



Invest Update on the financial results for the Q4/ year ended on September 30, 2008

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Performance highlights: Q4 FY08

(In comparison to the quarter ended September 2007)

Financial results

- ⌘ Net turnover increased by Rs. 264 mn, up by 29%
- ⌘ EBIDTA turned positive; up by 167% turning from Rs. (47) mn to Rs. 32 mn
- ⌘ Extra-ordinary loss on foreign exchange fluctuation of Rs. 143 mn against of Rs. 29 mn
- ⌘ Loss before tax higher at 249 mn compared to 237 mn
- ⌘ Cash loss reduced to 30 mn compared to 158 mn

Operational results

- ⌘ The results were affected adversely on account of lower capacity utilization and higher price of molasses
- ⌘ Increase in sugar revenues by Rs. 221 mn
- ⌘ Higher carryover stocks at 8.5 lacs qtls
- ⌘ Lower capacity utilisation at alcohol distilleries because of lower availability and higher prices of molasses
- ⌘ Commenced export of branded potable liquor
- ⌘ An income of Rs. 38 mn has been recognised from CER generation in Simbhaoli cogen division

Simbhaoli Sugars was amongst the first to start crushing for 2008-09 season due to good relations with farmers

Projects update

Milestones achieved during the year 2007-08

- Simbhaoli 20 Mwh Cogeneration plant commissioned in December 2007 and added to revenues during the year
- Chilwaria Cogeneration plant phase I of 11.75 Mwh started commercial production from October 2007
- Chilwaria Ethanol Plant of 60 KLD capacity started commercial production from February 2007

Performance highlights: year ended September 30, 2008

*(In comparison to the year ended September 2007)**

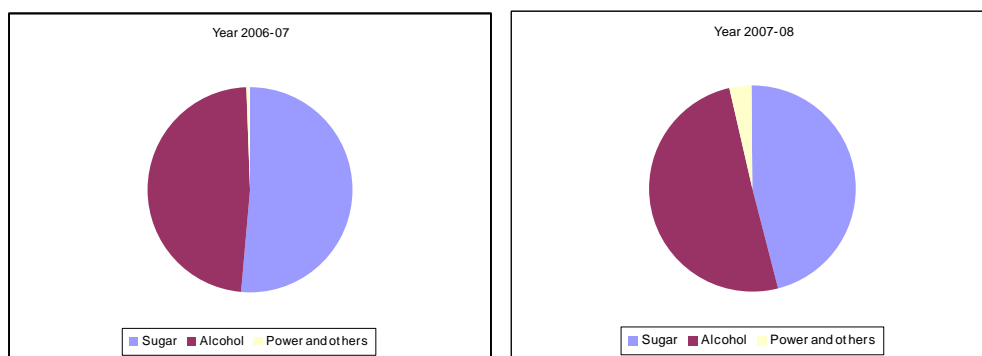
Financial results

- ⌘ Net turnover increased by Rs. 582 mn, up by 15%
- ⌘ EBIDTA turned positive up by 240% turning from Rs. (321) mn to Rs.451 mn.
- ⌘ Extra-ordinary loss on foreign exchange fluctuation of Rs.211 mn against gain of Rs. 24 mn
- ⌘ Loss before tax lower at 440 mn compared to 784 mn
- ⌘ Cash loss curtailed to 32 mn compared to 663 mn

Operational results

- ⌘ 2.01 MMT of cane crushed with 0.2 MMT of sugar produced
- ⌘ Achieved sale of 0.6 mn cases of IMFL, 68% higher
- ⌘ Cane purchase accounting at Rs. 110/- per qtl as per interim order of Hon'ble Supreme Court order dated Jan 21, 2008
- ⌘ Power exports, commenced in the year 2007-08, from two facilities- Simbhaoli and Chilwaria
- ⌘ Simbhaoli sugar plant has achieved one of the highest sugar recoveries in the sugar year 2007-08

Segment wise revenue allocation



In line with the de-risking exercise carried out, the revenue from sugar has gone down from 51% to 45% and power and alcohol segments have increased by 2% each.

**Figures for 12 months (unaudited) are extracted from the previous year's results (which were for 18 months period up to September 30, 2007)*

Financial Results at a glance*

(Rs. In mn)

Sl. No.	Particulars	Quarter ended Sept 30, 2008	Corresponding Quarter ended Sept 30, 2007	Year ended September 30, 2008	Eighteen months period ended Sept 30, 2007
		Unaudited	Unaudited	Audited	Audited
1	a) Net Sales/Income from operations	1,166.3	913.9	4,354.5	6,564.7
	b) Other Operating Income	26.5	14.8	100.9	55.4
	Total operating income (a+b)	1,192.8	928.7	4,455.4	6,620.1
2	Expenditure	-	-	-	-
	a) Decrease/(Increase) in stock in trade	599.4	550.6	(194.0)	258.0
	b) Consumption of raw materials	77.3	90.5	2,671.3	4,024.1
	c) Consumption of stores,oils & chemicals	96.1	79.2	460.4	612.7
	d) Purchase of traded goods	0.7	46.9	6.2	670.1
	e) Employees cost	67.6	51.5	291.1	361.5
	f) Depreciation (net of revaluation reserve)	88.8	49.6	322.0	246.4
	g) Other expenditure	218.0	166.2	740.7	800.7
	Total	1,148.0	1,034.5	4,297.8	6,973.5
3	Profit from Operations before other income, interest, exchange fluctuation and derivative loss (1-2)	44.8	(105.8)	157.6	(353.4)
4	Other Income	(38.4)	(26.1)	9.3	57.5
5	Profit/(Loss) before Interest, exchange fluctuation and derivative loss (3-4)	6.5	(131.9)	166.9	(295.8)
6	Interest	112.1	75.9	396.4	363.9
7	Exchange fluctuation and derivative loss/(profit)	143.2	29.1	211.2	(23.6)
8	Profit/(Loss) before tax (5-6-7)	(248.8)	(236.9)	(440.6)	(636.2)
9	Tax expense	-	-	-	-
	deferred tax benefit	(175.7)	133.8	(155.6)	(0.2)
	Fringe benefit tax	1.3	1.8	6.0	6.3
10	Net Profit/(Loss) after Tax (8-9)	(74.4)	(372.4)	(291.0)	(642.3)

*Extracted from the financial results approved by the Board of Directors on November 28, 2008 and filed with stock exchanges

Segment wise results

Sugar

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	% shift	Year ended September 30, 2008	12 m ended September 30, 2007	% shift
Total income	864.3	636.7	35.7	2952.9	2542.5	16.1
EBIDTA	50.8	(76.5)	166.4	83.5	(683.3)	112.1
EBIDTA (%)	5.9	(12.0)	149.2	2.8	(26.9)	110.3

- ⌘ The results for Sept08 include impact of reduction in cane costs and export incentives received.
- ⌘ Retail sale of the specialty sugar has increased during the year

Alcohol

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	% shift	Year ended September 30, 2008	12 m ended September 30, 2007	% shift
Total income	328.5	291.9	12.5	1302.6	1279.4	1.8
EBIDTA	21.4	53.7	(60.15)	127.3	284.2	(55.5)
EBIDTA (%)	6.5	18.4	(64.7)	9.8	22.4	(56.3)

- ⌘ Higher molasses prices and lower availability thereof, affected the capacity utilisation in alcohol segment. This resulted marginal increase in sale and decline in profits under this segment

Cogeneration Power

Particulars	Quarter ended September 30, 2008	Quarter ended September 30, 2007	% shift	Year ended September 30, 2008	12 m ended September 30, 2007	% shift
Total income	-	-		186.0	42.8	334.5
EBIDTA	-	-		237.1	130.3	81.9
EBIDTA (%)	-	-		127.5	304.4	(58.0)

- ⌘ The division did not operate in Q4, being off-season of sugar business
- ⌘ With the increased capacity (at 22mw), better realisation and lower process cost of bagasse (due to efficiency of boiler), the EBIDTA in power segment has moved to Rs. 237 mn in FY08 as against Rs. 130 mn in FY 07

Analysis of the losses

Q4 FY08 analysis

- ⌘ Lower Production of alcohol at distillery (capacity utilization 64%) and no production at Chilwaria disillery because of lower availability of raw material.
- ⌘ Sugar is valued at NRV; substantial amounts are locked as unrealized margins
- ⌘ Results have been affected on account of following extra ordinary items
 - Mark to market loss on FCCB liability
 - Higher repair and maintenance expenses in sugar facilities
 - Forex derivatives and hedging loss on account of volatility
- ⌘ Alcohol segment margins reduced on account of higher prices of molasses, lower capacity utilization and lower sale of country liquor, ethanol & rectified spirit.

For the year ended September 2008

- ⌘ Under the growth plan (2005-08), expanded capacities were implemented and started on trial run during the year. Full benefits thereof could not be realised. Gave rise to higher fixed expenses
- ⌘ Lower average realisation of sugar in the FY08; Rs. 1625 per qtl as compared to Rs. 1687 per qtl last year
- ⌘ Deferred tax asset (net) of Rs. 193 mn is recognised in accounts
- ⌘ Depreciation has gone up to Rs. 322 mn due to expansion and capitalization of new projects.
- ⌘ Staff cost increased by 10% because of implementation of wage board recommendations for the whole year
- ⌘ Interest cost is higher on account of increased credit from banks post commissioning of projects
- ⌘ Alcohol margins reduced on account of higher prices of molasses and lower capacity utilization

Industry update

Global Sugar Industry

- ⌘ World sugar production, estimated at 159 mmtrv in 2008-09, lower than the last year
- ⌘ Consumption is projected to grow at the rate of 2.6%.



- ⌘ With demand increasing supply after a gap of two years, carryover stock will be lower by 4.1 mmtrv at end of 2008-09
- ⌘ Price of white sugar has gone down to US \$340 per MT (Nov 21, 2008)
- ⌘ Brazil, the major sugar producer has diverted more cane towards ethanol production (60% of cane for 2008-09)
- ⌘ EU's export program curtailment is leading to decreasing production and impairing availability of white sugar
- ⌘ Global recession affected fresh investment and capacity creation. Slowed down effect in Brazilian sugar industry
- ⌘ Fall of crude prices below 50 USD per barrel might impact the commercial usage of ethanol as substitute to petroleum.
- ⌘ Falling freight rates (Baltic Dry freight indices gone down by nearly 90%) make movement of sugar feasible to a longer distances

Indian Sugar Industry

- ⌘ Approx 26.3 MMT sugar produced in sugar season 2007-08, lower by 2 MMT from 2006-07 season
- ⌘ Reported carryover stocks of 10.5 MMT at the end of sugar season 2007-08. Actual stocks may be lower
- ⌘ Free sale sugar prices have shown an upward movement after July 08 and are nearly constant after September, however, are expected to go up on account of lower production and high demand
- ⌘ With lower production and utilization of molasses for fuel alcohol, molasses price peaked at Rs. 7000 per MT (presently Rs 6000 per mt)
- ⌘ 10% bending of Ethanol is deferred by Govt. of India for the time being on account of shortage of molasses and higher prices
- ⌘ India is likely to be less affected by economic slowdown because of inward looking industry with less dependence on external resources
- ⌘ Next season, capacity utilization by the millers for sugar and distillery will be a concern. This means per unit charge of fixed expenses will be higher
- ⌘ Start of 2008-09 season delayed by 3 to 5 weeks in UP on account of cane price disagreement between millers and State
- ⌘ State announced SAP of Rs. 140 per Qtl (for general variety), Rs. 15 higher than last year for which millers gone to the court of law
- ⌘ Cane supply is not optimum advocating substantial cane shortage as quality and farm yield is also lower.
- ⌘ Low production estimated for sugar season 2008-09 at 19.5 MMT due to agro climatic reasons, shift in farming in some areas for better realization, lower yield of sugarcane and sugar and substitution from alternative sweetener to sugar
- ⌘ Indian demand growth estimated at 4% from earlier estimated 3% due to improved standard of living and increase in population



About Simbhaoli Sugars

Company's product range and capacities

1. **Sugar:** 20100 tcd; Refined- classic and superfine, natural, cubes, plantation white, raw, specialty sugars- brown sugar, pharmaceutical grade, breakfast sugar, candy sugar, icing etc
2. **Alcohol:** 210 kld including ethanol 180 kld; Premium Vodka, rum, whiskey, dry gin, and other semi premium and popular brands
3. **Power:** Export of 30 mwh surplus power to State grid
4. **Bio manure:** 60 tons per day

What's new?

Simbhaoli going global: Historically, we have had strong links with international trading houses such as Cargill, ED&F Man, Sucden, Bunge and Agropcorp, and manufacturers in important sugar producing countries like Brazil and Thailand. To leverage our trading strengths and expand our international business, we have set up an associate company outside India for marketing and trading in sugar and other commodities in the overseas market. Dubai in the Middle East, with its superior infrastructure is an ideal location for business in international markets. An associate company named Simbhaoli Global Commodities DMCC, has been incorporated with the Dubai Multi Commodities Centre Authority in the Free Trade Zone of Dubai, United Arab Emirates.

This Company would be engaged in trading, warehousing and hedging activities in the Indian and international markets. We will create depots, move sugar from surplus to deficit areas, and take advantage of arbitrage opportunities in the physical and futures markets. We will also import and export raw, white and specialty sugars. We intend to provide innovative solutions on commodity risk management using futures and forward contracts and pricing to meet the complex requirements of large industrial consumers.

Completion of Brijnathpur Ethanol Distillery: SSL completed its new fuel ethanol plant at Brijnathpur (District Ghaziabad, Uttar Pradesh). The molasses based ethanol manufacturing plant with an installed capacity of 60 kilo liters per day (KLD) has been set up adjacent to SSL's Brijnathpur sugar plant. With the start of this facility, SSL's total ethanol/ alcohol production capacity is now 210 KL/D. The project is completed at a cost of over Rs 40 Crores.

Simbhaoli Sugars has become one of the largest producers of ethanol in the country today. We envisage higher revenues from our ethanol/ alcohol business



as Simbhaoli is poised to benefit from Government of India's ethanol blended petrol (EBP) programme and also because of its proximity to key markets of Delhi, UP and Haryana

Employee Stock Option Scheme: Under Simbhaoli Sugars Limited- Employees Stock Option Scheme 2007, the Company issued and allotted 5,94,425 options to eligible employees on June 20, 2007 at an exercise price of Rs. 39.00 (including a premium of Rs. 29.00) per equity share in accordance with the provisions of SEBI (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999. During the year, 1,26,524 stock options have been converted into 1,26,524 equity shares of the Company.

Simbhaoli Sugars Limited

Simbhaoli Sugars Limited (SSL) (BSE SCRIP ID: SIMBHALS, NSE SYMBOL: SIMBHSUGAR), is a 75 year old Indian Company, operates three technologically advanced sugar manufacturing facilities in North India and are capable of manufacturing up to 300,000 metric tons per annum (MTPA) of sugar. In addition; the capacities are capable to toll raw sugar to the extent of 60,000 MTPA. SSL also has three alcohol distilleries alongside its sugar facilities with a combined capacity of 210 kilo liters of alcohol/ ethanol per day (KLD) is capable of producing and marketing a million cases of quality spirits in Ten Indian States. Simbhaoli and Chilwaria sugar complexes house bagasse- based cogeneration facility of 64 mwh, out of which 33 mwh is surplus and sold to the state power grid.

Forward Looking Statement

Certain statements in this document with words or phrases such as "will", "should", etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward-looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company

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