



Simbhaoli Sugars Limited

Investor Update

On the Financial Results

For the quarter ended March 31, 2009

(Q2 FY09)



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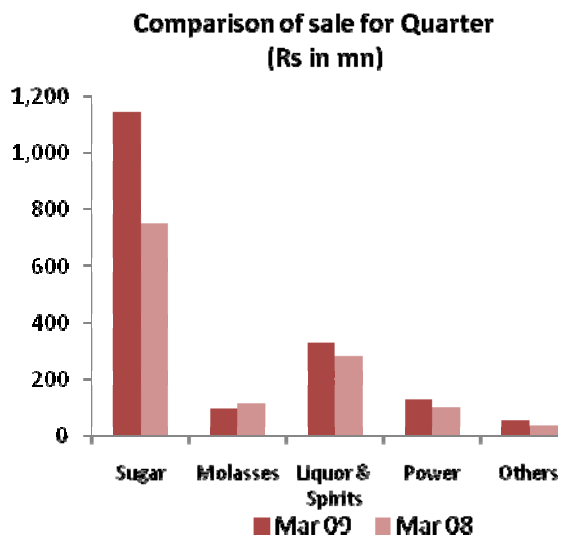
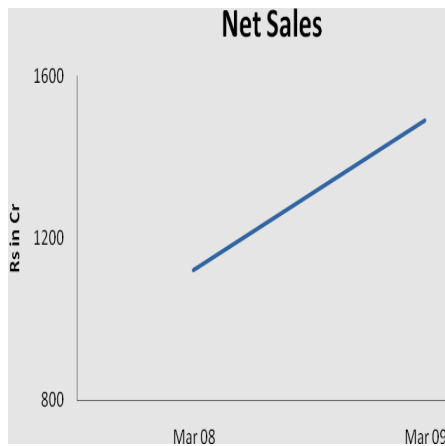
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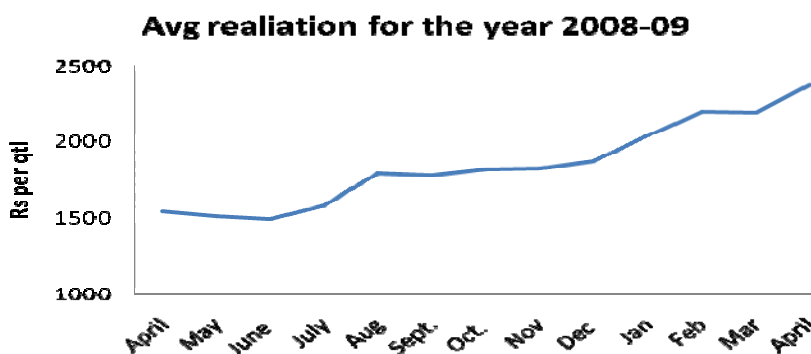
Key highlights of the financial results for the quarter ended March 31, 2009

Key indicators as compared to quarter ended March 31, 2008

Gross revenue increased by Rs 311 mn (26%)
Sugar sale is higher by Rs 393 mn



- Alcohol segment achieved a turnover of Rs 44.4 mn (16% increase)
- IMFL sale was in excess of 3 lakh cases, which is about 8 times increase over last year. Achieved one million sale mark for financial year 2008-09
- Power segment sales contributed Rs 131 mn (increase 26.4%) to the top line



Operational Highlights quarter ended March 31, 2009

- State advised cane price (SAP) paid at Rs 140 per qtl for 2008-09 season as against Rs 110 per qtl in the previous season. The price paid in 2007-08 season was based upon interim price approved by the Supreme Court
- An ethanol distillery with 60 kl/day capacity at Brijnathpur, western Uttar Pradesh, commissioned in November 2008. With this, SSL's total ethanol/alcohol production capacity is enhanced to 210 kl/day. The project is completed at a cost of over Rs 400 mn
- With two sugar refineries at Simbhaoli and Brijnathpur, SSL has developed capabilities for round the year raw sugar processing, for improving the sugar availability in the country in this year of deficit. Raw sugar is being imported under prevailing GOI scheme(s) for conversion into white sugar



Continued with the diversification and expansion in the other parallel businesses, as a risk management and mitigation tool which is evident from the share of associated businesses in overall growth

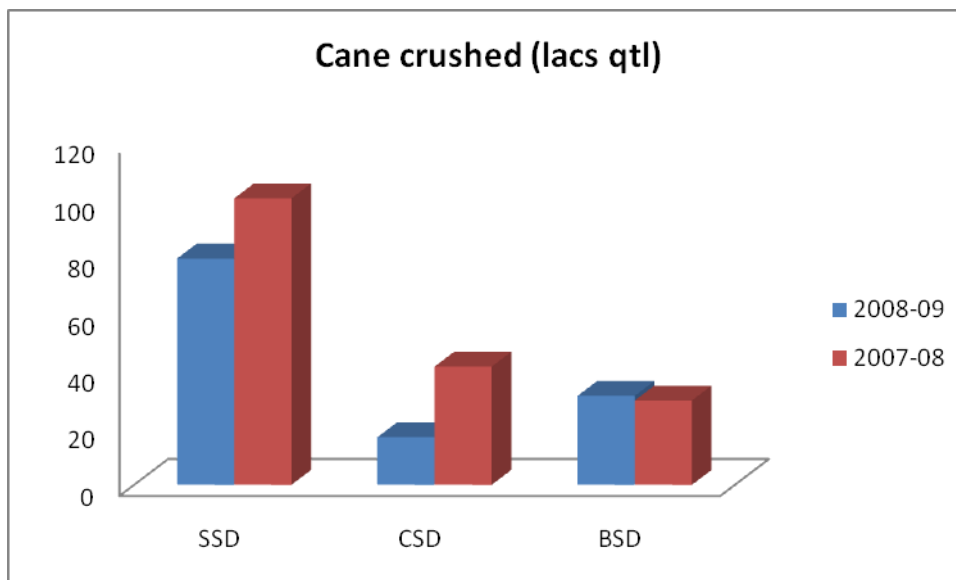
Sugar Sector in the country is witnessing higher raw material prices, which is essential for sustaining sugarcane crop in competition with other crops and improved sugar prices for giving cost plus returns to sugar mills

***Financial Performance
Quarter under review
(Jan-March 2009)***

- Alcohol segment margins reduced on account of higher prices of molasses, lower capacity utilization and lower sales. Average cost of molasses has been higher by Rs 104 per qtl. for this quarter
- Sugar sale has gone up by 0.96 lakh qtl and free sale sugar prices by Rs. 421/- per qtl as compared to Q2 FY08. For half year, the quantity and realisation is increased by 1.31 lakh qtl and Rs. 363/- per qtl respectively
- Staff cost has increased by 13.5% on account of higher provisioning requirement for retirement benefits liability resulted by fall in the values of investments and general increments
- Interest cost is higher by Rs 38.1 mn (38%) on account of full utilization of working capital facilities, capitalisation of projects including Brijnathpur Ethanol
- Carrying more sugar as compared to Q2 FY08 in spite of lower processing of sugarcane on account of on/off season sugar refining activities carried out simultaneously
- Foreign Exchange loss of Rs. 82.5 mn for the quarter, Rs. 48.6 mn for the 1st quarter ended Q1 FY09 and Rs. 59.6 mn charged off in the earlier year have been adjusted to Capital Assets as per AS 11. Foreign Exchange loss of Rs 48.6 mn for the first quarter ended Dec 31, 2008 is credited to profit and loss a/c
- Premium to the extent of deferred tax assets aggregating Rs. 16 mn for the qtr is charged to Profit & Loss A/c
- Depreciation has gone up by Rs. 20.8 mn due to expansion and capitalization of new projects

**Operational performance
Quarter under review
(Jan-March 2009)**

- Results for the quarter are adversely affected on account of lower crushing of sugarcane (148 lakh qtls as against 198 lacs in previous sugar season) and lower recovery in all three units. This was the common phenomenon in the entire State.



- Brijnathpur Sugar Division crushed more cane than the last year
- Sugar recoveries had been lower by 0.5 to 0.8% all across the State on account of agro climatic reasons
- Raw sugar is being imported under prevailing Government of India scheme for conversion into white sugar
- Average cost per qtl of sugar has been higher by Rs 537 per quintal on account of higher cane price and lower sugar recovery

**Segment performance
Quarter under review
(Jan-March 2009)**

(Figures in Rs. mn)

Segments	Quarter ended March 09	% of total revenue	Quarter ended March 08	% of total revenue
Sugar	1614.05	65.1	1086.94	61.1
Alcohol	330.3	13.3	285.21	16.0
Power	534.8	21.6	392.96	22.1
Others	-	-	13.44	0.8
Total	2479.1	100	1778.55	100.0

Share of sugar in the overall revenue improved by 4% on account of higher price realization and commensurate lower increase in revenues of allied businesses. In absolute terms, sugar sale is higher by 48%, alcohol sale by 16% and power sale by 36%

Sugar Segment

Particulars	Q2 FY 09	Q2 FY 08
Total income	1614.05	1086.94
EBIDTA	118.81	60.68
EBIDTA (%)	7.36	5.58

EBIDTA margins have improved by 1.78% because the price improvement in sugar is more than the increase in cost of production (COP). Because of higher cane price and lower recoveries, the COP has shown more than expected rise and has wiped out most of the gains in sugar prices

Distillery Segment

Particulars	Q2 FY 09	Q2 FY 08
Total income	330.33	285.21
EBIDTA	15.75	22.93
EBIDTA (%)	4.77	8.04

Fall in EBIDTA margin by 3.25% on account of higher costs particularly cost of molasses. The total income increased in line with the Company's plan to increase the production of value added products and consequently sale of bottled products has gone up by 25% in spite of marginal fall in quantity of alcohol produced and sold

Power Segment

Particulars	Q2 FY 09	Q2 FY 08
Total income	534.78	392.96
EBIDTA	145.64	142.99
EBIDTA (%)	27.23	43.3

Total income clocked an increase of 36%, though EBIDTA margins are lower by 16% because of high transfer price of bagasse by nearly Rs 750 per MT

Financial Results

EXTRACTS FROM UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/ HALF YEAR ENDED

MARCH 31, 2009

(Rs. in Mn)

Sl. No.	Particulars	Quarter ended March 31, 2009	Corresponding Quarter ended March 31, 2008	Half Year ended March 31, 2009	Corresponding Half Year ended March 31, 2008	Year ended September 30, 2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Net Sales/Income from operations	1,491.50	1,122.44	2,731.37	2,147.70	4,354.52
	Other Operating Income	12.89	25.17	18.84	33.64	100.92
	Total	1,504.39	1,147.61	2,750.22	2,181.34	4,455.43
2	Expenditure	-	-	-	-	-
	Decrease/(Increase) in stock in trade	(1,194.60)	(1,334.73)	(1,751.17)	(1,168.78)	(194.00)
	Consumption of raw materials	2,006.81	1,741.10	3,230.57	2,303.28	2,671.34
	Consumption of stores, oils & chemicals	157.99	163.53	308.04	263.44	460.39
	Purchase of traded goods	0.47	1.51	1.84	4.25	6.22
	Employees cost	92.84	81.73	174.27	149.39	291.10
	Depreciation (net of revaluation reserve)	101.85	81.14	190.37	142.46	322.02
	Other expenditure	234.15	227.60	415.85	342.12	740.73
	Exchange fluctuation and derivative loss	(52.01)	45.27	(0.16)	63.98	211.21
	Total	1,347.48	1,007.14	2,569.62	2,100.14	4,509.02
3	Profit/ (Loss) from Operations before other income and interest (1-2)	156.91	140.48	180.60	81.20	(53.59)
4	Other Income	6.09	2.49	7.69	4.11	9.32
5	EBIDTA	163.00	142.96	188.29	85.31	(44.27)
6	Interest	139.10	101.00	268.74	163.43	396.37
7	Profit/(Loss) before tax (5-6)	23.90	41.96	(80.45)	(78.11)	(440.64)
8	Tax expense (deferred and FBT)	17.79	9.95	32.11	14.22	(149.62)
9	Net Profit/(Loss) after tax (7-8)	6.11	32.01	(112.56)	(92.34)	(291.02)
10	Earnings Per Share (Basic & diluted) (Rs.)	0.24	1.57	(5.36)	(4.77)	(14.65)

Cane procurement and management

SAP for the season has been higher at Rs. 140/- per qtl against Rs. 110/- per qtl. Further additional incentive of Rs. 15/- per qtl has also been paid from January/February 2009 onwards by most of the Millers to incentivized farmers for growing more sugarcane in next crop season.

- In respect of cane prices of 2008-09 season , the UP sugar mill association had lost the legal case challenging the SAP before Hon'ble High court of Allahabad and mills resorted to pay SAP
- Uttar Pradesh experienced crop competition for sugarcane from wheat and paddy combination owing to increase in the MSP of these two crops. Ongoing legal issues with cane crop also contributed to decreasing the cane area. As a result the farmers did not invest in the crop management and overall area reduced by 25 to 30%. Further the yield per hectares has also been lower by approx 25% in most of the regions on account of agro climatic reasons

To meet challenges of low sugarcane availability, all the sugar of SSL started a cane development drive involving distribution of healthy cane seeds, pesticides and agro chemicals to the farmers of the area. The farmers were eligible for Rs.15/- per quintal incentive for cane supplies made from January/February, 2009 onwards. This scheme ensured that plant crop is retained for seed purpose and not diverted to alternate sweeteners. This has resulted improved spring cane plantation in current year by 30 to 35% over previous season

Status of Cane related legal cases

- Hon'ble Allahabad High Court (Lucknow Bench) vide its interim order dated November 15, 2007 directed millers to pay sugarcane price of Rs. 110/qtl for 2007-08 season. In the writ petition challenging the said order, Hon'ble Supreme Court wide order dated Jan 21, 2008, kept the interim price at Rs 110 per qtl till final disposal of the petition. (Accordingly millers have accounted for and made payments of this price to the farmers). The Hon'ble High Court, in another case has ordered for deduction for transport of sugar cane from purchasing centres to factory at Rs. 10.58 per qtl instead of Rs. 5.75 per qtl for 2007-08 season. This matter is with Hon'ble Supreme Court and Company is also a party to it. No such deduction is made by the Company as it has so far paid a flat price of Rs 110 per qtl to farmers for this season
- The Company has accounted for and paid Rs 125 per quintal for cane procured for 2006-07 season instead of Rs 118 per quintal directed by Hon'ble Supreme Court as an interim price

Suit filed for levy sugar price

Sugar Mills of the State have filed a writ petition with Delhi HC, challenging the levy sugar price fixation by the GOI for earlier years without considering the SAP. The petition has been admitted by the Hon'ble Court. The GOI has not revised the levy prices of sugar for last three years which at present is about 45 percent lower to prevailing free sale prices and considerably below cost of production

Indian Sugar Industry

1. Sugarcane farmers did not get timely payments of cane price in season 2007-08. On the other hands margin from other crops was higher. Consequently the sowing of cane was lesser by 30% with a drop in sugar recovery by 0.5 % to 0.8%; leading to a decline in sugar production by over 40% in the country in single year
2. The production of sugar during the season 2008-09 has been estimated at 14.70 mmt against the last season's production of 26.3 mmt

Indian Sugar balancing (quantity in million mt)

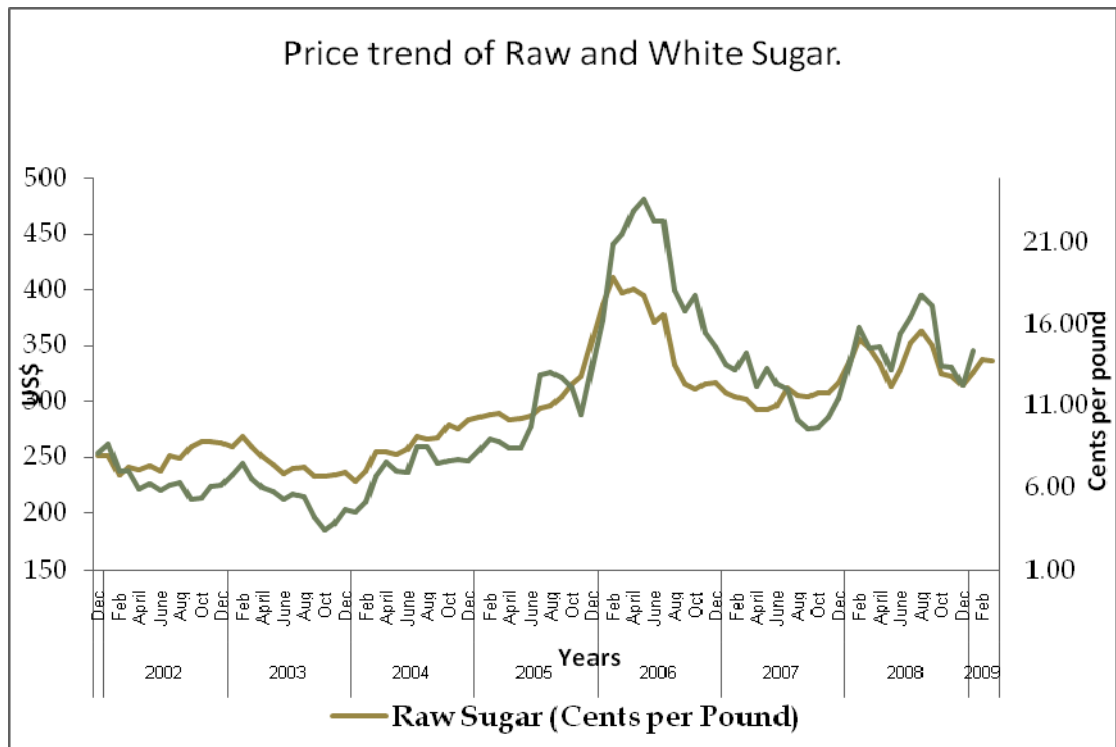
Sugar Year	2006-07	2007-08 P	2008-09 E	2009-10 E
Op Stocks	3.60	9.20	8.10	1.80
Production	28.30	26.30	14.70	18.00
Imports	-	-	2.50	6.00
Consumption	21.00	22.50	23.0	23.50
Exports	1.70	4.90	0.50	-
Closing Stock	9.20	8.10	1.80	2.30
% age of consumption	43.81%	36.00%	7.8%	9.78%

3. Inventory of sugar is estimated at 8.1 mmt at the beginning of last season which gives an aggregate availability of 22.8 mmt for sugar year 2008-09, against the demand estimate of 23.0 mmt

4. Demand for 2009-10 season is estimated at 23.5 mmt against projected production of 18 to 19 mmt from own production (based on initial crop estimates)
5. India will be a net importer in 2008-09 and 20 09-10 by 7 to 9 mmt of raw and white sugars
6. Government of India has commenced various market interventions which is keeping market volatile and artificially down. This situation will only benefit bulk consumers who account for 60% of domestic consumption at the cost of cane growers and sugar industry
7. GOI has taken number of policy initiatives (some enumerated below) to improve the sugar availability in deficit years:
 - a. Permitted import of raw sugar under advance license scheme (ALS) with relaxation to sell white sugar domestically and export from any source in three years (ton to ton policy) in Feb, 2009
 - b. Permitted import of raw sugar on zero percent duty. Also allowed import of white sugar on zero duty upto 1 mmt through govt trading corporations (upto July 09)
 - c. Deferred existing ALS obligations upto December 09, and extended export obligation period to three years
 - d. Placed stock limits on sugar at the hand of traders and large customers for avoiding hoarding and excessive stock keeping
 - e. Persuading millers to sell their monthly quota regularly without fail. Announcing additional quota/(s) regularly to keep the retail prices low

Global Sugar Industry

(Source: ISO reports, Czarnikow Market Review and SSL estimates)



- The fall in global sugar production as high as 8 to 9 mmt in 2008-09 season is a record. A significant production shortfall in India and a further contraction of production in the EU, on the one hand, and a continuing expansion of sugar output in Brazil, on the other hand, are the three major supply features of 2008/09
- Supply for 2008-09 is likely to be lower on account of fall in production in India, Pakistan, Bangladesh and China

- The swing is attributed to largely India which is going to import 3 to 4 mmt against 5 mmt of export in the previous year
- In the third assessment of the ISO, world sugar production is put at 161.5 mmt raw value (145 mmt white value) taking into account Indian production at 15 mmt white value
- With the consumption estimates of 149 mmt white value (higher by 2.4% over previous year), there is a likely deficit of 4 mmt. The deficit would have been bigger but for the record production in Brazil.
- EU's export program curtailment is leading to reduced production. Subsidy program to ACP countries is being curtailed. The cost of production of these countries is substantially higher than Brazil, India and Thailand
- Global demand of ethanol is showing projected increase because of economic slowdown, and lower crude prices
- Brazil will reduce allocation of sugarcane for ethanol because of higher realisation in raw sugar by 28%. Parity price of ethanol on May 1, 2009 is 11.18 cents per pound
- Raw prices have crossed 15 cents/pound/(USD 330 per MT) for July 09 delivery and white is traded at over USD 430 per MT.
- Raw-white premium is on healthy levels, July/Aug 09 at USD 113.7 per MT, giving improved margins to refiners

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 litres of alcohol/ethanol per day (KL/D) 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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