



EMPEE SUGARS AND CHEMICALS LIMITED
Regd. Office: Ayyapareddipalem, Naidupet - 524 126, Nellore District, A.P.
email:investor@cameoindia.com

NOTICE OF POSTAL BALLOT

Dear Member,

Notice pursuant to Section 192A of the Companies Act, 1956

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956, read with the Companies (passing of the Resolution by Postal Ballot) Rules, 2001, for the consent of the members through postal ballot to obtain their consent on the following matters:

1. To pass a special resolution to alter the Articles of the Company to enable the company to issue cumulative convertible preference shares of Rs.10/-each
2. To pass a special resolution pursuant to section 81(1A) of the companies Act, 1956, authorizing the company to issue 1,00,00,000 no's of 0% Convertible Preference Shares of Rs.10/ each at a premium of Rs.140/- each aggregating to Rs.150 Crores on preferential basis to M/s.Empee Distilleries Limited.
3. To pass an ordinary resolution pursuant to section 293(1)(d) of the companies Act, 1956, to enable the Board of Directors of the Company to borrow up to Rs.1500 Crores.

Accordingly, the said draft of the Resolutions along with its Explanatory Statement setting out all material facts and the reasons thereto, the requisite Postal Ballot Form and the Self-addressed postage prepaid envelope is enclosed for your consideration.

Place: Chennai.
Date: 10/07/2010

By Order of the Board
Sd/-
M.P.Purushothaman
Chairman & Managing Director

Notes:

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the form duly completed and signed in the attached self addressed, postage prepaid envelope, so as to reach the Scrutinizer before the closing of working hours (17.30 Hrs.) on or before 18-08-2010. Please note that any Postal Ballot forms(s) received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted.

The Board of Directors has appointed M/s.Dhanapal & Associates, Practicing Company Secretaries, as the Scrutinizer for conducting this postal ballot voting process in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman or any Director of the Company as soon as possible after the last date for receipt of Postal Ballot Forms, but not later than the closing business hours of 21.08.2010. Result of the Postal Ballot shall be declared and confirmed by the Chairman or any other director of the company as authorized by the Board on Monday, the 23.08.2010 at 5.30 p.m. at the Registered Office of the Company mentioned above.

- Encl: 1. Draft Resolutions with explanatory statement
2. Postal Ballot Form & Self addressed postage envelope.

DRAFT RESOLUTIONS

SPECIAL BUSINESS:

Item No.1:

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

"RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act 1956 the existing Article No 5 of the Articles of Association of the Company be and is hereby replaced with the following new Article.

"5.The Company shall have power to issue all kinds of preferences shares, including cumulative convertible preference shares with or without premium if any, liable to be redeemed in any manner permissible under the Act, and Directors may, subject to the provisions of the Act, exercise such power in any manner they think fit and provide for the redemption of such shares on such terms including the right to redeem at a premium or otherwise as they think fit."

Item No.2:

Preferential allotment of 1,00,00,000 nos. of 0% Convertible Preference Shares of Rs.10/- each at a premium of Rs.140/- per share to M/s.Empee Distilleries Limited.

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 other applicable provisions, if any of the Companies Act, 1956 (including any statutory amendments thereto and all modifications or re-enactments thereof for the time being in force) and in accordance with the provision of the Memorandum and Articles of Association of the Company and subject to the rules/regulations/guidelines/clarifications issued by the Securities and Exchange Board of India (hereinafter referred to as "SEBI"), including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on Preferential Issue (hereinafter referred to as "SEBI Regulations for Preferential Issue"), Listing Agreements entered into by the Company with the Bombay Stock Exchanges Limited and Madras Stock Exchange Limited, where the equity shares of the company are listed and all other applicable laws and regulations and subject to the company obtaining all such approvals, permissions, sanctions and consents as may be required from any Government or Regulatory Authorities and/or other institutions and bodies including banks, provided that such terms, conditions, alterations, modifications, corrections, changes and variations, if any, that may be stipulated or imposed or prescribed under such approvals, permissions, sanctions and consents, are acceptable to the Board of Directors (which term shall include any duly constituted and authorized "Committee of Directors" thereof), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot upto 1,00,00,000 no's (One Crore only) of 0% Convertible Preference Shares of Rs.10/-each at a premium of Rs.140/- per share aggregating to Rs.150 Crores(One Hundred and Fifty Crores only) in one or more tranches to M/s.Empee Distilleries Limited as mentioned in the Explanatory Statement attached to notice on preferential basis on such terms and conditions and in such manner as the Board may think fit, without offering the same to person(s)/Shareholders/member on the date of offer are holders of the equity shares in the Company.

FURTHER RESOLVED that the said Cumulative Convertible Preference Shares shall be converted into Equity Shares of the Company on or after six months from the date of allotment..

FURTHER RESOLVED that the said shares on conversion into equity shares shall be subject to the lock-in as per the SEBI Regulations for Preferential Issue.

FURTHER RESOLVED that the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions including to execute any documents on behalf of the Company and to represent the Company before any governmental authorities, and to appoint any professional adviser/consultants/lawyers.

FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Board be and is hereby authorized, on behalf of the Company do all such acts, deeds, matters and things as the board may, in its absolute discretion, deem necessary or desirable, for such purpose, including without limitation to enter into arrangements/agreements and to settle all questions, difficulties or doubts that may arise in regard to such issue as the Board, in its absolute discretion deem fit and take all steps which are incidental, consequential, relevant or ancillary in this connection."

Item No.3:

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that in supersession of the earlier resolutions passed pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors borrowing any sum or sums of money from time to time from any one or more of the Company's Bankers and/or from any one or more other persons, firms, bodies corporate, banks or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the company's assets and properties whether movable or immovable or stock-in-trade(including raw materials, and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by Company (apart from temporary loans obtained from the Company's bankers in the ordinary

course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.1,500 Crores (Rupees One Thousand Five Hundred Crores only) only exclusive of interest, and the directors are hereby further authorized to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings containing such conditions and covenants as the Directors may think fit."

Place: Chennai
Date: 10/07/2010

By Order of the Board
Sd/-
M.P.Purushothaman
Chairman & Managing Director

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956:

Item No.1: Consent for alteration of the Articles of Association of the Company:

Your Company proposes to alter the Article 5 of the Articles of Association of the Company to enable the company to issue cumulative convertible preference shares which has not been specifically provided in the existing article which needs to be replaced with the proposed Article as mentioned in the proposed resolution. This will enable the company to issue and allot cumulative convertible preference shares at premium to M/s.Empee Distilleries limited.

As stated above, your Board is approaching you to have your approval by way of special resolution under Section 31 of the Companies Act, 1956.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of the shares held by them in the Company. None of the Director is concerned or interested in the resolution.

The Board of the Company recommends the Special resolution for approval by the Members, by exercising their vote through postal ballot. A Postal Ballot Form sent along with the Notice.

Item No: 2:

You are aware that the company has been implementing the prestigious Integrated Sugar Complex at Idaikal, Amabasmudram, Tirunelveli Taluk, Tamilnadu at a project cost of Rs.515 Crores. As already intimated to you, the 5000 TCD sugar Mill and 50W power plant has already commenced their commercial operations. The work on 100 KL Distillery is under progress. The empee distilleries limited, holding company has contributed till date around Rs.129 Crores to part finance the project cost.

The Shareholders in the 20th Annual General Meeting of the Company have suggested for the issue of 0% Convertible preference shares at premium to Empee Distilleries limited instead of 8% Cumulative Redeemable Preference Shares at par and accordingly the resolution proposed for 8% Cumulative Redeemable Preference Shares was not passed in the AGM.

Now, after finalizing the terms for issue of 0% Convertible Preference Shares which are convertible into equity shares on or after six months from the date of allotment. Accordingly, the Board of Directors propose the resolution to be passed by way of special resolution pursuant to section 81(1A) of the Companies Act, 1956 by the shareholders through the postal ballot. Empee Distilleries Ltd., the Holding Company has also agreed to subscribe 0% convertible Preference Shares of Rs.10/- each at Rs.140/- premium per share.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of the shares held by them in the Company. None of the Director is concerned or interested in the resolution.

The Directors recommend the said resolution for acceptance by the members, by exercising the vote through the postal ballot form, which is sent along with the Notice.

The information as required under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, for Preferential Issue is as under:

- Object of the issue: To augment the long- term resources of the company, raise funds for corporate actions.
- Intention of the Promoters/ Directors/Key Management Persons to subscribe to the offer: The promoters, Directors, and key management persons of the company do not intend to subscribe to the offer.
- Shareholding pattern before and after the offer: The information and shareholding pattern before and the offer is given below.

Class of shareholders	Pre allotment		Post Allotment after Conversion of CCP into equity	
	No. shares	%	No. of shares	%
Promoters Holdings	28875761	68.80	38875761	74.80
Public Holdings	13097139	31.20	13097139	25.20
TOTAL	41972900	100	51972900	100

d) Proposed time within which the allotment shall be completed: The Board proposes to allot the preference shares within a period of 15 days from the date of passing of the proposed special resolution.

e) The Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:

Sl. No.	Proposed Allottees	No. of Convertible Preference shares into equity	% of Post Issue Capital
1	Empee Distilleries Limited	1,00,00,000	70.46

The certificate from statutory Auditors of the company, certifying that the issue of convertible preference shares on the above terms is in accordance with Issue of Capital and Disclosure Requirements) Regulations, 2009, as in force on the date of the company on all working days during office hours and will also be available for inspection at the meeting.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of the shares held by them in the Company. None of the Director is concerned or interested in the resolution.

Yours Directors recommend the resolution for approval.

Item No.3: Consent for increasing the Borrowing Limits of the Board:

Your Company has been approaching the Banks for increase in the working capital requirements of the expanding operations which necessitates the Board to borrow from banks and financial institutions by way of loans for funding the working capital requirements. Earlier the Board was authorized by the Company to make borrowings up to Rs.800 Crores which in the opinion of the Board be raised to Rs.1500 Crores.

As stated above, your Board is approaching you to have your approval under Section 293(1)(d) of the Companies Act, 1956 by way of good corporate governance for increasing the Borrowing powers of the Board.

None of the Director is concerned or interested in the resolution.

The Board of the Company commends the Ordinary resolution for approval by the Members, by exercising their vote through postal ballot. A Postal Ballot Form sent along with the Notice.

Place: Chennai.
Date: 10/07/2010

By Order of the Board
Sd/-
M.P.Purushothaman
Chairman & Managing Director

NOTES/INSTRUCTIONS:

1. Pursuant to the provision of Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the assent or dissent of the members in respect of the resolution included in the Postal Ballot Notice dated 10/07/2010 are being determined through a Postal Ballot.
2. A Member desiring to exercise his/her vote by Postal Ballot may complete the attached Form and sent it to the Scrutinizer appointed by the company in the enclosed postage prepaid self-addressed envelope. Postage will be borne by the company. However, envelopes containing the postal ballot if sent through courier at the cost of the member will also be accepted. The members residing outside India should stamp the envelopes appropriately.
3. The Board of Directors has appointed Mr.S.Dhanapal, Practicing Company Secretary, Chennai as the Scrutinizer for conducting the Postal Ballot process. The self-addressed envelope attached to this Notice bears the address of the Scrutinizer to whom duly completed Postal ballot Forms are to be sent.
4. There shall be one Postal ballot for every folio, irrespective of the number of joint holders. A proxy shall not exercise the Postal Ballot. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of dispatch of this Notice.
5. The Postal Ballot Form should be completed and signed by the Shareholder. In case of joint holding this Form should be completed and signed (as per specimen signatures registered with the company) by the first named shareholder and failing him, by the next named shareholder and so on. In case, shares are held by Companies, Trusts, Societies, etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/Authorization.
6. Duly completed Postal Ballot Forms should be received by the Scrutinizer not later than 18-08-2010. Postal Ballot forms received after this date will be treated as if no reply from the Shareholder has been received.
7. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected. The Scrutinizer's decision on the validity of the Postal Ballot shall be final and binding.
8. The Board of Directors of your company has appointed Mr.S.S.K.Swarup, Company Secretary as person responsible for the entire Postal Ballot process.
9. In case the Postal Ballot Form is signed by a Power of Attorney (POA) holder, POA registration number should be mentioned.
10. Member may request for a duplicate Postal Ballot Form, if required. However, the duly filled in duplicate Postal ballot Form should reach the Scrutinizer not later than the date specified as above. Members are requested not to send any other paper along with the postal ballot paper form in the enclosed self-addressed envelope.



EMPEE SUGARS AND CHEMICALS LIMITED

Regd. Office: Ayyapareddipalem, Naidupet - 524 126, Nellore District, A.P.

email:investor@cameoindia.com

POSTAL BALLOT FORM

(Please read the instructions before filling this form)

Sl. No.:

1. Name(s) of Shareholder(s) / Beneficial Holder(s) :
Including joint-holders, if any
(in block letters)

2. Registered Address of the Sole / First :
named Shareholder

3. Folio No./DP ID No./Client ID No.* :
(Applicable to investors holding shares in demat form)

4. No. of shares held :

5. Text of Proposed resolutions : Enclosed in the Annexure

I / We hereby exercise my / our vote in respect of the Special Resolutions and Ordinary Resolution to be passed through Postal Ballot for the business stated in the Notice of the Company by conveying my / our assent or dissent to the said Resolution by placing the tick (✓) mark at the appropriate box below:

Description	No. of Shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Special Resolution under Section 31 of the Companies Act, 1956 to alter Article 5 of the Articles of Association.			
Special Resolution under Section 81(1A) of the Companies Act, 1956 for issue of 0% Convertible Preference Shares of Rs.10/-each on preferential basis at a premium of Rs.140/- to M/s.Empee Distilleries Limited.			
Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 to borrow monies up to Rs.1500 Crores			

Place :

Date :

Signature of the Shareholder

Note : Please read the instructions carefully mentioned overleaf before exercising the vote.

INSTRUCTIONS:

1. A Member desiring to exercise vote by postal ballot should complete this Postal Ballot Form and send it in the attached self addressed postage pre-paid envelope.
2. Envelopes containing postal ballots, if sent by courier at the expenses of the registered shareholder will also be accepted.
3. The Self-addressed envelope bears the address of the Scrutinizer Mr.S.Dhanapal of M/s.S.Dhanapal & Associates, Practicing Company Secretaries, who was appointed by the Board of Directors of the Company in their Meeting held on **10th July, 2010**.
4. The Postal Ballot form should be completed and signed by the Shareholder, in case of Joint holding, this form should be completed and signed (as per the Specimen signature registered with the Company) by the first named shareholder and in his/her absence, by the next named shareholder. Unsigned postal ballot form will be rejected.
5. Duly completed and signed postal ballot forms should reach the Company on or before the close of working hours on **18th August, 2010**.
6. Postal Ballot form received after this date will be strictly treated as if the reply from the member has not been received.
7. No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid. This applies to voting by Postal Ballot also.
8. A Member need not use all his votes nor did he cast all his votes in the same way.
9. Where the postal ballot form has been signed by an authorised representative of a Body Corporate, a certified copy of the relevant authorisation to vote on the postal ballot should accompany the postal ballot form.
10. A Shareholder may request for a duplicate postal ballot form, if so required. However, the duly filed in duplicate postal ballot form should reach the Scrutinizer not later than the date specified at item 5 above.
11. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholder on the cut-off date, which is the date of despatch of the Notice. This date shall be announced through advertisement.
12. Shareholders are requested not to send any other paper along with the postal ballot form in the enclosed self addressed postage prepaid envelope in as much as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelop would be destroyed by the Scrutinizer.