



Bajaj Hindusthan Sugar Limited

CIN:L15420UP1931PLC065243

Registered Office: Golagokarannath, Lakhimpur-Kheri, District, Kheri, Uttar Pradesh 262 802

Tel.: +91-5876-233754/5/7/8, 233403, Fax:+91-5876-233401

Website:www.bajajhindusthan.com Email:investor.complaints@bajajhindusthan.com

NOTICE FOR PASSING OF RESOLUTION BY POSTAL BALLOT

(Pursuant to Section 110 of the Companies Act, 2013 and Rules made thereunder)

TO THE SHAREHOLDERS OF BAJAJ HINDUSTHAN SUGAR LIMITED

Notice is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 including any statutory modification(s) or amendment(s) thereto or re-enactment thereof for the time being in force, that the resolutions as set out hereunder are proposed to be passed by the Members through postal ballot/ electronic voting (e-voting). The explanatory statements setting out the material facts concerning each of the said items and reasons thereof are annexed hereto along with a Postal Ballot Form for your consideration.

The Board of Directors of the Company has appointed M/s Gupta Baul & Associates, Company Secretaries as the Scrutinizer for conducting the postal ballot process in fair and transparent manner.

Members have the option to vote either physically through Postal Ballot Form or through e-voting.

Members desiring to opt for voting physically, are requested to read the instructions printed on the Postal Ballot Form, record the assent (for) or dissent (against) therein filling necessary details and affixing your signature at the designated place in the Form and return the same in original duly completed in the enclosed self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 5.00 p.m. on **December 20, 2019**.

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

Upon completion of the scrutiny of the Forms, the Scrutinizer will submit their report to the Chairman/Director. The result of the postal ballot would be announced by a Director of the Company or the Company Secretary on **December 23, 2019** at the Registered Office of the Company. The aforesaid result would be displayed at the registered office of the Company, intimated to the Stock Exchanges where the shares of the Company are listed, published in the newspapers and displayed along with the Scrutinizer's report on the Company's website viz. www.bajajhindusthan.com.

SPECIAL BUSINESS:

1. Raising of funds through issue of equity shares for an aggregate amount not exceeding ₹ 1,000 crore

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 23, 42 and 62 and any other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the applicable rules made thereunder (“Act”), the provisions of the Memorandum and Articles of Association of the Company and in accordance with any other applicable laws or regulations, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred as “SEBI ICDR Regulations”) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “SEBI Listing Regulations”), Securities and Exchange Board of India Act, 1992 (hereinafter referred as “SEBI Act”) as amended from time to time, Securities Contracts (Regulation) Act, 1956 including Securities Contracts (Regulation) Rules, 1957 (hereinafter referred as “SCRA”/“SCRR”), Income Tax Act, 1961 (“IT Act”), Depositories Act 1996 and the rules framed thereunder, the Foreign Exchange Management Act, 1999 (“FEMA”), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, including any statutory amendments thereto or modifications or re-enactments thereof for the time being in force, and subject to the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015, Securities and Exchange Board of India

(Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003, Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeover) Regulations, 2011, and subject to the approvals of the Government of India (hereinafter referred to as "GoI"), Securities and Exchange Board of India (hereinafter referred to as "SEBI"), Reserve Bank of India (hereinafter referred to as "RBI"), Stock Exchanges on which the Company's shares are listed, and from such other appropriate statutory, regulatory, Government and other authorities and departments as may be applicable in this regard, and such other approvals, consents, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed upon by any such authority(ies) while granting such approvals, consents, permissions and sanctions, the consent of members of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board ("the Board") to grant, offer, issue and allot by way of a Qualified Institutions Placement, such number of equity shares of face value of ₹ 1/- each to Qualified Institutional Buyers ("QIBs") whether they be holders of equity shares of the Company or not, for an aggregate amount not exceeding ₹ 1,000 crore (Rupees One Thousand Crore only) in one or more tranches, at such price or prices including premium in such manner and on such terms and conditions as deemed appropriate to the Board and in accordance with provisions of Chapter VI of the SEBI ICDR Regulations.

"RESOLVED FURTHER THAT the allotment of Equity Shares shall only be to QIBs within the meaning of Chapter VI of the SEBI ICDR Regulations, such Equity Shares shall be fully paid-up and the allotment of such Equity Shares shall be completed within 365 days from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time."

"RESOLVED FURTHER THAT pursuant to Regulation 176(1) of SEBI ICDR Regulations, the Company be and is hereby authorized to offer Equity Shares at a discount of not more than five percent on the issue price or such other percentage as may be permitted under the applicable laws from time to time."

"RESOLVED FURTHER THAT the relevant date for the determination of the floor price of the Equity Shares shall be in accordance with the SEBI ICDR Regulations."

"RESOLVED FURTHER THAT no allotment shall be made, either directly or indirectly to any QIBs who is a promoter or any person related to promoters in terms of the SEBI ICDR Regulations."

"RESOLVED FURTHER THAT minimum of 10% of the equity shares to be issued and allotted under QIP pursuant to Chapter VI of SEBI ICDR Regulations shall be allotted to Mutual Fund(s) and if the Mutual Fund(s) do not subscribe to said minimum percentage or any part thereof, such minimum portion or part thereof may be allotted to other QIBs."

"RESOLVED FURTHER THAT the Board shall have the authority and power to accept any modification in the proposal as may be required or imposed by the GOI/RBI/SEBI/Stock Exchanges where the Equity Shares of the Company are listed or such other appropriate authorities at the time of according/granting their approvals, consents, permissions and sanctions to issue, allotment and listing thereof and as agreed to by the Board."

"RESOLVED FURTHER THAT the issue and allotment of new equity shares to NRIs, FIIs and/or other eligible foreign investors be subject to the approval of the RBI (if any) under the FEMA as may be applicable but within the overall limits set forth under FEMA."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to engage, appoint and to enter into and execute all such agreement(s)/ arrangement(s)/ MOUs/placement agreement(s)/ subscription agreement(s)/any other agreements or documents with any consultant(s), lead manager(s), co-lead manager(s), manager(s), advisor(s), registrar(s), authorized representative(s), legal advisor(s) / counsel(s), merchant banker(s), underwriter(s), custodian(s), stabilizing agent(s) and all such advisor(s), professional(s), intermediaries and agencies as may be required or concerned in such offerings of Equity Shares and to remunerate them by way of commission, brokerage, fees and such other expenses as it deems fit and permissible, and to authorize any Director(s) or any Officer(s) of the Company, severally, to sign for and on behalf of the Company, offer document(s), arrangement(s), application(s), authority letter(s), or any other related paper(s)/document(s), give any undertaking(s), affidavit(s), certification(s), declaration(s) including without limitation the authority to amend or modify such document(s) in relation to the aforesaid Issue of Equity Shares under QIP."

"RESOLVED FURTHER THAT the Board shall have all powers and authorities to modify, reapply, redo, make necessary changes, approach and to do all requisite filings/resubmission of any document(s) and other compliances and to do all such acts and deeds that are necessary to comply with the terms and conditions subject to which approval, sanction, permission etc. as may be provided by the Stock Exchange(s), SEBI, RBI, GoI and any other Appropriate Authority, without being required to seek any further approval of the Members and that the Members shall be deemed to have given their approval thereto for all such acts, deeds, matters and/or things, expressly by the authority of this resolution."

“RESOLVED FURTHER THAT for the purpose of giving effect to offer, issue and allotment of Equity Shares under QIP, as aforesaid, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or expedient including fixing of record dates or book closure, deciding on the Issue price, premium amount, opening and closing dates of issue, as may be applicable and to settle any questions, difficulties or doubts that may arise in regard to such offer, issue, allotment and listing of Equity Shares under QIP as it may in its absolute discretion deem fit.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate (to the extent permitted by law) all or any of the powers conferred by this resolution on it, to any Committee or sub-Committee of Directors or any other Director(s) or Officer(s) of the Company to give effect to the aforesaid resolution, with the power to such Committee/ sub-Committee of the Board to further delegate all or any of its powers/duties to any of the members of such committee”.

2. Provide security by increasing pledge from 71% to 76% of the paid up share capital of Lalitpur Power Generation Company Limited (LPGCL), as a part of Joint Obligation on the shareholders of LPGCL to secure existing INR Lenders of LPGCL

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT, pursuant to the provisions of Sections 180(1)(a), 185, 186, 188 and other applicable provisions of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other rules, regulations, notifications and circulars issued by the Ministry of Corporate Affairs in this regard and as amended from time to time and the relevant provisions of the Memorandum of Association and Articles of Association of the Company, consent of members of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board (‘the Board’) to provide security by increasing pledge from 71% to 76% of the paid up share capital of Lalitpur Power Generation Company Limited (LPGCL), as a part of Joint Obligation on the shareholders of LPGCL to secure existing INR Lenders of LPGCL upto a sum not exceeding ₹18,254.55 crore.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform or cause to be done or proposed all such acts, deeds, matters and things, as may be required or deemed necessary or incidental thereto and to settle and finalize all issues that may arise in this regard, without further referring to the Members of the Company, including without limitation, negotiating, finalizing and executing necessary agreements, memoranda, deeds of assignment/ novation/ conveyance and such other documents as may be deemed necessary or expedient in its own discretion and in the best interest of the Company.”

“RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

3. Provide security by creating and/or extending pledge as part of a joint obligation for all the existing shareholders of LPGCL, to secure Foreign Currency Bonds aggregating upto USD 1500 million (approximately ₹10,800 crore) in one or more tranches proposed to be issued by LPGCL

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 180(1)(a), 185, 186, 188 and other applicable provisions of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other rules, regulations, notifications and circulars issued by the Ministry of Corporate Affairs in this regard and as amended from time to time and the relevant provisions of the Memorandum of Association and Articles of Association of the Company, consent of members of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board (‘the Board’) to provide security by creating and/or extending pledge over 1,32,57,025 fully paid up Equity Shares of ₹10/- each of Lalitpur Power Generation Company Limited (‘LPGCL’) presently being 14.53%, held by the Company, out of 76% of fully paid up equity shares of LPGCL, stipulated as part of a joint obligation for all the existing shareholders of LPGCL, to secure Foreign Currency Bonds aggregating upto USD 1500 million (approximately ₹10,800 crore) in one or more tranches proposed to be issued by LPGCL.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform or cause to be done or proposed all such acts, deeds, matters and things, as may be required or deemed necessary or incidental thereto and to settle and finalize all issues that may arise in this regard, without further referring to the Members of the Company, including without limitation, negotiating, finalizing and executing necessary agreements, memoranda, deeds of assignment/novation/

conveyance and such other documents as may be deemed necessary or expedient in its own discretion and in the best interest of the Company.”

“RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

By Order of the Board of Directors



Pradeep Parakh
Group President (GRC) &
Company Secretary
(Membership No. FCS 6171)

Place: Mumbai
Dated: November 13, 2019

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts relating to the items of the proposed special business is annexed hereto.
2. The Notice is being sent to all the Shareholders, whose names appear on the Register of Members/list of Beneficial Owners on November 08, 2019, as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL).
3. Shareholders who have registered their e-mail IDs for receipt of documents in electronic mode are being sent Notice of Postal Ballot by e-mail and others are sent by post along with Postal Ballot Form. In case a Shareholder is desirous of obtaining Postal Ballot in printed form or a duplicate one, shareholder may write to R&T Agent - M/s Link Intime India Private Limited, C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083 or send an email to kadhikari@bajajhindusthan.com. The R&T Agent/Company shall forward the same along with self addressed pre paid postage Business Reply Envelope to the shareholder.
4. All documents referred to in the accompanying Statement pursuant to Section 102 of the Companies Act, 2013 are available for inspection by shareholders at the Registered Office of the Company during the office hours on any working days, except Saturdays between 11.00 A.M. and 1.00 P.M. up to December 20, 2019.
5. In compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Section 108 and 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company also offers e-voting facility to all the shareholders to cast their vote electronically instead of dispatching postal ballot form wherever email id is registered. E-voting is optional. For this purpose, the Company has made necessary arrangement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting and to enable them to cast their votes electronically.
6. The voting rights of the shareholders shall be in proportion to their shares in the total paid-up equity share capital of the Company as on **November 08, 2019**
7. Shareholders can opt for only one mode of voting i.e. either by physical ballot or by electronic mode. If the shareholder opts for voting by electronic mode, then he/she should not vote by physical ballot also and vice-versa. However, in case Shareholder(s) cast their vote both by physical ballot and by electronic mode, then voting done by electronic shall prevail and voting done by physical will be treated as invalid.
8. The Board of Directors has appointed Managing Director and Company Secretary of the Company as persons responsible for the entire Postal Ballot process.
9. The instructions for shareholders for voting electronically are as under:
 - (i) The voting period begins from 9.00 A.M. on **November 21, 2019** and ends at 5.00 P.M. on **December 20, 2019**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **November 08, 2019** 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. may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (iii) Click on Shareholders.

- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits 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). <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company /Depository Participant are requested to use the sequence number which is printed on Postal Ballot indicated in the PAN field.
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 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 resolutions contained in this Notice.
- (xi) Click on the EVSN of Bajaj Hindusthan Sugar 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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) 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 & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Windows and Apple smart phones. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) 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 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.
- 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.
- 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

Statement setting out material facts pursuant to Section 102(1) of the Companies Act, 2013

In respect of Item No. 1

The Company has suffered substantial losses over the last few years primarily due to high sugarcane prices, higher sugar production and lower sugar prices in domestic markets. The margins of the Company have continuously remained under pressure. The Company has been incurring operating loss continuously owing to depressed market conditions coupled with steep increase in raw material costs, operating costs, borrowing costs etc. which resulted into increase in its debt levels. Consequently the Lenders and Company had to resort for restructuring of debts first in December 2014 under JLF Route and thereafter in December 2017 in accordance with the Scheme for Sustainable Structuring of Stressed Assets (S4A Scheme) notified by Reserve Bank of India.

Since then Company has been regularly exploring various options for deleveraging. On August 04, 2018 shareholders approval was obtained to sell the entire equity shares of Lalitpur Power Generation Company Limited held by the Company. This is proposed to be implemented as an integral part of the ongoing process of initial public offering by one of the group companies – Bajaj Energy Limited. In addition to liquidating the investments and recovering other loans, with a view to raise further capital infusion to reduce the burden on the Company to service the debt and to raise further capital for the working capital requirements and general corporate purposes, the Board of Directors proposes to raise further funds up to ₹ 1,000 crore by issue of further equity shares.

Any increase in subscribed capital by issue of further shares by any company is required to be in compliance of the provisions of Section 62 of the Companies Act, 2013 (the “Act”). For issuance of further shares that may be offered to any person otherwise than as stated in Section 62(1)(a) of the Act, prior permission of shareholders is required to be obtained by way of passing of a special resolution pursuant to Section 62(1)(c) of the Act.

The provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [SEBI (ICDR), Regulations] and various regulations under Foreign Exchange Management Act, 1999 (FEMA), require approval of shareholders by way of special resolution to be obtained for issuance of further shares by way of qualified institutional placement (QIP). As per Regulation 172 of Chapter VI of the SEBI (ICDR) Regulations, 2018, allotment pursuant to the special resolution approving the QIP issue passed by the shareholders shall be completed within a period of 365 days (Three hundred sixty five days) from the date of passing of the resolution. The Company has been seeking such enabling approval from shareholders for issuance of further shares from time to time. The last resolution in this regard was passed by the Company at the 84th Annual General Meeting held on September 16, 2016 for an amount up to ₹3,000 crore, which for the purpose of raising funds through QIP issue was valid only up to September 15, 2017. To enable the Company to raise equity funds depending upon its business needs and as may be advised, approval of shareholders is being sought, as an enabling authorization, for issue of equity shares and/or any other financial instruments convertible into equity shares through qualified institutional placement (QIP) under SEBI (ICDR) Regulations as the Board may deem appropriate up to an amount not exceeding ₹ 1,000 crore (Rupees One thousand crore).

As per Regulation 176 of Chapter VI of the SEBI (ICDR) Regulations, issue of specified securities shall be made at a price not less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date. The “relevant date” for the purpose of Regulation 176 means the date of meeting in which the Board or any committee of directors duly authorised by the Board of the Company decides to open the proposed issue.

Further, as per Regulation 177 of Chapter VI of the SEBI (ICDR) Regulations, the tenure of the convertible or exchangeable eligible securities issued through qualified institutions placement shall not exceed sixty months from the date of allotment.

Therefore, the Board of your Company has recommended the Special Resolution at Item No. 1 of the Notice to be passed by the shareholders, so as to enable it to issue further equity shares and/or other securities in an appropriate manner, which will include issue on QIP basis.

The said Special Resolution is only an enabling one seeking authority to the Board to raise funds from time to time as may be required.

The Board of Directors recommend passing of the Special Resolution set out at Item No. 1 of the Notice.

All the Directors may be deemed to be interested in the Resolution at Item No. 1 to the extent of shares and/or securities that may be offered to them and/or entities in which any of respective Director is deemed to be interested. Save as aforesaid, none of the Directors of the Company and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in any way, in the said resolution.

In respect of Item No. 2 and 3

Reserve Bank of India has allowed Indian Companies to use foreign currency funds in form of External Commercial Borrowing (ECB) for repayment of Rupee loans availed for infrastructure projects. Since the cost of ECB funds (including hedging cost) are relatively cheaper than the Rupee loans, Lalitpur Power Generation Company Limited (LPGCL), one of the group company has been exploring availment of ECB.

LPGCL has vide its letter dated November 01, 2019 informed the Company that it is in the process of raising funds by issuing Foreign currency bonds up to USD 1,500 million (approximately ₹ 10,800 crore) for the purpose of part repayment of the existing INR loans availed by LPGCL. The proposed Foreign Currency Bond issue shall inter alia be secured by way of pledge over 76% of equity shares present and future held by the promoter shareholders of LPGCL. Since present INR loans of LPGCL are secured by way of pledge of 71% of equity shares held by the promoters of LPGCL, it is required to increase the pledge from 71% to 76% for the existing INR loans.

The Company has currently pledged 1,32,57,025 Equity Shares of ₹ 10/- each held by it in Lalitpur Power Generation Company Limited (LPGCL) aggregating to 14.53 % of the paid up share capital of LPGCL, as a part of joint obligation on the sponsors/promoters of LPGCL to secure various facilities availed by LPGCL, which shall be extended to secure the foreign currency Bonds.

LPGCL has requested the Company, to provide security jointly with other shareholders of LPGCL viz., Bajaj Energy Limited and Bajaj Power Ventures Private Limited in the following manner:

- (1) To provide security by increasing pledge from 71% to 76% of the paid up share capital of LPGCL, as a part of Joint Obligation on the shareholders of LPGCL to secure existing INR Lenders of LPGCL.
- (2) To provide security by creating and/or extending pledge over 1,32,57,025 fully paid up Equity Shares of ₹ 10/- each of LPGCL presently being 14.53%, held by the Company, out of 76% of fully paid up equity shares of LPGCL, stipulated as part of a joint obligation for all the existing shareholders of LPGCL, to secure Foreign Currency Bonds aggregating upto USD 1500 million (approximately ₹10,800 crore) in one or more tranches proposed to be issued by LPGCL.

As per Section 180(1)(a) of the Companies Act, 2013 ("the Act"), the Board of Directors of the Company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially whole of the undertaking of the company, only with the consent of the Company by a Special Resolution. As per explanation to Section 180(1)(a) of the Companies Act, 2013 ("Act"), since the investment in shares of LPGCL exceeds twenty percent of the net worth of the Company during the previous financial year ended March 31, 2019, consent of the members would be required by way of a Special Resolution to provide security by way of pledge of LPGCL shares, which may deemed to sell, lease or otherwise dispose of the undertaking of the Company. Pursuant to provisions of Section 110 of the Act read with Companies (Management and Administration) Rules, 2014, the approval of the members has to be obtained, mandatorily through a Postal Ballot process.

As per Section 185(2) of the Companies Act, 2013, a company may provide any security in connection with any loan taken by any person in whom any of the director of the company is interested, subject to the condition that a special resolution is passed by the company in general meeting. The explanatory statement to the notice for the relevant general meeting shall also disclose the full particulars of security provided and the purpose for which the security is proposed to be utilised by the recipient of the loan. As per the explanation to Section 185(2) of the Act any person in whom any of the director of the company is interested" means any body corporate at a general meeting of which not less than twenty-five per cent of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together. Since Mr. Kushagra Bajaj, Chairman of the Company is interested in LPGCL, the Resolutions under item no. 2 and 3 are proposed to be passed by the shareholders as Special Resolutions.

As per Section 186(2) of the Companies Act, 2013, no company shall directly or indirectly give any guarantee or provide security in connection with a loan to any other body corporate or person exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more. As per Section 186(3) of the Companies Act, 2013, where the aggregate of the loans and investment so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceed the limits specified under sub-section (2),

no investment or loan shall be made or guarantee shall be given or security shall be provided unless previously authorised by a special resolution passed in a general meeting. The approval of the members of the Company under Section 186 of the Act is being sought by way of Special Resolutions as set out at item no. 2 and 3 for the pledge of shares.

As per Section 188(1) of the Act read with Rule 15 of the Companies (Meetings of Board and Its Powers) Rules, 2014 ('Rules') and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 material transaction entered into between related parties to be approved by the members of the Company by way of a Special Resolution. As per Rule 15(3)(a)(ii) of the Companies (Meetings of Board and Its Powers) Rules, 2014, since the amount for pledge of shares exceeds Rupees One hundred crore, consent of the members would be required for pledge of shares in respect of existing INR Loans/foreign currency bonds to be issued by LPGCL, a related party.

The third proviso to section 188(1) of Act states that section 188(1) of the Act shall not apply to any transaction entered into by the Company in its ordinary business, on an arm's length basis. Accordingly, even though the proposed transaction is on an arm's length basis, since this transaction could be construed as being outside the ordinary course of business, the approval of the members of the Company under Section 188 of the Act is being sought by way of Special Resolutions as set out at item no. 2 and 3 for the pledge of shares.

Additional information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:-

- a) *Name of the related party:* Lalitpur Power Generation Company Limited (LPGCL).
- b) *Name of the director or key managerial personnel who is related, if any:* Mr. Kushagra Bajaj, Chairman and Promoter of the Company.
- c) *Nature of relationship:* LPGCL is a Group Company, promoted by the Promoter.
- d) *Nature, material terms, monetary value and particulars of the contract or arrangement:* Amendment to the Share Pledge agreement for INR loans, Share Pledge agreement and Purchase agreement for foreign currency bonds, in respect of pledge of 1,32,57,025 Equity Shares of ₹10/- each held by the Company in LPGCL presently being 14.53% of the paid up share capital of LPGCL, as a part of joint obligation on the promoters of LPGCL to secure various INR facilities availed by LPGCL and proposed foreign currency bonds.
- e) *Any other information relevant or important for the members to take a decision on the proposed resolution:* All important information forms part of the Statement setting out Material Facts pursuant to Section 102(1) of the Companies Act, 2013 which have been mentioned in the foregoing paragraphs.

Pursuant to Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, all entities falling under the definition "Related Party" shall abstain from voting in respect of the resolution proposed at item no. 2 and 3 of the notice, irrespective of whether the entity is a party to the particular transaction or not.

The Board of Directors recommends passing of the Special Resolutions as set out at Item No.2 and 3 of the notice.

A copy of the draft Share pledge agreement for foreign currency bonds, amendment to the share pledge agreement for INR loans and Purchase agreement are available for inspection by the Shareholders of the Company at the Registered Office during the office hours on any working day except Saturdays between 11.00 am and 1.00 pm upto **December 20, 2019**.

As on the date of proposing these resolutions, the Company is holding 1,32,57,025 Equity Shares of ₹10/- each amounting to 14.53% in LPGCL. Also Mr. Kushagra Bajaj who is a director of the Company belongs to the promoter group of LPGCL (Shishir Bajaj group), which holds the remaining 86.47% equity share capital of LPGCL. Further two independent directors of the Company viz. Mr. D. K. Shukla and Ms. Shalu Bhandari are also independent directors of LPGCL. Accordingly, the directors and/or their relatives may be deemed to be concerned or interested in the resolution at item no. 2 and 3 of the notice, directly or indirectly to the extent of respective shareholding of the Company and/or the promoter group (Shishir Bajaj Group) in LPGCL or otherwise for holding such position in LPGCL. Except as above none of the directors and/or key managerial personnel of the Company and/or their relatives are concerned or interested in these resolutions.

By Order of the Board of Directors



Pradeep Parakh
Group President (GRC) &
Company Secretary
(Membership No. FCS 6171)

Place: Mumbai
Dated: November 13, 2019