

Executive Director's Message

Since the sugar cycle is showing definite trends of moving from a 'deficit' to a 'surplus' phase, Simbhaoli is re-aligning its policies to take advantage of the changing scenario.

Having anticipated the new sugar cycle trend well in advance, Simbhaoli has taken the lead in devising a three-pronged strategy to respond to the new challenges.

Firstly, we have decided to aggressively focus on exports. We are enlarging the export basket and seeking new markets. Commencement of ENA exports to Africa, a continent teeming with new business opportunities is a step in this direction. We have also approached the Government of India to allow sugar mills to export white sugar on a regular basis.

Secondly, our long-term vision of Simbhaoli as a customer-facing enterprise and FMCG producer is being translated on the ground by launching new brands and entering new market segments. For example, the introduction of Board's Verdict in the semi-premium whisky space and Trust Sipp in the instant fruit-drink mix segment (see ad on page 3).

Thirdly, Simbhaoli is committed to expanding its international presence by strengthening its Dubai subsidiary for creating a viable world marketing hub.

I am confident that the above measures along with our carefully crafted strategy of developing a multiple-revenue business model for growth will shore up Simbhaoli's top and bottom line in the years ahead; and enhance shareholder value on a sustained basis.

I look forward to a normal monsoon this year and wish all our sugarcane farmers a bountiful harvest.



Dr. G.S.C. Rao

OVERVIEW

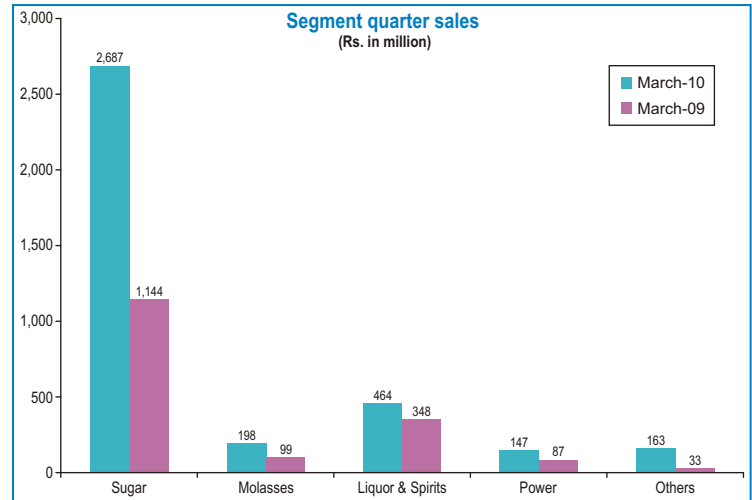
- ◆ Net turnover at Rs. 3,257mn, up by 118%
- ◆ Average realization at Rs. 34,580 pmt, (considering a levy sale price of Rs. 13 per kg), up by Rs. 15,440 pmt
- ◆ Mark-to-Market loss of Rs. 166.10mn, on account of marking down of inventory valuation, fully provided for in the results for this quarter
- ◆ Net sales (sugar) at 77,700 MT, up by 30%, contributed Rs. 2,687mn to the top line

Key financial highlights - Q2FY10

- ◆ March 31 inventory levels at 1.7 lacs MT, valued at Rs. 27.20 per kg
- ◆ Levy quota increase from 10% to 20% affected the bottom line by Rs. 170mn
- ◆ Capacity utilization for the quarter at 90%
- ◆ Sugar recovery is slightly higher by 0.5%

The results for this quarter were affected on account of extra ordinary reasons including write down of the value of sugar stocks, both white and raw by over Rs. 377mn. This is in spite of recording one of the best sugar realizations. The 20% levy obligation (increase of 210%) also impacted the bottom line by Rs. 164mn.

Key financial highlights - Q2FY10 (Contd.)



B R A N D N E W

We have launched Board's Verdict – a new brand in the semi-premium whisky space. The brand has been introduced in the Haryana and Himachal Pradesh markets.

Made from quality green spirit, the product has been blended with genuine Scotch.

Current focus is on achieving visibility and large scale consumer trials for the brand.

A special team has been developed to promote Board's Verdict in the launch territories.

The response of consumers and trade in both the states has been very positive. As per market feedback, 'blend quality' of Board's Verdict has been rated higher than both Royal Stag and Blender's Pride.





ANNUAL BUSINESS PLAN CONFERENCE



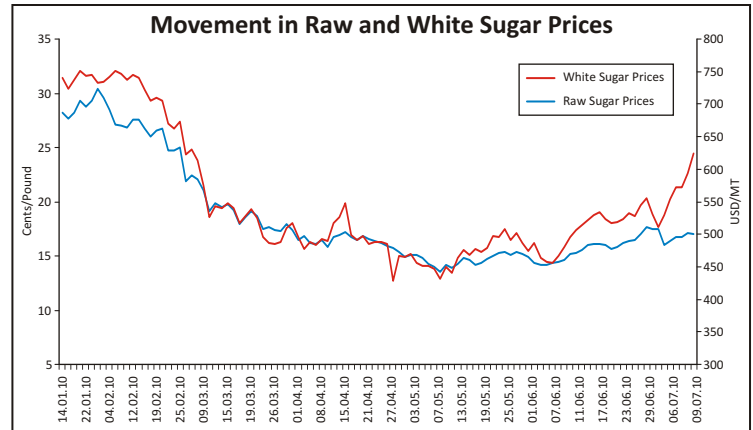
The 2010-11 Annual Business Plan conference was held at Hotel Hans Plaza, New Delhi on 11th and 12th June. The meeting was attended by the CEO, CFO, unit heads, department heads and corporate functional heads. The meeting was chaired by Mr. Gurpal Singh, Deputy Managing Director. Performance of all the business segments was analyzed in detail. Business objectives and targets for 2010-11 were framed in consultation with the concerned unit and department heads. There was unanimity of opinion amongst the participants that the Company was on firm ground to tackle the challenges in the short and medium terms; and enhance shareholder value on a sustained basis.

INTEGRATED CASETECH NEWS

- Integrated Casetech is sending a senior team to assist in commissioning and operating a state-of-the-art refinery in Syria
- A 10-person team of sugarcane experts are going to URC, Phillipines for suggesting ways and means for improving cane yield and quality
- Dr. Rao and Mr. Reddy visited Sucre Bebo Tan- NINH, Vietnam to evaluate cane production and refinery operations
- Universal Rubina, Phillipines has extended Integrated Casetech's contract for 2010
- Integrated Casetech has deputed one of its senior process managers to improve the efficiency and performance at URC's Passi sugar mill



Dr. G.S.C. Rao, A.K. Srivastava and Dilip Jain visited sugar factories in Syria



- Prices of white premium sugar have crossed a historical high of \$ 175/tonne
- Prices of raw sugar, after touching a low of 13 cents/pound have started hardening. This is a clear sign of short term volatility

The global scramble to rebuild depleted sugar inventories has resulted in a huge price difference between refined and raw sugar – the largest price gap in the last 22 years.

But while futures prices have recently plummeted on expectations of bumper crops in Brazil and India, the world's top two sugarcane producers, refined sugar for immediate delivery remains extremely scarce.

IMFL NEWS

- **Exports:** Confirmed orders have been received from Russia for 13,000 cases of Hunter's rum
- **Bihar & Orissa:** Have penetrated all the important markets in the two states. 10,000 cases of Old Tribute, Xing and Tango sold in December, 2009 alone.
- **West Bengal:** Xing Ultra Smooth and Green Apple vodka are available in more than 300 outlets in the state. The current market share of Xing vodka in West Bengal is 5 per cent
- **Kerala:** The Kerala market is back on track. December 2009 witnessed a huge surge in secondary sales – approximately 30,000 cases were sold. Introduced Xing in lemon and green apple flavours in the state; both the flavors are doing well. A major visibility drive has been organized in all the markets.
- **CSD:** Have commenced supplies to Jammu, West Bengal and Assam from local tie ups. Kerala sales started in January
- **Delhi:** In order to cash in on the Commonwealth Games hype and get a foot-hold in one of the country's most important IMFL markets, we are planning to enter the Delhi market with Old Tribute whisky and Xing vodka.

Kandla Refinery Progress Report

- Application for change of land use – from agricultural to commercial – has been filed with the Government
- Application has also been filed for environmental approvals with the concerned authorities
- The project will commence once the financial closing is achieved and all the statutory permissions have been received



SIPP SALES PROMOTION AT DILLI HAAT



Sipp instant fruit-drink mix was promoted at the Dilli Haat Sharbet Mela between 18th and 20th June. Stalls were set up at INA and Pitampura.

The mela provided a good platform for conducting taste trials and promoting the brand to a focused target audience. The product elicited a good response by the consumers. The coconut flavour, in particular, was highly appreciated by the people attending the mela.

Hygiene and housekeeping workshop

A 3-day workshop on hygiene and housekeeping (8-10 June) was organized at Simbhaoli. This programme, a first of its kind in the industry, involved executives and their wives in suggesting improvements in product quality and hygiene standards at the plant level. Mr. and Mrs. Arvind Kaul, were the mentors of this programme.

The workshop started with a presentation by the Company doctor who emphasized the importance of hygiene at home and in the work place. Interactive exercises and discussions on customer expectations, observation skills and problem identification were conducted by the mentors.

On the second day, our marketing head shared customer expectations and customer complaints and feedback with the participants. The participants were divided into four teams and asked to conduct a thorough audit of D3 godown, Trust House and speciality sugar division.

On the third day, the participants presented a detailed action plan highlighting specific ideas to improve hygiene and housekeeping standards to the vice-president (SSD), HODs, section heads and employees. The efforts of the participants were much appreciated; and the management has resolved to implement their ideas at the earliest opportunity.

Participants: Ruby Bhatia & I.S. Bhatia, Prem Lata Tyagi & K.K. Tyagi, Ratna Singh & Dr. A.K. Singh, Rukmani & K. Gopalakrishnan, Shikha Sood & Ashish Sood, Sandhya Rani & A.K. Chaurasia, Shalini Chaturvedi & D.K. Chaturvedi, Bharti Srivastava & Shirish Chandra, Neelam Rani & K.P. Rana, Shilpi Jain & Jitendra Jain, Lalita Saini & Sudhir Saini, Sarika & Abhishek Srivastava, Bina Mishra & O.N. Mishra and Mala Aggarwal & Praveen Chandra

Sipp was officially launched on 14th May. Given below is the launch ad which appeared in the Hindustan Times.

INTRODUCING
TRUST
Sipp
 nature's Fruit Drink
Share the moment!
 EXCHANGE THIS AD FOR 5/- off ON 500gm PACK
 Just add water, stir and top up with ice for pure, wholesome refreshment in glass after glass.
 customerfeedback@simbhaolisugars.com www.simbhaolisugars.com Customer Care No.: 1800-11-7609
TERMS & CONDITIONS:
 1. Offer valid between 14th May – 23rd May, 2010, on all variants of Trust Sipp 500g at select outlets in Delhi. 2. Only original newspaper cuttings will be accepted by the retailer. 3. Retailers will be reimbursed the Rs. 5/- along with Re. 1/- handling charges upon handing over the original newspaper cutting to the company salesperson. 4. Last date for handing over the cutting to company salesperson is 30th May, 2010.
NO PRESERVATIVES, ARTIFICIAL FLAVOURS OR COLOURS.

Extra Neutral Alcohol (ENA) Report

Till 31st March 2010, we have exported 5 million litres of Extra Neutral Alcohol (ENA); orders for another 5 million litres are being processed. Our export target for the current year is 20 million litres. Simbhaoli ENA has been well accepted by global customers on account of its quality.

Presently, we are exporting to more than 10 countries in Africa, Middle East and South East Asia.

We have taken great care in streamlining our export infrastructure and processing systems – right from the plant to the port. This will lead to speedy and trouble free dispatches; which, in turn, will help us achieve our higher export target involving a movement of over 1000 containers! Looking forward, ENA exports will be a key driver of growth for the Company.





Legal literacy/rights awareness camp, Chilwaria



As directed by the Supreme Court and High Court, the Bahraich District Legal Service Authorities organized a 'Labour Week' from 1st May to 7th May in the region.

On 3rd May, a day-long legal literacy/rights awareness camp was held at Chilwaria plant. Mr. Anurag Kumar, District Judge and Mr. Mohd. Rizwan Ahmad, Civil Judge (Sr. Division) and the district authorities organized this camp.

Mr. A.K. Singh, Addl. District Judge was the Chief Guest and Mr. Rahul Pandey, Addl. Chief Judicial Magistrate the Special Guest. Mr. V.P.S. Chauhan, General Manager, Chilwaria welcomed the dignitaries. Children of employees staged a song recital, which was appreciated by the audience.

The camp was attended by over 250 officers and workers.



The importance of having a healthy attitude

"We need to have healthy attitudes. Attitudes really help us. You know 90% of our problems can be attributed to improper attitudes. Because when I have to put up with situations that are unpleasant, I murmur, I become violent, angry, sad. But we have to face it calmly, dispassionately. We require composure and self-respect that can accommodate human limitations and address them.

Accommodation does not mean you do not respect, accommodation is you don't condemn the people, at the same time you address the limitations of the people, correct them, help them, you correct yourself, learning from situations. So, this is what is required: Attitude." *Swami Dayanda Saraswati*

Contributed by Kamal Samtani, Company Secretary

Staff Sales – Board's Verdict Whisky

Exclusive offer for Simbhaoli employees: You can now buy Board's Verdict at 50% discount – at a special price of Rs. 160 per quart bottle and Rs. 1950 per case (delivery at corporate office). Board's Verdict is a quality product, ideal for those who value taste and for those who are looking for a great gifting idea.

You can place your orders with Mr. S. Shahnawaaz, Corporate Office, New Delhi.

Know your Unit Head

Dilip Jain, GM, Project Development, Integrated Casetech.

Mr. Jain is a post-graduate in chemical engineering with over 11 years experience in the sugar and ethanol industries in India and Canada. He has expertise in businesses development, project management and cutting-edge technologies related to the sugar industry.

He has had a 5-year stint with EID Parry's. He joined Simbhaoli 2 years back to head Integrated Casetech.

Mr. Jain is married and has two daughters.



Welcome break for Simbhaoli executives!



Simbhaoli sugar division executives along with their family members undertook a 4-day (3-6 June) trip to Shimla, Chail, Kufri and Chandigarh.

Simbhaoli employees go on a pilgrimage!



The employees of Simbhaoli's sugar division embarked on a 5-day (12-16 June) tour of Sri Anandpur Sahib, Mata Vaishno Deviji, Sri Raghunath Mandir, Jammu and Sri Harimandir Sahib, Amritsar.



India's largest integrated sugar refinery
• Simbhaoli • Brijnathpur • Chilwaria

An ISO 9000:2008, 14001:2004 & 22000:2005 Certified Company

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