

SIMBHAOLI SUGARS LIMITED

(Formerly known as The Simbhaoli Sugar Mills Limited)
Simbhaoli – 245 207, Distt. Ghaziabad, Uttar Pradesh

NOTICE

Notice is hereby given that an extra-ordinary general meeting of the members of Simbhaoli Sugars Limited will be held at 10.00 a.m. on Thursday, March 15, 2007 at the registered office of the Company at Simbhaoli –245 207, Distt. Ghaziabad, Uttar Pradesh, to transact the following businesses:

SPECIAL BUSINESS

1. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution: -

“Resolved that, consent be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge of whole or part of all the movable and immovable properties of the Company, where ever situated, present and future to or in favour of the followings lenders to secure the financial assistance(s) lent and advanced/agreed to be lent and advanced to the Company:-

1. Exclusive second charge on the fixed assets of unit Simbhaoli sugar in favour of Government of India, Ministry of Consumer Affairs, in respect of their sugar development fund loan of Rs. 27.58 crores for setting up of cogeneration power plant at Simbhaoli unit of the Company.
2. Exclusive second charge on the fixed assets of unit Chilwaria sugar in favour of Government of India, Ministry of Consumer Affairs, in respect of their sugar development fund loan of Rs. 9.50 crores for ethanol project at Chilwaria unit of the Company.
3. Exclusive second charge on the fixed assets of unit Chilwaria sugar in favour of Government of India, Ministry of Consumer Affairs, in respect of their sugar development fund loan of Rs. 29.04 crores for setting up of cogeneration power plant at Chilwaria unit of the Company.
4. Exclusive second charge on the fixed assets of unit Brijnathpur sugar in favour of Government of India, Ministry of Consumer Affairs, in respect of their sugar development fund loan of Rs. 12.40 crores for ethanol project at Brijnathpur unit of the Company.
5. First pari passu charge on the fixed assets of Brijnathpur sugar and ethanol to secure term loan of Rs. 10.00 crores from Bank of Baroda for ethanol project at unit Brijnathpur of the Company.
6. First pari passu charge on the fixed assets of Brijnathpur sugar and ethanol to secure term loan of Rs. 10.00 crores from Bank of Baroda for cogeneration power plant at unit Chilwaria of the Company.
7. First pari passu charge on the immovable assets, excluding specific assets charged with other lenders, of the Company to secure term loan of Rs. 25.00 crores from State Bank of Bikaner & Jaipur for replacing the term loan of Yes Bank.
8. First pari passu charge on the fixed assets of the Company to secure term loan of Rs. 25.00 crores from EXIM Bank.

“Resolved further that the mortgage/charge created/ to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above

resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified.”

2. 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 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the company, including whole time director(s), (except any director who is a promoter or belongs to the promoter group or otherwise, who holds, either by himself or through his relative, or through any body corporate, directly or indirectly, more than 10% of the outstanding equity shares of the Company), whether working in India or abroad, options exercisable into shares or securities convertible into equity shares up to 6% of the paid-up equity share capital of the Company at any point of time, under one or more employee stock option schemes (“the Scheme”), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authority; each option would be exercisable for one equity share of a face value of Rs. 10 each fully paid-up on payment of the requisite exercise price to the Company.”

“Resolved further that, the Board be and is hereby authorized to issue and allot equity shares upon exercise of options from time to time in accordance with the Scheme and such equity share shall rank pari passu in all respects with the then existing equity shares of the Company.”

“Resolved further that, in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.”

“Resolved further that, the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and any other applicable laws.”

“Resolved further that, the Board be and is hereby authorized to take such steps for listing of the securities allotted under the Scheme on the stock exchanges where the securities of the company are listed as per the provisions of the listing agreement(s) with the concerned stock exchanges, the guidelines and any other applicable laws and regulations.”

"Resolved further that, for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard."

Place: New Delhi
Date: 30.01.2007

**By Order of the Board of Directors
of Simbhaoli Sugars Limited
sd/-
Kamal Samtani
Deputy Company Secretary**

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of meeting.
2. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business set above is annexed hereto.
3. Members are requested to notify promptly any change in their registered addresses or any other query directly to M/s MAS Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi-110 029, Phone: 011- 26104142/4326, Fax: 011 – 26181081, the Registrar & Share Transfer Agents.
4. Members are requested to kindly bring the copy of notice at the meeting.
5. Members are requested to fill in the attendance slip for attending the meeting and those who hold the shares in dematerialized form, are requested to bring their client ID and depository participant ID number for easy identification for attendance at the meeting.
6. Pursuant to Section 109A of the Companies Act 1956, a shareholder may nominate in the prescribed manner a person to whom his/her shares of the Company shall vest in the event of his/her death.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item no. 1

The Company has been sanctioned following additional/new credit facilities for financing its capacity expansion plan and additional working capital requirements. As per their respective terms of sanction, following credit facilities are required to be secured on certain fixed assets of the Company. For this purpose it is necessary to pass resolutions under section 293(1)(a) of the Companies Act, 1956.

Sl. No.	Lender	Loan amount	Project	Security
1.	Government of India, Ministry of Consumer Affairs	Sugar Development Fund Loan Rs. 27.58 crores.	Setting up of cogeneration power plant at Simbhaoli.	Exclusive second charge on the fixed assets of unit Simbhaoli sugar.
2.	Government of India, Ministry of Consumer Affairs	Sugar Development Fund Loan Rs. 9.50 crores.	Ethanol project at Chilwaria.	Exclusive second charge on the fixed assets of unit Chilwaria sugar.

3.	Government of India, Ministry of Consumer Affairs	Sugar Development Fund Loan Rs. 29.04 crores.	Setting up of cogeneration power plant at Chilwaria.	Exclusive second charge on the fixed assets of unit Chilwaria sugar.
4.	Government of India, Ministry of Consumer Affairs	Sugar Development Fund Loan Rs. 12.40 crores.	Ethanol project at Brijnathpur.	Exclusive second charge on the fixed assets of unit Brijnathpur sugar.
5.	Bank of Baroda	Term loan of Rs. 10.00 crores	Ethanol project at Brijnathpur.	First pari passu charge on the fixed assets of Brijnathpur sugar and ethanol.
6.	Bank of Baroda	Term loan of Rs. 10.00 crores	Setting up of cogeneration power plant at Chilwaria.	First pari passu charge on the fixed assets of Brijnathpur sugar and ethanol.
7.	State Bank of Bikaner & Jaipur	Term loan of Rs. 25.00 crores	Replacement of the term loan of Yes Bank.	First pari passu charge on the immovable assets excluding specific assets charged with other lenders.
8.	EXIM Bank	Term loan of Rs. 25.00 crores	Replacement of debts	First pari passu charge on the fixed assets of the Company.

Accordingly, resolution set out under item no. 1 is recommended for approval of shareholders as an ordinary resolution. None of the directors is interested in the resolution.

Item no. 2

The Company recognizes that in an increasingly competitive environment, people are key resources. The Company therefore understands that rewarding its key and high-performing employees is critically imperative to its continued success. Consequently, the management is keen to offer stock options to its key employees to attract and retain talent in the organization and to foster employee commitment and a feeling of ownership, retain employees or specific skill groups and to attract talented / highly valued professionals or scarce skills, to instill a sense of belonging to the Company, reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.

The Board of Directors of your company at its meeting held on January 30, 2007 resolved to introduce the "Employee Stock Option Scheme 2007" (hereinafter referred as "the Scheme") subject to the approval of the shareholders and in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended ("SEBI Guidelines"). Board of Directors of your Company has also constituted a Remuneration & Compensation Committee comprising of a majority of independent directors to formulate the detailed terms and conditions of the Scheme and once formulated, to administer and implement the Scheme in accordance with the SEBI Guidelines.

The salient features of the scheme are set out below:

1. Total number of options to be granted:

Options convertible into such number of equity shares not exceeding up to 6% of the paid-up capital of the Company at any point of time (including those options granted to the employees of the company's subsidiaries) will be available for being granted to eligible employees of the Company under the Scheme. Each option (after it is vested) will be exercisable for one equity share of face value Rs. 10 each fully paid-up on payment of requisite exercise price to the Company. Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise would be available for being re-granted at a future date.

2. Identification of classes of employees entitled to participate in the Scheme:

All permanent employees of the company including whole time directors (excluding promoters and any director who holds either by himself or through his relative, or through any body corporate, directly or indirectly, more than 10% of the outstanding equity shares of the Company), whether working in India or abroad, as may be decided by the Board, from time to time, would be entitled to participate in the Scheme. Employees may be granted stock options based on performance and such other criteria as the Board may, in its absolute discretion decide. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company. Vesting of the options shall take place over a maximum period of 5 years with a minimum vesting period of 1 year from the date of grant. The Board would determine the exact proportion and period in which the options would vest. The Board may, in its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted under the Scheme would vest subject to the minimum vesting period as specified above.

4. Exercise Price:

The exercise price per option shall not be less than the face value of equity share of the Company.

5. Exercise period and the process of exercise:

The exercise period would commence from the date of vesting and will expire on completion of three years from the date of vesting of options. The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time. The option will lapse if not exercised within the specified exercise period.

6. Appraisal process for determining the eligibility of the employees to the Scheme:

The appraisal process for determining the eligibility of the employee will be specified by the Board or Remuneration & Compensation Committee, and will be based on criteria such as seniority, length of service, performance record, merit, future potential contribution by the employee and/or such other criteria that may be determined by the Board at its sole discretion.

7. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to employees under the Scheme shall be determined by the Remuneration & Compensation Committee from time to time. However, grant of options to identified employees, during any one year shall not be equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company.

8. Disclosure and accounting policies:

The Company shall comply with the disclosure and the accounting policies prescribed under SEBI Guidelines.

9. Method of option valuation

To calculate the stock-based compensation, the Company may follow the intrinsic value method or the fair value method for computing the compensation cost for the options granted. If the Company follow the intrinsic value method for computing the compensation cost for the options granted, the difference between the compensation cost so calculated and the compensation cost that would have been recognized if the Company had used fair value method and its impact on the profits and earnings per share shall be disclosed in its Directors' Report.

As the Scheme provide for issue of shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to Section 81(1A) of the Companies Act, 1956.

Accordingly, the Board recommends the resolutions as set out under Item No. 2 for your approval as a special resolution.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

Place: New Delhi
Date: 30.01.2007

**By Order of the Board of Directors
of Simbhaoli Sugars Limited
sd/-
Kamal Samtani
Deputy Company Secretary**