



PONNI SUGARS (ERODE) LIMITED

Registered Office: ESVIN House
13 Rajiv Gandhi Salai (OMR)
Perungudi, Chennai 600 096

POSTAL BALLOT NOTICE 2022





PONNI SUGARS (ERODE) LIMITED

CIN: L15422TN1996PLC037200

Registered Office: ESVIN House, 13 Rajiv Gandhi Salai (OMR), Perungudi, Chennai 600 096

Phone: 044 24961920 / 24960156;

E-mail: admin@ponnisugars.com; Website: ponnisugars.com

Postal Ballot Notice

[Pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014]

Dear Member(s),

Notice is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read 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) and pursuant to other applicable laws and regulations, that the resolution as set out hereunder is proposed to be passed by the shareholders as an Ordinary Resolution by means of Postal Ballot through remote electronic voting ("e-voting"). The explanatory statement pursuant to Section 102 of the Act pertaining to the resolution setting out the material facts and the reasons thereof is annexed hereto.

Resolution:

Approval for Material Related Party Transactions with Seshasayee Paper and Boards Limited

To consider and, if deemed fit, to pass the following resolutions as an Ordinary Resolution:

"RESOLVED that pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), read with Section 188 of the Companies Act, 2013 (the Act) and other applicable provisions of the SEBI LODR, the Act, the Rules or Regulations framed thereunder [including any statutory modification(s) or re-enactment thereof for the time being in force], and in terms of the approval of Audit Committee and Board of Directors of the Company, the consent of Members of the Company be and is hereby accorded to the Company to enter/continue to enter into Related Party Transactions (RPT)

with Seshasayee Paper and Boards Limited (SPB), a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of SEBI LODR, for (1) purchase/sale/supply/exchange/transfer of bagasse, sugar, coal, bio-fuel, water and other products; (2) availing and rendering of services; and (3) sharing of common expenses.

PROVIDED THAT the aggregate value of all RPTs with SPB shall not exceed Rs.100 crores per financial year from the financial year 2022-23 on the terms contained in the comprehensive MoU dated 05.02.2016 as amended from time to time.

PROVIDED FURTHER that the Board of Directors on the recommendation / approval of the Audit Committee are hereby empowered to modify the terms of RPT with SPB from time to time but any material modification shall be subject to the approval of shareholders in accordance with applicable provisions of the Act or SEBI LODR.

RESOLVED FURTHER that the Board of Directors of the Company (hereinafter referred to as 'Board', which term shall be deemed to include the Audit Committee) be and is hereby authorized on the recommendation and/ or approval of the Audit Committee to do all such acts, deeds or things as may be necessary , proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto, and also settle any issue, question, difficulty or doubts whatsoever that may arise and to take all decisions from powers herein conferred to, without being required to seek further consent or approval of the Members and the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board
For Ponni Sugars (Erode) Limited

Place: Chennai
Date: 26th November, 2022

R Madhusudhan
Company Secretary

Statement pursuant to Section 102 of the Companies Act, 2013

1. The Company was promoted by Seshasayee Paper and Boards Ltd (SPB), to set up the Erode Sugar Mill in 1984. Its principal objective was to secure continuous and committed raw material supply for pulp and paper production, having regard to the growing shortage of forest based raw materials. For this, the Erode Sugar Mill was structured on the unique model, configuring use of alternative fossil fuel to facilitate diversion of bagasse production in its entirety to SPB. The pricing for bagasse was in turn strategically structured in a manner to compensate the sugar mill for the full cost of substitute fuel and further confer an agreed incentive component for dedicated supply of bagasse. In fact, the All India Financial Institutions could be persuaded to fund the sugar project only based on this business model then.
2. With the commissioning of our Cogen plant in August 2012, the bagasse supply arrangement was restructured and effective 1st October 2012 is confined to an agreed percentage of total bagasse production. In turn, the company endeavours to mobilize alternative bio-fuel for its captive need and sell the balance bagasse to third parties based on available market opportunity.
3. After the advent of the Companies Act, 2013 (the Act) and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (SEBI LODR), SPB is a related party. In deference to the regulatory mechanism for Related Party Transaction (RPT) thereunder, the company entered into a comprehensive MoU dated 05.02.2016 with SPB covering therein the individual MoUs for different sub-sets of RPT. Pursuant to this, the Company had obtained approvals of Audit Committee and Board followed by Special Resolution of shareholders on 24.07.2015.
4. Subsequently, the Audit Committee and Board in July '21 approved certain changes in the MoU for bagasse supply:
 - a) exemption from daily supply commitment during low crushing period or difficulty in procuring bio-fuel.
 - b) pricing based on cost of actual fuel used and not notional cost of coal.

- c) incentive price increased from fixed Rs.50/ t to 5% of basic bagasse price but not exceeding Rs.125/ t.
5. Pursuant to above, fresh MoU dated 26.07.2021 with SPB was entered into incorporating above changes effective 01.08.2021. The earlier comprehensive MoU dated 05.02.2016 was amended, incorporating the reference to this fresh bagasse supply MoU.
 6. While the fresh MoU did not constitute a material RPT, the revised terms had likely financial impact exceeding the limit set under earlier shareholder resolution dated 24.07.2015. Accordingly, shareholder approval by Ordinary Resolution for the fresh MoU, that was not a material RPT, was obtained through Postal Ballot on 15.09.2021.
 7. In view of increased crushing, our bagasse production and consequently its supply to SPB in FY 2022-23 have increased considerably. Further, due to steep rise in the price of coal, its purchase value from SPB and in turn the price of bagasse to SPB have also increased considerably this year. As a result, the aggregate value of RPT between the two companies during Q4 of FY 2022-23 would exceed 10% of Company's turnover in FY 2021-22. The RPTs would then be regarded as 'material related party transaction'. This under Regulation 23 of the SEBI LODR read with the Company's Policy on Related Party Transactions, requires prior approval of the Shareholders.
 8. Accordingly, the company seeks shareholder approval by Ordinary Resolution for entering into material related party transaction with SPB for (1) purchase/sale/supply/exchange/transfer of bagasse, sugar, coal, bio-fuel, water and other products; (2) availing and rendering of services; and (3) sharing of common expenses, for an aggregate value not exceeding Rs.100 crores per financial year from FY 2022-23 under the existing comprehensive MoU dated 5th February 2016 entered by the Company with SPB covering therein the individual MoUs for different sub-sets of RPT.
 9. The details of the transactions, pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021, are given hereunder:

(i)	Name of Related Party	Seshasayee Paper and Boards Ltd (SPB) CIN:L21012TZ1960PLC000364
(ii)	Nature of relationship	SPB holds more than 20% in the Equity Capital of the company and is hence an associate company vide Section 2(76)(viii)(A) of the Companies Act, 2013.
(iii)	Nature, Material Terms and Particulars of contract or arrangement	1) purchase/sale/supply/exchange/transfer of bagasse, sugar, coal, bio-fuel, water and other products; (2) availing and rendering of services; and (3) sharing of common expenses. Ponni commits to supply a fixed percentage of bagasse production to SPB as mutually agreed from time to time. Bagasse is priced on the basis of cost equivalent of alternative fuel actually used plus an incentive component. All the other items are at cost or market price as applicable.
(iv)	Nature of concern or interest	Principal concern or interest stems from the long term bagasse supply arrangement based on a definitive and mutually beneficial pricing formula
(v)	Duration of the contract	It is open ended, terminable by mutual consent and subject to regulatory mandates.
(vi)	Value	Aggregate value not exceeding Rs.100 crores per financial year from FY 2022-23.
(vii)	Advance paid or received	Nil
(viii)	(i) Annual Turnover of the Company for FY 2021-22 (ii) % of value of proposed RPT in FY 2022-23	Rs.288 crores 12.52%
(ix)	(i) Annual Turnover of SPB for FY 2021-22 (ii) % of value of proposed RPT in FY 2022-23	Rs.1340 crores 2.62%
(x)	Manner of determining the pricing & other commercial terms, both included as part of contract and not considered as part of the contract	Pricing and other commercial terms are fully covered in the comprehensive MoU dated 05.02.2016 and as spelt out in (iii) above.

(xi)	Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors	All factors relevant to the contract have been duly considered for it being fair and equitable to both parties.
(xii)	Justification as to why the RPT is in the interest of the listed entity	The bagasse supply arrangement has its roots to and forms the very foundation of Ponni and its promotion by SPB. It is hence structural and long term in nature, encapsulating a symbiotic relationship between the parties. Its pricing is structured on the basis of full compensation for alternative fuel usage plus an incentive for committed supply. Bagasse supply to other unrelated parties are market driven and hence not comparable with the long term arrangement with SPB. The proposed transactions will secure and aid the growth of the Company's business.
(xiii)	Any other information relevant that may be relevant	Since value of RPT with SPB is material, prior approval of shareholders is being sought for an aggregate value not exceeding Rs.100 crores per financial year from FY 2022-23.

10. Mr N Gopala Ratnam may be deemed to be interested or concerned in this resolution, being the Chairman of and holding an executive position in SPB. No other Director, Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in this item.
11. Time Square Investments Private Limited, promoter of the Company holds 63,78,284 equity shares of SPB representing 10.11% of its paid-up share capital.
12. The Comprehensive MoU dated 05.02.2016 as amended, entered by the Company with SPB will be available for inspection by members at the registered office of the company on any working day during business hours.
13. Pursuant to the provisions of the Listing Regulations, **all related parties of the Company (whether such related party is a party to the above-mentioned transaction or not) shall not vote to approve this Resolution.**
14. The Board recommends the ordinary resolution set out in the Notice for the approval of Members.

By Order of the Board
For Ponni Sugars (Erode) Limited

Place: Chennai
Date: 26th November, 2022

R Madhusudhan
Company Secretary

Notes:

- (1) This Notice is being sent to all the Members, whose names appear in the Register of Members/ List of Beneficial owners, received from the National Securities Depository Ltd (NSDL) / Central Depository Services (India) Ltd (CDSL) as on Friday, the 25th November, 2022 (cut-off date).
- (2) This notice is being sent in electronic form to the email address registered with the depository participants (in the case of demat holding) / the Company's Registrar and Transfer Agents (in the case of physical holding). In addition, the Notice is displayed on the website of the Company at www.ponnisugars.com. Ministry of Corporate Affairs (MCA) vide its General Circular No.3/2022 dated 05.05.2022 has decided to allow Companies to transact items through postal ballot up to 31st December 2022 in accordance with framework provided in the MCA General Circular Nos. 14/2020 dated 08.04.2020, 17/2020 dated 13.04.2020, 22/2020 dated 15.06.2020, 33/2020 dated 28.09.2020, 39/2020 dated 31.12.2020, 10/2021 dated 23.06.2021 and 20/2021 dated 08.12.2021. In compliance with the requirements of the MCA Circulars, physical copy of Postal Ballot notice along with Postal Ballot Forms and prepaid business envelop is not being sent to the shareholders for this Postal Ballot and shareholders are required to communicate their assent or dissent through the remote e-voting system only.
- (3) In compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and in terms of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has provided the facility to the Members to exercise their votes electronically through the remote electronic voting (e- voting) facility arranged with CDSL.
- (4) Members whose names appear on the Register of Members / List of Beneficial Owners as on Friday, the 25th November, 2022 (Cut-off date) will alone be entitled for the e-voting.
- (5) Resolution passed by the Members through e-voting is deemed to have been passed as if it has been passed at a General Meeting of the

Members.

(6) Members are advised to read carefully the voting instructions appended hereunder before casting their votes.

(7) For any assistance members may contact:

Mr R Madhusudhan, Company Secretary, Ponni Sugars (Erode) Limited ESVIN House,13 Rajiv Gandhi Salai (OMR) Perungudi Chennai 600 096 Ph: 044-24961920 E-mail: admin@ponnisugars.com	Ms K Sree Priya Vice President & Company Secretary Cameo Corporate Services Ltd "Subramanian Buildings" 5 th floor No.1 Club House Road, Chennai 600002 Ph: 044-28460390 (6 lines) E-mail: Investor@cameoIndia.com
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Voting Process & Instructions

(A) Remote e-Voting Facility

1. The Remote e-Voting facility is offered through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
2. Remote e-Voting commences on Thursday the **01st December, 2022** (10.00 AM) and ends on Friday, the **30th December, 2022** (5.00 PM). During this period, members holding shares either in physical or dematerialized form, as on the cut-off date of 25th November 2022 may cast their vote electronically. The e-voting portal will be disabled by CDSL for voting thereafter.

(B) Login for Remote e-voting

I Demat Holders

1. Pursuant to SEBI Circular No. SEBI/HO/ FD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories/ Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts for seamless access to e-voting facility.
2. In order to increase the efficiency of the voting process, all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants, will be able to cast their vote without having to register again with the E-votng Service Providers (ESPs).

3. Pursuant to the above SEBI Circular, Login for e-Voting for shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Shareholders (user) who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com. Then click on Login icon and select New System Myeasi. 2) After successful login, the user will see the e-voting menu. On clicking the e-voting menu, he/ she will see the holdings along with links of the respective e-Voting service provider which is CDSL in our case. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility – <ol style="list-style-type: none"> (a) Please visit the e-Services website of NSDL https://eservices.nsdl.com (b) Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. (c) Enter your User ID and Password. (d) After successful authentication, you will see e-Voting services. (e) Click on “Access to e-Voting” under e-Voting services and you will see e-Voting page. (f) Click on company name or e-Voting service provider name. (g) You will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReq.jsp

	<p>3) Alternatively, the user can directly visit the e-Voting website of NSDL https://www.evoting.nsdl.com/.</p> <p>(a) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section.</p> <p>(b) A new screen will open. Enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</p> <p>(c) After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.</p> <p>(d) Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>1) You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility.</p> <p>2) After successful login, you will be able to see e-Voting option.</p> <p>3) Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</p> <p>4) Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period.</p>

4. Members who are unable to retrieve User ID/ Password are advised to use Forget User ID /Forget Password option available at above mentioned website.

5. **Registration of e-mail with DPs**

Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

- *For Physical shareholders-* please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar card) by email to Company/RTA email id.
- *For Demat shareholders* - please provide your email id and mobile no with your respective Depository Participant (DP)
- *For Individual Demat shareholders* - please update your email id and mobile no with your respective Depository Participant (DP) which is mandatory while e-voting.

II. Login method for e-voting for Physical shareholders and Non-Individual shareholders

1. Log on to the e-voting website www.evotingindia.com.
2. Click on “Shareholders” module.
3. Now enter your User ID - Folio Number / DP Id-Client ID of shareholder.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password to be used.
6. If you are a first-time user follow the steps given below:

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">○ Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none">○ If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

7. After entering these details appropriately, click on “SUBMIT” tab.
8. Shareholders holding shares in physical form will then directly reach the company selection screen. However, shareholders 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.
9. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
 - (i) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
 - (ii) 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.

- (iii) Click on the “RESOLUTION FILE LINK” if you wish to view the details of the Resolution.
- (iv) After selecting the resolution you have decided to vote on, click “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.
- (v) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (vi) You can also take a print of the vote cast by clicking on “Click here to print” option on the voting page.
- (vii) If a demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on “Forgot Password” and enter the details as prompted by the system.

(C) Additional Facility for Non-individual Shareholders and custodians –Remote Voting only

1. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
2. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
3. 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.
4. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
5. 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.
6. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; admin@ponnisugars.com, if they have voted from individual

tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(D) General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as 25.11.2022. Shareholders holding shares as on this date alone are entitled to vote.
2. Voting rights of shareholders shall be in proportion to their shareholding in the company as on the cut-off date i.e. Friday, the 25th November, 2022.
3. The Board of Directors have appointed Mr A S Kalyanaraman, Practicing Chartered Accountant (Membership No. 201149) as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
4. The Scrutinizer's decision on the validity of the e-voting shall be final.
5. The Scrutinizer upon the conclusion of voting period will:
 - (i) Unblock the votes cast through Remote e-Voting in the presence of two witnesses not in the employment of the company.
 - (ii) Submit Scrutinizer's report of the total votes cast through Remote e-Voting in favour or against, to the Chairman.
6. Voting Results
 - i) The Chairman or a person authorised by him in writing shall declare at or before 5 PM on Saturday the 31st day of December 2022 at the registered office of the company the result of the voting based on the Scrutinizer's report and have it declared.
 - (ii) The results immediately on declaration along with the scrutinizer's report will be displayed at the registered office of the company, placed on the company's website www.ponnisugars.com and on the website of CDSL www.evotingindia.com and also communicated to NSE and BSE forthwith.
 - (iii) Subject to receipt of requisite number of votes, the resolution shall be deemed have been passed on the last date of remote e-voting i.e. 30th December 2022.

(E) Help Centre

1. 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 send an email to helpdesk.evoting@cdslindia.com.
2. Person responsible to address the grievances connected with the facility for e-Voting:

Name: Mr Rakesh Dalvi
Designation: Manager
Address: Central Depository Services (India) Ltd
A wing, 25th Floor, Marathon Futurex
Mafatlal Mill Compounds
N M Joshi Marg, Lower Parel (East)
Mumbai 400 013
Email ID: helpdesk.evoting@cdslindia.com
Phone No. 022-23058542 / 8543
