

INVESTOR UPDATE

**PERIOD ENDED
JUNE 30, 2010**

(Q3 FY10)

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Financial Highlights for the quarter vs June 09 quarter

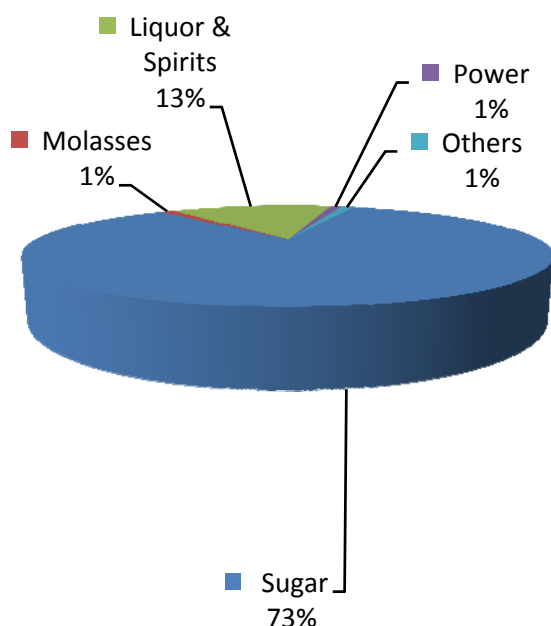
- **Total turnover at Rs 3970 mn, higher by 104%**
- **Higher realisation in sugar at Rs 28.43 per kg**
- **Loss mainly attributed to**
 - refining of high price raw sugar procured
 - valuation of period end inventories at NRV
- **Alcohol margins improved by Rs 84.3 mn. Segment revenues at Rs 535 mn**
- **Increase in generation of power.**

- Results are mainly affected by high cost of production of refined sugar from raw at Rs 34 per kg against the average realisation of at Rs 28.4 per kg.
- Period end inventories valued at NRV causing a loss of Rs 333.5 mn
- Raw material expenses at Rs 2577 mn due to increased processing of raw sugar and higher cane price paid.
- Interest cost is higher by Rs 46 mn mainly on account of raw refining operations and higher inventory.
- Increase in levy price by Rs 4670 pmt for the season, an additional revenue of Rs 116 mn.
- Margins in Distillery segment increased by 5.8% due to lower prices of molasses, higher capacity utilization and higher sale of extra neutral alcohol and rectified spirits.
- Closing inventory of sugar at 1.31 mt, causing higher carrying cost.
- Power and fuel cost increased by Rs 90 mn on account off season raw refining.
- Exchange fluctuation had impacted the bottom line negatively by Rs 53.4 mn

The negative arbitrage in raw refining model resulted in majority of the loss for the quarter. However, long term sustainability of the refining of imported raw sugar cannot be undermined considering the growing domestic demand, volatility in sugar cane production and unpredictable weather conditions.

Operational Highlights for the quarter

Product wise Share of Sale



- Despite being an off season period, sugar production and sales increased
- ENA is being exported regularly and new geographical areas are being explored.
- Export of power in off season has been an addendum to the top line.
- The distilleries operated over 90% of capacity utilisation
- Alcohol division has launched new brands and entered new markets
- Alcohol segment turnover increased
- Specialty sugar division is strengthening its presence under the FMCG segment.
- Instant fruit drink mix, “Sipp” launched early this year.
- Increase in Power generation capacity, both season and off season shall be the future thrust area of the Company.

Particulars ('000 MT)	Quarter ended	
	June 2010	June 2009
Cane Crushed	61	Nil
Raw Sugar Consumed	79	4
Production of Sugar*	86	3.7
Molasses Consumed	62	17
Production (in lacs BL)		
- RS/ ENA/ Ethanol	145	41
Surplus Power (in KWH)	11,661	1,989

*including sugar processed from raw

Project Update

PORT BASED STAND ALONE 1000 TPD GREEN FIELD SUGAR REFINERY NEAR KANDLA PORT AT GUJARAT {UNIWORLD SUGARS LIMITED}

- The project involving refining 1000 TPD of white sugar is on stream and land for this purpose has been acquired.
- Simbhaoli Sugars is evaluating options for setting up the refinery in a joint venture arrangement, so as to bring in essential raw sugar related expertise. Specifics have not been finalised.
- Applications for necessary Government approvals have been filed with the concerned authorities.
- The project will commence once the financial closing is achieved and all the statutory permissions are in place.

Products Update

POTABLE SPIRITS



Alcohol division has launched Board's Verdict, a new brand in the semi premium whisky space. The brand has been introduced in few states to start with.

Made from quality grain spirit, the product has been blended with the genuine Scotch. Current focus is on achieving visibility and large scale consumer trials for the brand.

A special marketing team has been trained to promote Board's Verdict in the launch territories. The response of consumers and trade has been very positive and market feedback has been very encouraging.

Segment Wise Performance

SUGAR

(Rs in mn)

Parameters	Qtr June 10	Qtr June 09	Change%
Total Income	3696.0	1783.9	111
EBIDTA	(676.8)	213.5	-
EBIDTA %	(18.3)	12.0	-

- Sugar recovery is higher by 0.8% than previous season
- Sales for the quarter gone up by 111% to 1.25 lacs mt,
- Quarter end inventory levels at 1.31 lacs mt, higher by 0.5 lacs mt

ALCOHOL

Parameters	Qtr June 10	Qtr June 09	Change%
Total Income	535.5	268.7	99
EBIDTA	48.3	8.7	455
EBIDTA %	9.0	3.2	-

- Molasses costs reduced by Rs 842 pmt
- Higher capacity utilisation in the segment
- Increased sales of bulk alcohol including exports to various countries

POWER

Parameters	Qtr June 10	Qtr June 09	Change%
Total Income	245.5	27.3	799
EBIDTA	53.0	6.1	769
EBIDTA %	21.6	22.2	-

- Off season power cogeneration capacities increased
- Segment income is higher by Rs. 217 mn
- Future thrust will be expansion in power segment, both for off season and season

Result at a glance

Extracts of the unaudited financial results for the period ended June 30, 2010.

(Rs in mn)

Particulars	Quarter ended		Nine months ended		Year ended
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	September 30, 2009
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net Sales/ Income from operations	3969.9	1,949.1	10309.8	4,680.5	7,063.2
Exchange fluctuation gain	(53.5)	31.2	168.0	36.6	62.4
Other Operating Income	120.8	8.3	327.4	27.2	121.1
Total	4037.2	1988.7	10805.2	4744.3	7,246.7
Decrease/(Increase) in stock in trade	1390.7	1,248.2	(1860.9)	(503.0)	(518.1)
Consumption of raw materials	2799.4	221.9	10882.8	3,452.4	5,091.0
Consumption of stores, oils & chemicals	114.1	113.2	420.4	421.2	538.5
Purchase of traded goods	-	2.8	1.0	4.6	5.6
Power and fuel	105.6	15.7	273.9	52.9	179.2
Employees cost	101.7	70.6	307.8	244.8	317.4
Depreciation	102.9	97.4	298.5	287.9	365.6
Other expenditure	129.9	110.7	579.4	494.6	689.0
Total	4744.3	1880.4	10902.9	4455.4	6,668.2
Profit/ (Loss) from operations before other income, interest and tax	(707.1)	108.3	(97.7)	288.9	578.5
Other Income	15.5	621.9	45.1	629.6	740.7
Interest	231.3	185.9	607.3	454.6	631.1
Profit/(Loss) before tax	(922.9)	544.3	(659.9)	463.9	688.1
Tax expense/ (benefit)	(301.6)	(50.2)	(304.7)	(18.1)	(29.7)
Net Profit/(Loss) after tax	(621.3)	594.5	(355.2)	482.0	717.8

Industry Update**INTERNATIONAL SUGAR INDUSTRY****Sugar season 2009-10**

- Industry is shifting from deficit to surplus state. In the first quarter of calendar year 2010, there was immense pressure on the large sugar producing countries like Brazil to meet sugar deficit with India itself being one of the importing countries.
- Due to the expectation of favorable weather and higher crop area in Brazil and India leading to projections of higher production, prices started correcting from March 2010 onwards. The sugarcane crop turned to be better than expectation, with both Indian and Brazilian crushing extended beyond their normal crushing periods.
- Global sugar production for sugar year 2009-10 is estimated at 159 mmt rv against total consumption of 167 mmt rv and the closing stock 53 mmt rv, sugar deficit forecast 8 mmt rv. (estimated by International Sugar Organisation)
- Pakistan's Northern provinces, which is the leading producer of sugar, have been hit by floods, which result in increased imports, especially from India due to freight advantages. Their Government has announced that it will allow the private sector to import 0.5 mmt of duty free raw sugar till November 2010.
- Bangladesh Government has removed the import duties on raw sugar until Sept 15, 2010 to stabilize the domestic market during Ramadan.

Sugar season 2010-11

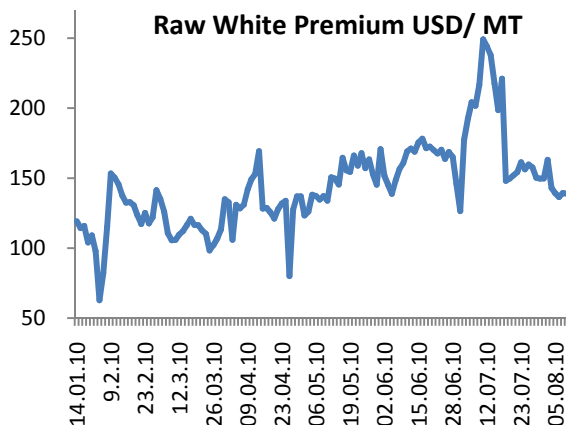
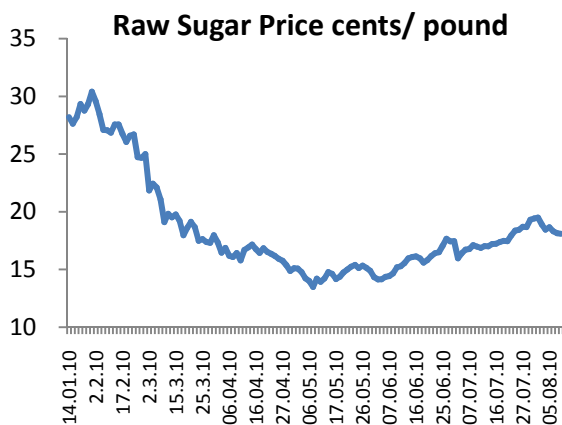
- For the year starting October 2010, the sugar production is estimated at 172.5 mmt rv, (8.5% increase), against consumption of 170 mmt rv reflecting a surplus of 2.5 mmt rv.
- The increase in production is led by higher production in Brazil and India, while Bangladesh, Russia, China, Sri Lanka will continue to import large quantities to meet their domestic deficit.
- Sugar exports from Thailand are likely to drop to 3.5 mmt in 2010-11, the lowest since 2006 on account of growth in home market. Thailand is the world's second-biggest exporter of sugar after Brazil and supply tightness helped to push up white sugar prices.
- The European Union is expected to produce less sugar because of dry weather. US sugar industry may also need to import additional 0.3 mmt sugar to meet supply deficit.

Brazil Sugar Industry

- Sugar output in Brazil’s Centre South is likely to be 34 mmt rv in sugar season 2010, with cane production at 580 mmt. However, the stocks are not being built up by this surplus with high exports demand.
- Accumulated sugarcane crushing from the beginning of the harvest to July 15, 2010 totalled 256 mmt, up 20% over the same period last year leading to an estimated production of 38.6 mmtrv for the current season.
- There is huge congestion at the sugar loading ports and ships are lined up for loading for an unusually long period (45 days or even more) and are further delayed by wet weather.
- Brazil will be able to export about 25 mmt of sugar during the current quarter, higher by 21% than last year.

International Sugar Price Trends

- With the change in basic assumptions for the seasons 2009-10 and 2010-11 sugar production, raw sugar futures dropped by almost 40 percent (from 30 cents per pound to 18 cents from Feb 2010 till date)
- White sugar premium over raw sugar has hit near record high on account of increased purchases, growth in demand from a number of countries; against tight supplies from Brazil and export constraints on India. Thailand had to re purchase 0.08 mmt of white sugar to meet its domestic demand.



INDIAN SUGAR INDUSTRY

Indian sugarcane acreage for the 2010- 11 harvests is announced in June as 4.52 mn hectares, up 11 % (against the earlier reported estimates of 30% increase) from last year’s 4.08 mn hectares.

Indian sugar balancing

Indian sugar balancing is changing very rapidly, making not only domestic but also world prices volatile. (figs in mmt)

Year	Op stocks	Production	Import	Dom Cons	Exports	Cl stocks	Stock/use ratio
2008-09	10.0	14.6	2.5	22.5	0.2	4.4*	17
2009-10	4.4	18.8	5.5	23.5	0.5	5.9	20
2010-11	5.9	25.5	1.1	24.0	1.0	6.0	25
2011-12	6.0	25.5	0	24.5	0	7.0	28.5

(ISMA and SSL estimates)

*including 1.2 mmt of unprocessed raw sugar

- ISMA has estimated next year’s output at around 25 mmt with a total estimated consumption of 24 mmt and a carryover stock of about 6 mmt including unprocessed raw sugar.
- Total imports for sugar year 2009-10 were likely to be 4.5 mmt of raws and 1 mmt of whites. With the changing scenario exports are estimated at 0.5 mmt
- During the quarter, free sale sugar prices have dropped by nearly 10% in anticipation of improved availability of sugar in coming months. During the period demand from retailers including stockists and bulk customers remained subdued.
- Rainfall this season has been above normal in most of the cane growing areas.

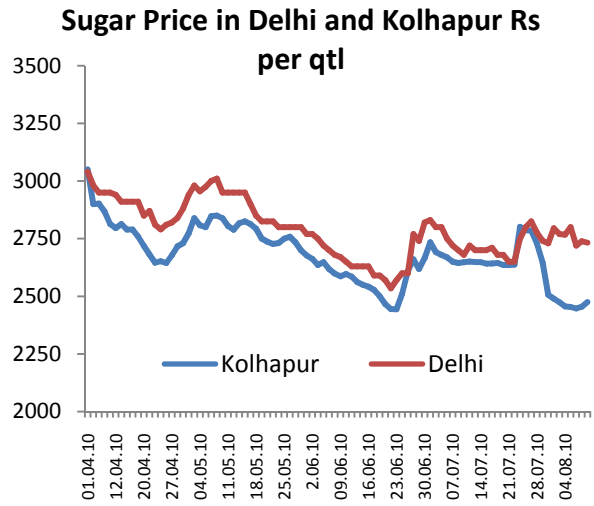
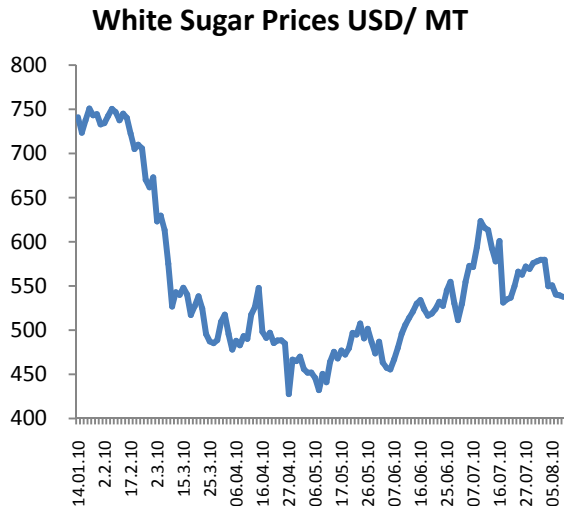
GOVERNMENT REGULATIONS

Decontrol of sugar industry

Government of India (GOI) is considering de-controlling the sugar industry which is heavily regulated, after assessing cane production and sugar output for the 2010-11 season. Presently, the government controls the sugar sector with regards to fixing the support price of cane, quantity of the sugar to be sold in the open market and purchase of levy sugar at price below the cost of production. Lifting controls would improve earnings and margins for the mills and bring long term viability in the sector.

Sugar exports

To handle supplies at port, GOI is allowing export of imported white sugar lying at the port against future import obligations. This export window provides a good arbitrage and millers have further requested the Government to allow export of raw at port after meeting certain conditions. About 0.75 mmt of raw and white sugar is stranded at the western ports on account of restrictions placed by railways.



Cane Price fixation

For 2009-10 sugar season, SAP applicable for Uttar Pradesh, had stood at Rs 165 per quintal for common variety vis-à-vis FRP of Rs 129.84 per quintal linked to 9.5 per cent recovery. For 2010-11, FRP has been increased to Rs 139.12 per quintal (7% increase). The sugar industry has demanded a new formula linking cane pricing and realisation price of sugar and by-products such as bagasse and molasses. UP State has yet to announce SAP for the 2010-11 season. Industry has shown its inability to pay excessive cane price in 2010-11 as paid in previous season.

Ethanol

Oil companies, are working out system to pay Rs 27 per litre of ethanol supplied by sugar mills provisionally. This price will continue in effect until an expert committee, set up for this purpose, submits their final report. At 5% blending, Indian ethanol demand is expected to be over 750 mn BL.

Co- generation and off season generation of power

UP State government has announced a tariff of Rs 5.02 per unit for the power generated during the off season for the plants operated on coal as the fuel. It has also allowed sale of 50% of the power so produced to the Grid and balance through open access scheme.

About Simbhaoli Sugars**Company Profile**

Simbhaoli Sugars Limited (SSL) is an over 75 year old Indian Company, operating 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 from sugarcane. It is one of the leading sugar companies producing all types of specialty/ branded sugars for institutional/ domestic usages. In addition; the Company is capable to refine raw sugar, both domestic and imported to the extent of 400,000 mtpa in its refineries. SSL also has three ethanol distilleries alongside its sugar facilities with a combined capacity of 210 kilo liters of alcohol/ ethanol per day. Its branded alcohol division is capable of producing and marketing two mn cases of quality spirits annually and presently operating in Nine Indian States with 11 bottling tie ups. Simbhaoli and Chilwaria sugar complexes house bagasse based cogeneration facility of 64 mwh, out of which 34 mwh is surplus and sold to the state power corporation under PPA.

Being a regular exporter, Simbhaoli is a star trading and has got accredited ISO systems certifications namely, ISO 9001:2000, ISO 14001:2004; and HACCP, which signifies that the Company ensures highest product quality. For the ongoing season, Company has a business plan to refine 360,000 mt raw sugar to meet sugar deficit in the Country.

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