Summary of the Terms of the Offering

The following is a general summary and should not be relied on as a complete description of the terms and conditions of the Bonds. This summary is derived from, and should be read in conjunction with, the full text of the Terms and Conditions of the Bonds and the Trust Deed constituting the Bonds, which prevail to the extent of any inconsistency with the summary of the terms set out in this section. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the detailed Terms and Conditions of the Bonds.

Issuer	The Simbhaoli Sugar Mills Limited, a public company incorporated and subsisting under the laws of the Republic of India with limited liability.
Issue	US$33,000,000 unsecured Convertible Bonds due 2011 (the "Bonds"), which includes a US$3,000,000 over-allotment option exercised by the Manager.
Issue Price	The Bonds will be issued at 100% of their principal amount.
Issue Date	10 March 2006.
Maturity Date	11 March 2011.
Option for Additional Bonds	The Issuer has granted to the Manager an option exercisable in whole or in part and on one or more occasions at any time prior to the date which is 30 days from the Closing Date, to purchase or procure purchasers for up to an additional US$3,000,000 principal amount of the Bonds on the same terms and conditions of the US$30,000,000 principal amount of the Bonds to be issued on the Issue Date. The Manager has exercised this over-allotment option in respect of US$3,000,000 principal amount of the Bonds and this amount is included in the US$33,000,000 issuance of the Bonds.
Interest Rate	Interest will not be paid on the Bonds.
Yield to Redemption	6.50% per annum
Redemption at Maturity	Unless previously converted, redeemed or cancelled, the Issuer will redeem each Bond at 137.033% of its principal amount on the Maturity Date.
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.
Rating of the Bonds	The Bonds are not rated by any rating agency.
Conversion Right	Except during certain Closed Periods, the Bonds are convertible by holders of the Bonds ("Bondholders") into fully paid equity shares of the Issuer with full voting rights with par value Rs.10 per share of the Issuer ("Shares") or into cash as per Condition 6.2 of the Terms and Conditions at any time on or after 10 April 2006 (or such earlier date as is notified to the Bondholders by

the Issuer) and prior to the close of business on 9 February 2011, unless previously redeemed, converted or cancelled.

Conversion Price .... The conversion price at which the Bonds may be converted into Shares (subject to adjustment in the manner provided in the "Terms and Conditions of the Bonds") (the "Conversion Price") will initially be Rs.170 per Share based on a 15 trading day average share price, with a fixed rate of exchange on conversion of Rs.44.1050 = US$1.00. The Conversion Price will be reset downwards by up to 10% of the initial Conversion Price on 10 March 2008 if the average Closing Price (as defined in the "Terms and Conditions of the Bonds") of the Shares in the five Trading Days (as defined in the "Terms and Conditions of the Bonds") before the reset date is less than the Conversion Price. The Conversion Price may not be reset below 90% of the initial Conversion Price.

Adjustment to Conversion Price.................. The Conversion Price of the Bonds will be adjusted in certain events occurring after the Issue Date, including upon (i) bonus issues of shares, (ii) free distribution of shares, (iii) sub-division, consolidations and reclassification of shares, (iv) issuance of rights to acquire shares, (v) issuance of warrants at a discount to the prevailing market price (vi) issuance of convertible bonds and exchangeable bonds at below market price and (vii) issuance of shares at below market price.

Trust Deed .... The Bonds will be issued under the trust deed, to be dated as of on or about 10 March 2006 (the "Trust Deed") between the Issuer and The Bank of New York, London branch.

Mandatory Conversion................................ The Issuer has three separate options to require the Bondholders, within 60 days' notice, to convert up to a maximum of one third of the initial principal amount of the Bonds, which options will be exercisable upon satisfaction of the following conditions:

(1) between 10 March 2007 and 9 March 2008, if with respect to the first option, if the Aggregate Value of the Shares, for each of 20 consecutive Trading Days, is higher than 130% of the Early Redemption Amount for each of those 20 consecutive Trading Days;

(2) between 10 March 2008 and 9 March 2009, if with respect to the second option, if the Aggregate Value of the Shares, for each of 20 consecutive Trading Days, is higher than 130% of the Early Redemption Amount for each of those 20 consecutive Trading Days; and

(3) between 10 March 2009 and 9 March 2010, if with respect to the third option, if the Aggregate Value of the Shares, for each of 20 consecutive Trading Days, is higher than 130% of the Early Redemption Amount for each of those 20 consecutive Trading Days.

With respect to each option, no more than one third of the initial principal amount of the Bonds shall be converted within 1 year of the date on which the option can be exercised.

On or after 10 March 2010 in respect of any issued Bonds which are yet to be converted, the Issuer shall have a further option to convert up to all of the Bonds then outstanding provided that the Aggregate Value of the Shares, for each of 20 consecutive Trading Days, is higher than 130% of the Early Redemption Amount for each of those 20 consecutive Trading Days.

Redemption for Taxation .... The Bonds may be redeemed at the option of the Issuer, in whole but not in part, subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at the Early Redemption Amount on the date fixed for redemption in the event of certain changes affecting taxes as specified in "Terms and Conditions of the Bonds – Redemption for Taxation Reasons'".

Redemption of Bonds in the Event of Delisting .... To the extent permitted by applicable law, unless the Bonds have been previously redeemed, cancelled or converted, in the event that the Shares cease to be listed or admitted to trading on the BSE (a "Delisting'"), each Bondholder shall have the right, at such Bondholder's option, to require the Issuer to redeem all of such Bondholder's Bonds at the Early Redemption Amount. See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption of Bonds in the Event of Delisting'".

Redemption of Bonds in the Event of Change of Control.......................... To the extent permitted by applicable law, unless the Bonds have been previously redeemed, cancelled or converted, each Bondholder shall have the right, at such Bondholder's option, upon the occurrence of certain Change of Control events to require the Issuer to redeem all of such Bondholder's Bonds at the Early Redemption Amount. See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption of Bonds in the Event of a Change of Control".

RBI Approval Required for Redemption.. Under current regulations of the RBI applicable to convertible bonds, the Issuer will require the prior approval of the RBI before providing notice for or effecting any redemption or repurchase of the Bonds prior to the Maturity Date.

Form and Denomination of Bonds .... The Bonds will be issued in registered form in denominations of US$10,000 each or integral multiples thereof. The Bonds will be represented by the Global Certificate which on the Issue Date will be deposited with, and registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg (collectively, the "Clearing Systems").

Share Ranking... Shares issued upon conversion of the Bonds will be fully paid with full voting rights and will rank *pari passu* with the Shares in issue on the relevant Conversion Date. Shares shall not be entitled to any rights the record date for which preceded the relevant Conversion Date. See "Description of the Shares – Dividends" and "Terms and Conditions of the Bonds – Conversion".

Market for the Shares, Listing and Share Ownership Restrictions .... The outstanding Shares of the Issuer are listed on the BSE and an application has been made to list the Shares issuable on conversion of the Bonds on the BSE. There are certain restrictions applicable to investments in shares and other securities of Indian companies, including the Shares, by persons who are not residents of India. See “Appendix B – Foreign Investment and Exchange Controls”.

Clearance .... The Bonds will be cleared through the Clearing Systems. The Clearing Systems each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic bookentry transfer between their respective account holders.

Global Certificate... For as long as the Bonds are represented by the Global Certificate, the Global Certificate is held by a common depository for the Clearing Systems, payments of principal and premium in respect of the Bonds represented by the Global Certificate will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Certificate to or to the order of the Paying Agent for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.

Indian Taxation.. Payment of premium and interest on the Bonds made by the Issuer will be made after deduction or withholding in respect of Indian taxation to the extent required by law. The Issuer will gross up the net taxable amount and will be required to account separately to the Indian tax authorities for any withholding taxes applicable to payments attributable to such tax. The Bonds will have the benefit of the tax concessions available under the provisions of Section 115AC of the Income Tax Act, as amended, of India. Under current Indian laws, tax is not payable by the recipients of dividends on Shares.

Selling Restrictions... There are restrictions on the offer, sale and/or transfer of the Bonds in, among others, the United Kingdom, the United States, India, Switzerland, Singapore, France, Hong Kong and Germany. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “Subscription and Sale”.

Listing .... Application will be made for the listing of the Bonds on the Singapore Stock Exchange. The Bonds will trade on the Singapore Stock Exchange in a minimum lot size of US$200,000 so long as any of the Bonds remain listed on the Singapore Stock Exchange. The Company has applied for the in-principle approval for the Shares issuable upon conversion of the Bonds to be listed on the BSE.

Trustee .... The Bank of New York, London branch.

Principal Paying and Conversion Agent... The Bank of New York, London branch.

Governing Law..	The Bonds will be governed by, and construed in accordance with, English law.
Use of Proceeds..	The net proceeds of the issue of the Bonds (after the deduction of fees, commissions and expenses) are expected to be approximately US$31.7 million and will be used by the Issuer as set out in "Use of Proceeds". The use of the net proceeds shall be in accordance with the end-use restrictions specified by the RBI and the Indian Government.
Bond Identifiers...	ISIN: XS0246465560 Common Code: 24646556.
Government of India Approvals...	The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme, 1993, as amended, the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000, as amended, and the RBI circulars dated 1 July 2005 and 1 August 2005, respectively, permit Indian companies to issue foreign currency convertible bonds up to US$500 million under the "automatic route" (i.e. without the prior approval of the RBI), subject to compliance with certain conditions specified therein. The Issuer is undertaking the present issue of the Bonds in accordance with the guidelines and regulations described above.