



Investor Update

Simbhaoli Sugars Limited

QUARTER ENDED DECEMBER 2006

Key Financial Highlights- Q3 FY07 v/s Q3 FY06

Financial Performance in the quarter and nine months ending December 31, 2006

Revenues

Rs crore

Particulars	Q3 FY07	Q3 FY06	Nine months ended Dec 31, 2005	Nine months ended Dec 31, 2006
Sales/ Income from operations	139.89	147.10	511.55	436.70
Less: Excise Duty	52.57	38.37	152.10	119.83
Net Sales/ Income from operations	87.31	108.73	359.45	316.86

For nine months ended December 31, 2006, the net sales increased to Rs 359.45 crore as compared to Rs 316.86 crore in the corresponding period last fiscal, resulting in an increase by 13.50%. The Company recorded net sales of Rs 139.89 crores in Q3 FY07 as compared to Rs 147.10 crores in Q3 FY06. Under, sugar segment the sales declined from Rs. 89.50 crores in Q3 FY06 to Rs. 64.04 crores in same quarter in current fiscal on account of lower quantity of sugar sold and reduction in average sales price.

The Company had 46% revenue from its sugar business, 54% revenue from the distillery division and 0.30% from other business segments in this quarter.

Profits

Rs in crore

Particulars	Q3 FY07	Q3 FY06	Nine months ended Dec 31, 2006	Nine months ended Dec 31, 2005
Profit/ (Loss) before Tax	(8.29)	7.33	6.45	35.86
Profit/ (Loss) after Tax	(5.59)	4.82	4.01	23.58
EPS (Basic & Diluted) (Rs)	(2.88)	2.43	1.88	15.56
PAT Margin to sales	(6.40)	4.40	1.16	7.44

The Company witnessed a sharp decline in PBT and PAT to Rs 6.45 crore and Rs 4.01 crores respectively in the nine months ended Dec'2006. This was largely on account of lower margins on sugar sold. The average sugar realization during the Q3 FY07 was lower at Rs 1755 per quintal as compared to Rs 1824 per quintal during corresponding quarter in last fiscal. The decline in the profitability was in line with the general trend in the industry.

The fall in margins was also owing to increase in cane price by Rs. 10 per quintal, resulting in an increase in cane cost to Rs. 110/- per quintal of sugar, The valuation of closing stock of sugar at net realizable value, further reduced the quarter's profitability of the Company.

Finance Cost, Depreciation and Other Factors

- The expansion at Simbhaoli and Chilwaria sugar divisions led to an increase in fixed costs by Rs 1.71 crore in this quarter.
- Depreciation increased by Rs 0.45 crores due to capitalization of expanded capacities at Simbhaoli sugar and distillery divisions
- The Staff costs also increased in this quarter by Rs 1.70 crore as compared to Q3 FY06 on account of voluntary retirement of certain employees and accounting of certain employees' benefits on accrual basis in line with the new Accounting Standard.
- The interest costs came down in the quarter due to lower interest cost on working capital loans and also due to the repayment of high cost long-term debt of UTI.
- The comparison with the previous period may not be appropriate as in the nine months period ending December 31, 2005, the company made an extraordinary income of Rs 11.19 crore on account of settlement with a financial institution.

Projects Implemented in the quarter

Simbhaoli Sugars has incurred a capital expenditure over Rs 300.00 crores in FY07 towards its planned growth program.

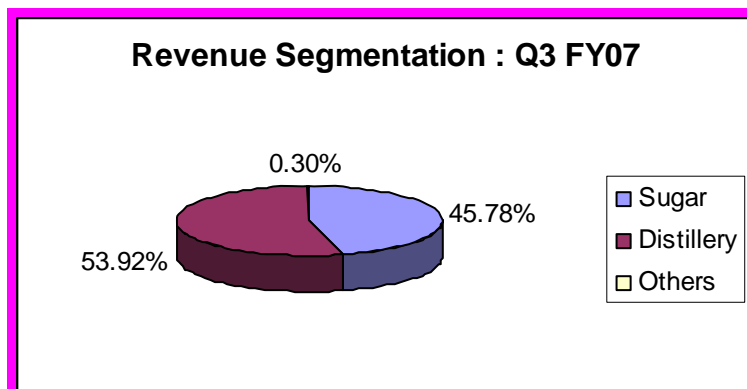
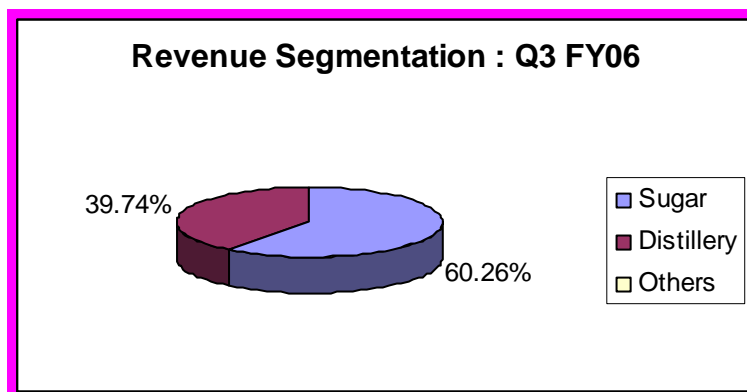
The Company successfully commissioned its two projects, viz new Chilwaria Ethanol Distillery and Brijnathpur Sugar Plant in this quarter on trail basis. The expanded capacities at the Simbhaoli and Chilwaria sugar divisions also came into production during this quarter. The contribution from these projects towards the revenue will be seen in the coming quarters.

SSL started its Ethanol distillery at Chilwaria, thereby increasing the Company's capacity of ethanol production to 120 KL/day. It has plans to set up another 60 KL/day ethanol distillery at its Brijnathpur sugar plant to be commissioned by November 2007.

SSL is in process of expanding the cogeneration capacities at its Simbhaoli and Chilwaria sugar plants.

All projects of the Company are being implemented efficiently and the plans are proceeding satisfactorily.

Business segments of the company and their performance



While the company had 60% of revenue from Sugar business in Q3 FY06, the contribution of Sugar business came down to 46% in Q3 FY07. **This is in accordance with the Company's plans to diversify into other business segments and create alternate avenues for company's revenue.** This can be seen in the rise in contribution of Ethanol division from 40% of revenues in Q3 FY06 to 54% in Q3 FY07.

Sugar

Simbhaoli Sugar plant of the Company is the largest integrated sugar refinery in India and produces and sells international standard refined, pharmaceutical grade and specialty sugars to the retail and bulk institutional consumer segments. It completed the expansion of its sugar production capacity from 13,300 TCD to 20,100 TCD in the Q3 FY07. This was attained with the brown field expansion of its Simbhaoli sugar unit from 7500 TCD to 9500 TCD, Chilwaria sugar unit from 3800 TCD to 6600 TCD and a Greenfield sugar unit at Brijnathpur with a capacity of 4000 TCD in the current season.

Rs crore

Particulars	Q3 FY07	Q3 FY06	Nine months ended Dec 31, 2006	Nine months ended Dec 31, 2007
Revenue	66.35	92.49	308.15	270.90
Profits/(Loss) (before unallocated expenditure, Interest and Tax)	(7.69)	8.77	14.14	33.32
Cane Crushed (Lacs Qtls)	55.62	67.59	61.67	67.59
Qty. sold (In quintals)	328660	452955	1519816	1403985
Average sugar realization price (Rs/quintal)	1755	1824	1864	1748

Even though crushing started late in this season as compared to the crushing in last year, the company was able to crush 55.62 lacs qtls of cane in Q3 FY07.

However, the average realization of sugar declined by Rs 69 per quintal and the quantity of sugar sold also dropped by 124,295 quintals in this quarter leading to lower sales. The sales of sugar were adversely affected by the continuous ban on sugar exports.

Alcohol

SSL commissioned a new ethanol distillery at its Chilwaria unit in this quarter, thereby raising the total distillation capacity of the Company to 120 KL/day.

Particulars	Q3 FY07	Q3 FY06	Rs crore	
			Nine months ended Dec 31, 2006	Nine months ended Dec 31, 2007
Revenue	78.12	60.99	217.89	183.12
Profits/ (before unallocated expenditure, Interest and Tax)	3.05	3.54	9.71	7.60

The Company had a 28% increase in revenue from the distillery in Q3 FY07. The revenue also increased on nine months basis to Rs 217.89 crore, an increase of 19% from the corresponding period in last fiscal. This was despite the higher prices of molasses to Rs 360 per quintal from Rs 310 per quintal in Q3 FY06.

In Q3 FY07, the IMFL sales of the Company increased more than seven times from 11004 cases in Q3 FY06 to 82275 cases. The Company intends to intensify focus on the IMFL segment going further and foresees it as an important and growing business of the Company.

SSL also has plans to set up another ethanol distillery at Brijnathpur in future and this will further augment the revenues and profits from this segment.

SSL has commenced supply of ethanol to the petroleum companies in the States of Uttar Pradesh and Delhi.

Business Outlook

Story till now...

It is expected that the Country will produce around 23 MMT of sugar in this season against 19 MMT in 2005-06. The country saw a steep rise in the production of sugar in the last season and a surplus is expected in the current season because of:

- Increase in area under cane production.
- Increase in capacities by sugar companies.
- Higher recoveries in certain areas.

Looking Ahead....

Lifting of exports ban: Hopes for a bright future

The ban on sugar exports by the Government for the most part of the second half of the year 2006 and the entire third quarter of FY07, led to increasing stocks of sugar and decline in sugar prices. With the start of the fresh season, the prices of sugar declined further because of unpleasant sentiments and of course new production. However, with the lifting of the export ban in January 2007, the ability of the industry to export the surplus would be the key to stabilize domestic stockpiles and improvement in pricing. Simbhaoli Sugars expects sugar production to be viable with improvement in domestic prices and sales to increase with its ability to export to various countries. The Company foresees better performance with the start of export of sugar to several countries and with the crushing capacities of the new and expanded units being exploited completely in the future.

Ethanol: Thrust area for the Company

In the international markets, sugar prices have declined from their peak as global supply has expanded in response to spikes in sugar prices. The crude oil prices have also declined consistently, resulting in weaker ethanol prices and less migration of additional global sugarcane production into ethanol.

The ethanol-blending program in India is also expected to increase the sales of ethanol and bring good revenues. Since, the Company has concrete plans for strengthening and growing the ethanol business segment, SSL is looking towards capitalizing on its diversified business model with major thrust on ethanol.

Government initiatives: Now supporting the sugar industry

The government is aware about the issues being faced by the industry and willing to take proactive steps. It is also looking at various options to prevent further decrease in domestic sugar prices, which in turn may affect the paying capabilities of the sugar mills to farmers.

Further, the State Government is continuing with Sugar Incentive Policy, which has been extended up to March 2008.

Overall, the Company expects that once the projects are commissioned, margins influenced by flat sugar prices would be considerably offset by the expected increase in margins from the ethanol and cogeneration segments. The diversified business model of the Company is expected to provide a strong cushion to the decline in profitability of sugar business.

Financials - Quarterly

Summary of the financial results

Rs in crores

S. No.	Particulars	Quarter ended Dec. 31, 2006	Corresponding Quarter ended Dec. 31, 2005	Nine months ended Dec. 31, 2006	Corresponding Nine months ended Dec. 31, 2005	Year ended March 31, 2006 (Audited)
1.	Sales/Income from operations	139.89	147.10	511.55	436.70	591.29
2.	Less: Excise Duty	52.57	38.37	152.10	119.83	159.12
3.	Net Sales/Income from operations	87.31	108.73	359.45	316.86	432.17
4.	Other Income	1.31	1.85	3.28	3.99	6.41
5.	Total Income	88.63	100.58	362.73	320.86	438.59
6.	Total Expenditure	90.55	96.03	330.78	260.12	358.96
	a) (Increase) / Decrease in stock in trade	(22.22)	(36.13)	59.03	34.27	(29.07)
	b) Consumption of raw materials	0.81	1.07	1.56	1.73	306.14
	c) Purchase of finished goods	0.30	0.58	39.97	0.53	0.71
	d) Staff cost	6.72	5.02	16.40	13.73	20.19
	e) Other expenditure	24.44	18.82	58.90	49.26	72.16
	f) Exceptional item (interest liability written back)	-	0.84	-	(11.19)	(11.19)
7.	Interest	2.86	4.14	15.02	15.65	21.58
8.	Depreciation	3.51	3.06	10.46	9.21	12.56
9.	Profit / (Loss) before tax	(8.29)	7.33	6.45	35.86	45.46
10.	-Provision for tax (net of deferred tax & MAT credit entitlement)	(2.79)	2.47	2.17	12.07	15.54
	-Provision for FBT	0.09	0.04	0.27	0.21	0.32
11.	Profit / (Loss) after tax	(5.59)	4.82	4.01	23.58	29.60
12.	Paid up equity share capital (face value of Rs.10/- each).	19.89	19.89	19.89	19.89	19.89
13.	Reserves (excluding revaluation reserves)	-	-	-	-	97.16
14.	Earnings Per Share (Basic and diluted) (Rs.)	(2.88)	2.43	1.88	15.56	18.19
15.	Aggregate of public shareholding					
	- No. of equity shares	12138708	12073299	12138708	12073299	12209810
	- Percentage of shareholding	61.41	61.08	61.41	61.08	61.77

About Simbhaoli Sugars Ltd

Simbhaoli Sugars Limited (SSL) is one of India's leading producers of high quality sugar and operates one of the largest integrated sugar complexes in India. It produces and sells international standard refined, pharmaceutical-grade and specialty sugars to the retail and bulk institutional consumer segments. Its sugar brand, Trust, commands a significant share of the north Indian market. SSL is a major supplier to a multinational and domestic customer base that includes Coca-Cola, Heinz, PepsiCo, GlaxoSmithKline, Haldiram's, Oberoi Hotels, Taj Group of Hotels, Indian Airlines and Kingfisher Airlines. Currently, SSL operates three technologically advanced sugar-manufacturing facilities in Simbhaoli, Brijnathpur and Chilwaria, located in Uttar Pradesh. The Company's facilities have a total installed sugarcane crushing capacity of 20,100 TCD and are capable of manufacturing up to 300,000 MTPA of sugar. The Company also utilizes a significant proportion of the by-products from the sugar production process to co-generate power and manufacture ethanol, alcohol and bio-manure for sale to third parties.

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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