6.3. The Company shall allot the entire shares on conversion in physical or demat form to the Agent, who shall have the authority to transfer to individual Bondholder as on the Record Date for Conversion, in recognition of their respective individual equity entitlement upon surrender of the FCCB for conversion. Equity Shares remaining unclaimed by the FCCB holders, as

confirmed by the Agent, within 12 months from the Record Date for Conversion shall be transferred by the Agent to the Unclaimed Suspense Account of the Company with Stock Holding Corporation of India in terms of Clause 5A of the Listing Agreement. Any FCCB Holder, having remained without claiming the equity share on conversion, can claim his entitlement from the Unclaimed Suspense Account through surrender of the respective FCCB, duly certified by the Agent, whereupon the Company shall secure transfer of the entitlement to shares from the Unclaimed Suspense Account.

- 6.4. The Equity Shares so issued and allotted, shall rank pari passu in all respects with the existing Equity Shares of the Company effective from the date of allotment of equity share on conversion as per the Scheme.

PART-VII

7. PAYMENT OF REDEMPTION AMOUNT

- 7.1. Upon the Scheme becoming effective, in consideration of the FCCB held by the Bondholders and in final redemption of the FCCB, the Company shall pay the Redemption Amount to the Bondholders as certified by the Agent on the Record Date for Payment, on the Maturity Date.
- 7.2. The Company shall deposit the entire Redemption Amount with the Agent, who shall have the authority to pay out of the Redemption Amount prorata to each FCCB Holder as on the Record Date for Payment corresponding to the respective FCCB holding of the individual Bondholder in terms of the Scheme. To the extent to which any portion of the Redemption Amount remains unclaimed from the FCCB holders within 12 months of the Record Date for Payment, as confirmed by the Agent, the same shall stand transferred back to the Company. Any Bondholder, certified by the Agent, remaining without claiming the Maturity Amount, within 12 months as set out above, may claim the same from the Company, within 3 years from the Record Date for payment, failing which the said liability of the Company shall stand extinguished.
- 7.3. The FCCB Holders shall not be entitled to any interest for any period, notwithstanding anything to the contrary set out in the Offering circular, or any orders passed by any Court prior to the Effective Date, unless expressly provided for in the Scheme.

VIII. ACCOUNTING TREATMENT

8.1. Tax Treatment

Any tax liability accruing on account of equity shares issued or Redemption Amount paid shall be to the account of the Bondholder.

8.2. Accounting Treatment

50% of the Bond value to be converted into equity shares as per the Scheme, shall be accounted as share capital and security premium and the balance 50% of the Bond value will be shown under unsecured loan in the Balance Sheet as repayable on the Maturity Date.

PART-IX

9. OTHER TERMS AND CONDITIONS

- 9.1. The Company shall, with all reasonable despatch, apply for permission/consent of the Equity Shareholders, Bondholders, Secured Creditors, Stock Exchange, Reserve Bank of India, SEBI and/or such other Authority or entity whose consent is required to give effect to the Scheme and also appropriate applications / petitions under the applicable provisions of the Companies Act to the Hon'ble High Court of Judicature at Madras or any other Competent Authority under the Act for sanctioning this Scheme of Arrangement, and obtain all approvals as may be required under law.
- 9.2. The Company through their Board of Directors or other persons duly authorized by the Board in this regard, may make or assent to any alteration or modification to this Scheme or to any conditions or limitations, which the Equity Shareholders or Secured Creditors or Stock Exchange or Bondholders or Hon'ble High Court of Judicature at Madras or any other Competent Authority under law may deem fit to direct, approve or impose and may give such directions, as they may consider necessary, to settle any doubt, questions or difficulty, arising under the Scheme or in regard to its implementation or in any manner connected therewith and to do all such acts, deeds, matters and things necessary for putting this Scheme into effect.
- 9.3. The Scheme shall be operative with effect from the Appointed Date but shall be effective from the Effective Date.
- 9.4. This Scheme is conditional upon and subject to:-
- a) The Scheme being agreed to (in the manner prescribed) by the requisite majorities of the shareholders and Bondholders and Secured creditors of the Company, as the case may be, as required under the Act and / or the SEBI Scheme Circular, as applicable, and the requisite order of the High Court being obtained;

- b) The approval of the Equity shareholders shall be through Special resolution passed at General Meeting or through e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution.
 - c) The approval of the Bondholders shall be through class meeting or Postal Ballot or e-voting and notice to the Bondholders in this regard shall be sent to the addresses of the Bondholders as on the Record Date for the Meeting, as furnished by the Agent, to the Trustee and/or through appropriate disclosure to Euroclear and Clearstream.
 - d) Permission of Reserve Bank of India.
 - e) Such other sanctions and approvals including any Statutory or Regulatory Authority, as may be required by Law, and
 - f) Filing of the Certified Copies of the Orders of the High Court sanctioning the Scheme with the Registrar of Companies, Tamilnadu, Coimbatore within such time as statutorily prescribed or such extended time as approved by the High Court.
- 9.5. In the event of the Scheme not being approved by any Authority or Body whose sanction is needed or if the Scheme is not sanctioned by the Hon'ble High Court, the Scheme shall become null and void and in that event no rights and liabilities shall, inter se accrue between the parties in terms of the Scheme.

SCHEDULE - A

DETAILS OF COMPUTATION OF THE CONVERSION PRICE

1. Appointed Date as per the Scheme (considered as Relevant Date for calculation of issue price under SEBI Guidelines)	30th June 2014
2. Issue Price as per SEBI Guidelines, being higher of the following:	
a. 26 week average of the Closing Price in NSE prior to the Relevant Date	Rs. 17.87
b. 2 week average of the Closing Price in NSE prior to the Relevant Date	Rs. 24.70
Issue price under SEBI Guidelines, being higher of the above	Rs. 24.70
3. Issue Price as per the Valuation of Independent Chartered Accountant and the Fairness Opinion of the Merchant Banker	Rs. 29.66
4. Minimum Issue price being higher of the price under (2) and (3)	Rs. 29.66
5. Issue price fixed under the Scheme	Rs. 30.00

Statement under Section 393 of the Companies Act, 1956

1. Pursuant to the Order dated 25th February 2015 as amended by Orders dated 23rd March 2015 and 29th April 2015 in C.A.No.182 of 2015 read with C.A. 515 of 2015, passed by the Hon'ble High Court of Judicature at Madras in the Company Application No. 182 of 2015 referred to hereinabove, the Postal Ballot is being organised for the purpose of considering and, if thought fit, approving the arrangement embodied in the Scheme of Arrangement of Sakthi Sugars Limited with the holders of Foreign Currency Convertible Bonds (Series B) by way of Special Resolution.
2. In this Statement, Sakthi Sugars Limited, hereinafter referred to as "Applicant Company", or "Company" and the holders of Foreign Currency Convertible Bonds (Series B) hereinafter referred to as "FCCB Holders". Where the context so requires, the Applicant Company and the FCCB Holders are collectively referred to as the "Parties". The said Scheme of Arrangement is hereinafter referred to as "the Scheme."
3. A copy of the Scheme, setting out the terms and conditions of the arrangement of the Applicant Company with the FCCB Holders, which has been approved by the Board of Directors of the Applicant Company at its meeting held on 15th July, 2014, is enclosed.
4. The Applicant Company was incorporated on 12th May, 1961. The Registered Office of the Applicant Company is situated at Sakthinagar - 638 315, Bhavani Taluk, Erode District, Tamilnadu, and the Corporate Office, at 180 Race Course, Coimbatore 641018.
5. The Share Capital of the Applicant Company is set out in the Share Capital Clause of the Scheme.
6. The objects of the Applicant Company are as set out in the Memorandum of Association of the Applicant Company. The primary objects are, inter alia, to carry on the business of manufacture and sale of white crystal sugar, industrial alcohol and soya products and generation of power.
7. The circumstances which justify and the rationale which necessitated the Scheme of Arrangement, inter alia, are as follows:-
 - i. With a view to ensuring long term viability of the Company and to de-risk the sugar business, which is cyclical in nature, the Company had during 2007-08 expanded its production capacities of Sugar, Industrial Alcohol and Power Divisions. The capital expenditure in respect of these expansions was funded by FCCB issuance of USD 60 million (Rs.245 crores) in two tranches of USD 20 Mn and USD 40 Mn and balance from internal accruals and bank loans.
 - ii. The expanded capacities could not be put into effective use on account of non-availability of adequate sugarcane due to draught situation, exorbitant increase in coal price and other reasons. The sugar industry is a highly controlled and politically sensitive industry in India. There has been increase in the prices of sugarcane every year without corresponding increase in selling price. The realization price of sugar continues to be low as against the prevailing landed cost of sugar cane. This made the operation of sugar mills uneconomical.
 - iii. On account of various external reasons and consequent liquidity constraints, loans of the Company were restructured under Corporate Debt Restructuring (CDR) mechanism in 2009. However, adequate working capital was not made available to the Company as envisaged under the package and this has led to shortage of critical funds which adversely affected the earnings substantially.
 - iv. The absence of adequate working capital funds has affected the payment to cane growers which in turn affected availability of cane to the Company resulting in reduced crushing. This led to reduction in the cash flow and affected the debt servicing capabilities of the Company.
 - v. The Company's proposal for a re-work of the CDR package has been approved by the CDR Empowered Group and is under implementation.
 - vi. Under the circumstances, the Company was unable to meet the redemption obligation of FCCB in terms of the Offering Circular.
 - vii. The FCCB Holders are also not able to find an exit by exercising the conversion option attached to the Bonds as the conversion price as per the Offering Circular is very high at Rs.190 per share compared to the present market price of around Rs.17 per share.
 - viii. In the above back ground, the Company has proposed under the Scheme to convert 50% of the principal amount of the outstanding FCCB Bonds into equity shares at the Conversion Price, and to pay the balance 50% on 30th June 2024.

- ix. The Scheme is beneficial to both the FCCB Holders and the Company as 50% of the outstanding amount is converted into equity shares which would facilitate and provide to the Bondholder an exit option, and for the Company, as its equity capital increases and it gets time for redeeming the balance FCCB after the secured creditors are paid.
8. The Salient features of the Scheme are:-
- a) The Scheme of Arrangement with FCCB Holders will take effect from "Appointed Date", viz. 30th June 2014.
 - b) The "Effective Date" for the Scheme means the date on which the certified or authenticated copy of the Orders of High Court of Judicature at Madras or any other appropriate authority under Sections 391 to 394 of the Companies Act, 1956 sanctioning this Scheme is filed with the Registrar of Companies, Tamilnadu, Coimbatore.
 - c) The term Foreign Currency Convertible Bonds (Series B) means the outstanding amount of USD 15.6 million, converted into Indian Rupees at the pre-determined foreign exchange rate of Rs.44.89 per USD.
 - d) Upon the Scheme becoming fully effective, in consideration of conversion of 50% value of the Foreign Currency Convertible Bonds (Series B) and in terms of this Scheme, the Applicant Company shall without any further act or deed, issue and allot to the holders of FCCB:-
 - i) 74,816 (Seventy four thousand eight hundred and sixteen) Equity Shares of Rs.10/- each, as fully paid up, of the Applicant Company for every Foreign Currency Convertible Bond (Series B) of face value of USD 100,000 held by the FCCB Holders as on the Record Date. The Equity Shares so issued and allotted, shall rank pari passu in all respects with the existing Equity Shares of the Applicant Company.
 - ii) No fractional shares shall be issued by the Applicant Company in respect of fractional entitlement to which the FCCB Holders may be entitled to on issue and allotment of shares as aforesaid by the Applicant Company. All such fractions shall be ignored.
 - e) With effect from the date the Scheme becomes finally effective, all legal proceedings initiated by some of the FCCB Holders shall be withdrawn.
 - f) For the purpose of giving effect to the Scheme or to any modifications thereof the Board of Directors of the Applicant Company are authorised to give necessary directions.
 - g) The Scheme is conditional on and subject to the sanction of the Authorities concerned, approval by the requisite majority of the shareholders and sanctions of the High Court of Judicature at Madras, as may be required.
 - h) On approval of the Scheme by the Shareholders of the Applicant Company pursuant to Section 391 of the Companies Act, 1956, it shall be deemed that the said Shareholders have also accorded all relevant consents under applicable provisions of the Companies Act (including corresponding provisions in the Companies Act, 2013, if applicable) and any other provisions of the said Act to the extent the same may be considered applicable.
 - i) The new equity shares to be issued to the FCCB Holders shall be subject to the Memorandum and Articles of Association of the Applicant Company and shall be listed on the BSE Limited and National Stock Exchange of India Limited where the equity shares of Applicant Company are listed.
9. *The features set out above being the only salient features of the Scheme of Arrangement, the FCCB Holders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.*
10. The proposed Scheme of Arrangement was approved by the Board of Directors of the Applicant Company at the meeting held on 15th July, 2014 after considering the recommendations of the Audit Committee, Valuation Report dated 15th July, 2014 issued by M/s N.M. & Company, Chartered Accountants, and fairness opinion dated 15th July, 2014 of an independent Category-I Merchant Banker M/s. Dalmia Securities P. Limited.
11. In accordance with the Circular No.CIR/CFD/DIL/5/2013 issued by the Securities and Exchange Board of India ("SEBI") on February, 4, 2013 as amended vide Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013, the Audit Committee of the Board of Directors of the Applicant Company held on 15th July 2014, recommended the proposed Scheme of Arrangement for approval of the Board.
12. No investigation proceedings have been instituted or are pending against the Applicant Company under Sections 235 to 250A of the Companies Act, 1956 (including corresponding provisions of the Companies Act, 2013).
13. Pursuant to the Scheme, 1,16,71,296 Equity Shares of Rs.10/- each of Applicant Company shall be issued and allotted to the FCCB Holders.

14. The shareholding pattern of the Applicant Company Pre and Post issue of shares under Scheme of Arrangement is provided below:

Category	Pre-issue		Post-issue	
	Number of shares of Rs.10/- each	%	Number of shares of Rs.10/- each	%
Promoters and Promoters Group	72103177	74.94	72103177	66.83
Non-Resident Indians	1082241	1.12	1082241	1.00
Foreign Institutional Investors / Foreign Nationals	1050	0.00	11672346	10.82
Banks / Indian Financial Institutions / Govt.Cos.	959699	1.00	959699	0.89
Insurance Companies	0	0.00	0	0.00
Bodies Corporate	2387974	2.48	2387974	2.21
Mutual Funds	6960	0.01	6960	0.01
Public	19672178	20.05	19672178	18.24
Total	96213279	100.00	107884575	100.00

The pre- shareholding has been given on the basis of data available as on 29.05.2015.

The post allotment shareholding has been provided assuming that all the FCCB Holders belong to the category FII/Foreign Nationals, the shareholding in all other categories will remain unchanged and also excludes possible conversion of FCCB (Series A). In the event there being any change in the assumptions, the shareholding pattern in the above table would undergo corresponding change.

15. None of the Directors of the Applicant Company, Key Managerial Personnel or their relatives is concerned and/or interested in the Scheme.
16. The details of shareholdings of the promoters of the Applicant Company and percentage to the total number of equity shares at present and post Scheme are as under:

Name of Promoter	No. of shares held	Percentage to total shares	
		Pre-issue	Post issue
1. Dr. M.Manickam, Executive Chairman	1914200	1.99	1.77
2. Sri M.Balasubramaniam, Managing Director	337325	0.35	0.31
3. Sri M.Srinivaasan, Joint Managing Director	201000	0.21	0.19

1,45,100 (Pre-issue: 0.15% and Post-issue: 0.13%) equity shares stand registered in the name of Dr.N.Mahalingam, one of the promoters of the Applicant Company, who has passed away.

17. The following documents will be open for inspection by the Shareholders at the Registered Office of Applicant Company at Sakthinagar 638 315, Bhavani Taluk, Erode District, Tamilnadu and at the Corporate Office at 180 Race Course Road, Coimbatore - 641 018. on any working day between 11.00 a.m. and 1.00 p.m. till 22nd July 2015, being the Last Date for Voting:-
- Memorandum and Articles of Association of the Applicant Company.
 - Scheme of Arrangement.
 - Valuation Report dated 15th July 2014 by M/s N.M. and Company, Chartered Accountants, recommending share exchange ratio.
 - Copy of the Fairness Opinion dated 15th July 2014, issued by Category - I, Merchant Banker, M/s. Dalmia Security Services Pvt. Limited on share exchange ratio.
 - Copy of the Orders dated 25th February, 2015, 23rd March 2015 and 29th April 2015 passed by the Hon'ble High Court of Judicature at Madras in C.A.No.182 of 2015 read with C.A. No. 515 of 2015.

- f. Copies of the resolution passed by the Board of Directors of the Applicant Company approving the Scheme.
- g. Copies of the no-objection / observation letter relating to Scheme issued by the National Stock Exchange of India Limited and BSE Limited dated 15th January 2015 and 16th January 2015 respectively.
- h. Copy of the no objection / observation letter relating to the Scheme issued by SEBI dated 15th January 2015.

This statement may be treated as Explanatory Statement under Section 102 of the Companies Act, 2013 and Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Postal Ballot Form may be obtained from the Registered Office or the Corporate office at 180 Race Course Road, Coimbatore-641 018 of the Applicant Company and from Sri R. Vidya Shankar, M/s. Ramani & Shankar, Advocates, 3B, Tabernacle, 5th Main Road, T-Block, Anna Nagar, Chennai.

Coimbatore
11th June 2015

M.MANICKAM
Chairman appointed by the Court for
conducting Postal Ballot / E-voting

Notes :

1. The Notice is being sent to all the Shareholders, whose names appear on the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on 19th June, 2015.
2. The cut-off date for the purpose of exercising the voting right by members is 17th July 2015. The votes cast by members shall be recokened based on the number of shares held by the members as on the cut-off date.
3. In respect of persons who have become members of the Company after 19th June 2015 and whose names appear in the Register of Members of the Company or in the register of beneficial owners maintained by the Depositories as on the cut-off date, this Notice together with ballot form and other enclosures will be sent through electronic means to those members who have provided their e-mail ID to the Depository Participants or to the Company. Other shareholders may contact the Applicant Company's Registrar and Share Transfer Agents, Link Intime India Pvt. Limited through e-mail "coimbatore@linkintime.co.in" and provide their e-mail ID for sending the Notice. The members can also download the Notice, Ballot Form and other enclosures from the Company's web-link www.scheme_notice.sakthisugars.com. Password for e-voting can be generated by the shareholders themselves by following the instructions for e-voting given hereinbelow.
4. The Applicant Company has appointed Mr.M.D.Selvaraj, Practising Company Secretary, M/s.MDS Associates, Coimbatore as Scrutinizer to assist the Chairman appointed for conducting the Postal Ballot / e-voting process in a fair and transparent manner.
5. Shareholders should exercise their voting by Postal Ballot in such a way that the Ballot Papers reach the Scrutinizer on or before 22nd July 2015 (5.30 p.m). E-Voting period commences from 9.00 a.m. on 19th July 2015 and ends at 5.30 p.m. on 22nd July 2015. Instructions for voting by Postal Ballot and through E-Voting are given hereunder.
6. Proxies are not allowed for voting under Postal Ballot.
7. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed with the Assent (For) or Dissent (Against) in the attached Business Reply envelope so as to reach the Scrutinizer on or before 22nd July 2015 (5.30 p.m.) to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member. Hence the members are requested to send the duly completed Postal Ballot Form well before 22nd July 2015 (5.30 p.m.), being the last date and time for receipt of Postal Ballot Form by Scrutinizer, providing sufficient time for postal transit.
8. A meeting of the Equity Shareholders of the Company will be held on Wednesday, 22nd July 2015 at the Corporate Office of the Company at 180 Race Course Road, Coimbatore at 10.30 a.m. pursuant to the aforesaid Orders of the Hon'ble High Court, in which members may seek clarifications, if required, on the Scheme of Arrangement. No voting will take place at the meeting.
9. The members can opt for only one mode of voting, i.e. either by Postal Ballot or through E-Voting.
10. The resolution, being Special Resolution, will be deemed to have been passed on 22nd July 2015, if votes cast in favour of the resolution is three times more in number than the votes, if any, cast against it.
11. The result of E-Voting / Postal Ballot will be declared on 25th July 2015 at 11.00 a.m. at the Corporate Office of the Company at 180 Race Course Road, Coimbatore. The result will be posted on the website of the Company www.sakthisugars.com and on the website of CDSL www.evoting@cDSL.com. It will also be displayed in the Notice Board of the Company at its Registered Office and at the Corporate Office.

INSTRUCTIONS FOR VOTING

A) VOTING THROUGH PHYSICAL POSTAL BALLOT FORM

Instructions for voting through Postal Ballot Form are give on the reverse side of the Postal Ballot Form.

B) E-VOTING FACILITY

1. The Company offers e-voting facility for the shareholders to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. Members have an option to vote either through e-voting or through Ballot Form. If a shareholder has opted for e-voting, then he/she should not vote by Postal Ballot also and vice-a-versa. However, in case members cast their vote both via physical ballot and e-voting, then voting through physical ballot shall prevail and voting done by e-voting shall be treated as invalid.
2. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 17th July 2015.
3. The Scrutinizer shall assist the Chairman appointed by the Court for conducting the postal ballot / e-voting process in a fair and transparent manner.
4. The instructions for shareholders voting electronically are as under:
 - (i) The voting period begins on 19th July 2015 at 9.00 a.m. and ends on 22nd July 2015 at 5.30 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17th July 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digit beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number, which is printed in the Postal Ballot / Attendance Slip indicated in the PAN filed
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for

resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (xi) Click on the EVSN for Sakthi Sugars Limited
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Coimbatore
11th June 2015

M.MANICKAM
Chairman appointed by the Court for
conducting Postal Ballot / E-voting

IN THE HIGH COURT OF JUDICATURE AT MADRAS
(ORDINARY ORIGINAL CIVIL JURISDICTION)

COMPANY APPLICATION NO. 182 OF 2015

In the matter of the Companies Act, 1956 (1 of 1956)
and

In the matter of Sections 391 to 394 of the Companies Act, 1956 (1 of 1956)
and

In the matter of Scheme of Arrangement
of

Sakthi Sugars Limited
with

Its Foreign Currency Convertible Bond Holders (Series B)
and

The Equity Shareholders

Sakthi Sugars Limited,
a company incorporated under the Companies Act, 1956
and having its Registered Office at
Sakthinagar – 638 315 Bhavani Taluk
Erode District Tamilnadu

... The Applicant Company

POSTAL BALLOT FORM

(Read the instructions given overleaf before proceeding to fill up the form)

1. Name(s) of shareholder(s) (including joint holders, if any) and Registered Address of the sole/first named shareholder:	
2. Registered Folio No. / DP ID No./Client ID No.* (* For shares held in demat form)	
3. Class and number of Shares held	Equity Shares /

I / We hereby exercise my / our vote in respect of the following Special Resolution to be passed through postal ballot for the business stated in the Postal Ballot Notice dated 11th June 2015 of the Applicant Company by recording my/ our assent or dissent to the said resolution by placing the tick (✓) mark at the appropriate box below:

Item Description	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
Special Resolution under Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 approving the Scheme of Arrangement of Sakthi Sugars Limited with its FCCB Holders (Series B)		

Place :

Date :

Signature of shareholder
(Refer instruction No.2 & 3. overleaf)

E-voting particulars

If desirous of E-voting, please read the instructions given in the Postal Ballot Notice before exercising

EVSN (Electronic Voting Sequence Number)	*Default PAN / Sequence Number
150618003	

*Those who have not registered their PAN may use default PAN .

Note : If the voting rights are exercised electronically, there is no need to use this form.

(PTO)

INSTRUCTIONS FOR VOTING THROUGH PHYSICAL POSTAL BALLOT FORM

1. A shareholder desiring to exercise vote by Postal Ballot shall complete the Postal Ballot Form given overleaf with assent (for) or dissent (against) and send it directly to the Scrutinizer, in the enclosed self-addressed postage prepaid envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballot Forms, if deposited in person or sent by courier at the expenses of the shareholders will also be accepted.

The Postal Ballot Form duly completed and signed should be returned in the enclosed self-addressed postage prepaid envelope directly to Sri M.D.Selvaraj, Scrutinizer, (Unit: Sakthi Sugars Limited), "Surya", 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641 028 so as to reach the Scrutinizer not later than 5.30 p.m. on 22nd July 2015. Postal ballot forms received after that date and time will be treated as if the reply from such shareholders has not been received.

2. This form should be completed and signed by the sole / first named shareholder. In case of joint holding, the next named joint holder may sign the Form in the absence of the first named joint holder. The signature of the shareholder on this Postal Ballot Form should be as per the specimen signature registered with the Company or furnished by National Securities Depository Limited / Central Depository Services (India) Limited to the Company.
3. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution / Authorisation together with attached specimen signature(s) of the duly authorised signatories.
4. Shareholders holding shares in dematerialised form are advised, in their own interest, to get their signatures verified by their Banker / Depository Participant (DP). Signatures should be verified by the Manager of the concerned Bank / DP by affixing a rubber stamp / seal mentioning name and address of the Bank / DP and name, stamp and signature of the Manager.
5. Shareholders are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope, the same would not be considered and would be destroyed by the Scrutinizer.
6. The votes should be cast in favour of or against the Resolution by putting the tick mark (✓) in the column provided for assent or dissent. Postal Ballot Form bearing (✓) in both the column will render the form invalid. Incomplete, unsigned, incorrectly filled or bearing more than one Postal Ballot Form will be subject to rejection by the Scrutinizer.
7. There will be one Postal Ballot Form for every Folio / Client ID irrespective of the number of joint holder.
8. The Postal Ballot shall not be exercised by a Proxy.
9. Postal Ballot Form – Votes will be considered invalid on the following grounds.
 - a) If a Form other than the one issued by the Company has been used.
 - b) If the Form has not been signed by or on behalf of the Member.
 - c) If the shareholder's signature does not tally.
 - d) If it is not possible to determine without any doubt the assent or dissent of the member.
 - e) If assent or dissent are not mentioned.
 - f) If assent or dissent is given subject to some amendment to the resolution or condition.
 - g) If any competent authority has given directions in writing to the Company to freeze the voting rights of a member.
 - h) If the envelope containing the postal ballot form is received after the last date and time prescribed.
 - i) If the postal ballot form is signed by a representative of a member and is not accompanied by a certified copy of relevant specific authority.
 - j) If the Ballot paper is filed in pencil or signed in pencil.
 - k) If the Ballot paper is received torn or defaced or mutilated to an extent that it is difficult for the Scrutinizer to identify either the shareholder or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or one or more of the above grounds.
10. The decision of the Chairman appointed by the Court for Postal Ballot/e-voting on the validity of the Postal Ballot will be final.