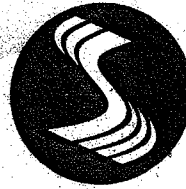


CIN-L24231UP1936PLC000740



SIMBHAOLI SUGARS

Simbhaoli Sugars Limited

(An FSSC 22000 : 2011, ISO 9001 : 2008 & 14001 : 2004 Certified Company)

Corporate Office :

C-11, Connaught Place, New Delhi -110001 India

Tel. : +91-11-41510421-23 Fax: +91-11-23413088

E-mail : info@simbhaolisugars.com

www.simbhaolisugars.com

Date: May 20, 2014

To
The Listing Department
National Stock Exchange Limited
Exchange Plaza, BandraKurla Complex,
Bandra (E), Mumbai- 400051

Kind Attn. Mr. Kamlesh Patel

Ref.: Symbol - SIMBHSUGAR, Series - EQ

Sub.: No objection under clause 24(f) of the Listing Agreement for the proposed Scheme of Amalgamation between M/s Simbhaoli Sugars Limited (SSL or Amalgamating Company) and M/s Simbhaoli Spirits Limited (SISPL or Amalgamated Company)

Dear Sir,

This is in reference to the captioned subject and to your e-mail dated May 13, 2014 whereby you goodself solicited rationale behind the determination of Exchange Ratio in respect of the Redeemable Preference Shares(RPS) outstanding in the Company, M/s Simbhaoli Sugars Limited (SSL).

In this regard, before proceeding to submit the sought elucidation, we most humbly wish to bring to your kind attention that *the Valuer while valuing the RPS have determined its exchange value on the basis of the exchange ratio calculated and there existed a difference between the equity exchange ratio and the exchange ratio for redeemable preference shares as there is a difference in the face value of the shares.*

With the above backdrop, for the RPS existing in SSL, *we further wish to reproduce the relevant text of the draft Scheme for the proposed consideration to the Redeemable Preference Shareholders:*

"139 (One Hundred and Thiry Nine) fully paid-up Equity Share of INR 10 (Rupees Ten) each of Amalgamated Company shall be issued and allotted for every 100 (One Hundred) fully paid-up Redeemable Preference Shares of INR 100 (Rupees Hundred) each held in Amalgamating Company"

In respect of the aforesaid Exchange Ratio, we further wish to substantiate that the said ratio has been determined on the basis of per Share fair value of M/s Simbhaoli Spirits Ltd whereby the definite number has been arrived at by dividing the face value of Redeemable Preference Share of Rs.100/- each with the per share fair value of the Amalgamated Company in the following manner:



Specialty Sugars

Potable Alcohol

Ethanol

Power

Fair Value of SimbhaoliSpirits Ltd. as on 31.12.13 (a)	72.00
Face value of Redeemable Preference Shares (b)	100.00
Conversion Ratio of Pref. Shares (b/a)	1.39

We humbly wish to bring to your kind attention that the instant Scheme involves Amalgamation of the Holding Company, M/s Simbhaoli Sugars Limited (Amalgamating Company) and its Wholly Owned Subsidiary Company, M/s Simbhaoli Spirits Limited (Amalgamated Company) and an arrangement between their respective shareholders and creditors in compliance with the provisions of Section 391-394 & other applicable provisions of the Companies Act, 1956. Further, as per the above stated Sections, the term "arrangement" has a very broad connotation that includes reorganization of share capital by the consolidation of different classes of shares or division of shares into shares of different classes or by both the methods in the best interest of stakeholders.

In the instant case, before deciding upon the Scheme of Amalgamation, the Board duly discussed the options available to it for the RPS holders i.e. whether to redeem them or to issue fresh RPS. On due consideration, it was decided to consolidate the RPS & Equity Shares, keeping in view various financial and economical parameters.

With the above backdrop, we humbly submit that the present fiscal position of the Company is not such that it could consider to redeem the said Redeemable Preference Shares, therefore, the Board of Directors of the Companies deemed it fit to issue equity shares in lieu of the RPS held in accordance with the provisions of Section 391-394 of the Companies Act, 1956.

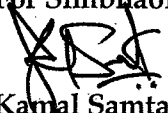
Further, in SSL, the major portion of RPS have been issued to the persons belonging to the Non-promoter Category and if by virtue of proposed amalgamation, RPS would again have been issued in lieu of RPS in SSL then they would have remained as a non-tradable security.

Therefore, with the intent to provide marketability to the RPS holders in SISPL, it has been proposed to issue Equity Shares in lieu of their outstanding RPS and at the same time, it would ensure greater integration, financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.

We hope that on going through the above, your goodself would be able to appreciate the rationale for the proposed issuance of Equity Shares in the Amalgamated Entity in lieu of the existing RPS in the Amalgamating Company.

Thanking you,
Yours faithfully

For Simbhaoli Sugars Limited


Kamal Samtani
Company Secretary

