

FY 2008- 09

Simbhaoli Sugars Limited

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Corporate Office

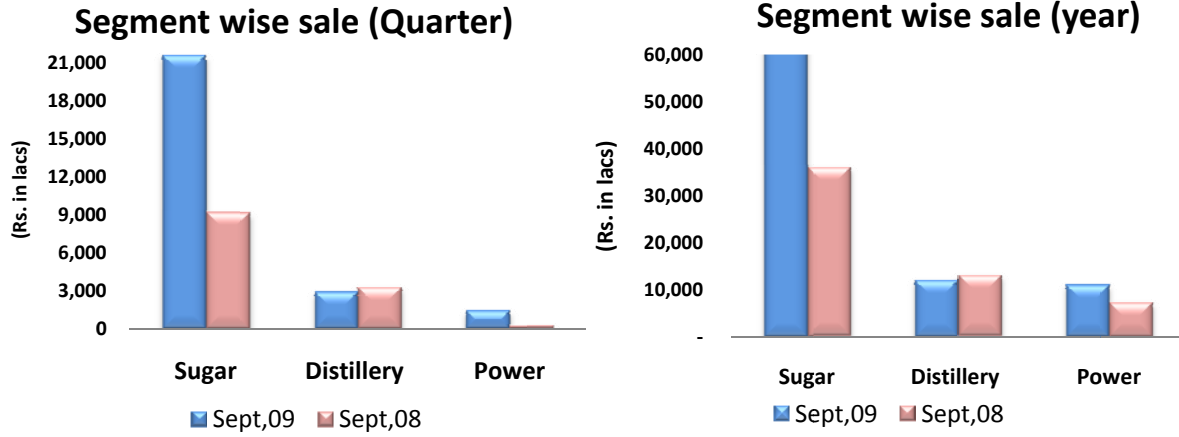
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[INVESTOR UPDATE]

Audited financial results

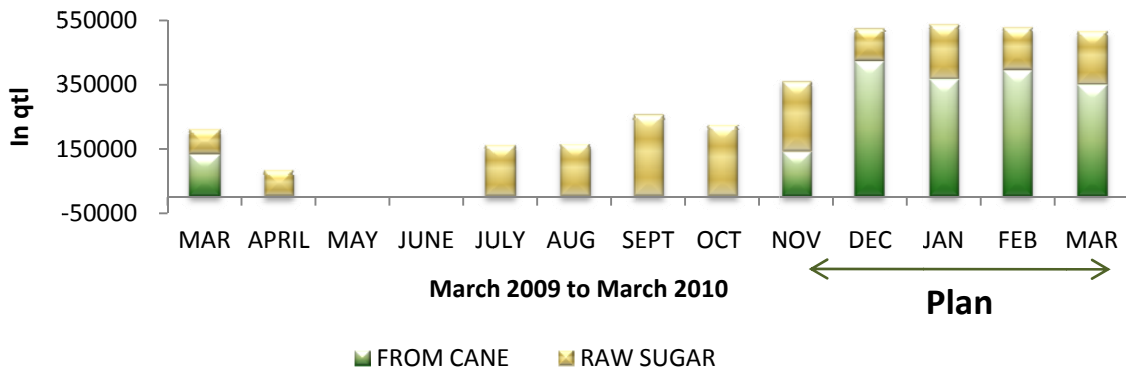
for the year ended September 2009

**Financial highlights of the
Quarter/ year ended September 2009**



- Gross sale for the year over Rs 10 bn
- Net sale for Q4 FY09 has increased by 104% from Rs 1166 mn to Rs 2383 mn
- Bought back FCCB worth USD 29.6 mn (90% of total liability)
- In the Q4 FY09, exported power of Rs 19 mn (the off season)
- Contracted raw sugar of 2.6 lacs MT and converted 80,000 MT into white
- Over 1 mn cases of IMFL sold during the year

Simbhaoli Monthly Sugar Production Plan



Highlights of the FY ended Sept 09

- Sugar sales has increased by 6.41 lakh qtls and the average realisation has improved by over Rs 730 per qtl as compared to previous year
- SSL has repurchased FCCB aggregating to US \$29.61 mn at a discount of 55.4% fetching a gain of US \$21.9 mn by reducing the overall foreign exchange liability
- Other income includes a gain of Rs 722.2 mn on account of buy back of FCC bonds of US \$29.61 mn, out of aggregate FCCB liability of US \$33 mn (maturity in March 2011). Total reduction in liability on account of buyback exercise is Rs 1.09 mn being realised in the form of profit and loss account gain, adjustment of fixed assets and restoration of securities premium
- Alcohol segment turnover reduced to 293 mn (11% fall) because of underutilisation of capacities and reduced margins for higher prices of molasses. Average cost of molasses remained at Rs 490 per qtl.
- Depreciation is higher by Rs 44 mn as compared to the FY08 on account of start of operations at Brijnathpur Ethanol Distillery
- Staff cost has increased by Rs 26 mn as compared to the previous year on account of off season raw processing and general increments
- Interest cost is higher at Rs 235 mn on account of higher utilisation of working capital facilities for raw processing, ECB loan availed for FCCB buyback and withdrawal of interest subsidies on buffer stocks
- Deferred tax assets (net) amounting to Rs 192.7 mn had been recognized on the basis of future projections taken on record. As an abundant caution, the Company has not recognized any additional deferred tax assets (net)
- PAT is Rs 718 mn (loss of Rs 291 mn last year). Cash profit stands at Rs 1.05 bn
- Consumption of raw material includes the off season procurement and processing of raw sugar
- During the year, Simbhaoli Global Commodities, DMCC, Dubai, wholly owned subsidiary, made gross earnings of Rs 19 mn with a net profit of Rs 1.6 mn. These results are not included.

Highlights of the Quarter ended Sept 09

- Net sales has increased from Rs 1166 mn to Rs 2382 mn which is a phenomenal growth in a cane / sugar shortage year
- Exported power of Rs 19 mn in the quarter for the first time utilizing alternate fuels. This helped to reduce raw refining costs significantly.
- EBT of Rs 235 mn as against loss before tax of Rs 248 mn in Q4 FY08, a growth of 194%. EBIDTA is 19.3% as against (4%) in the previous corresponding quarter.
- Alcohol segment margins reduced on account of higher prices of molasses, lower capacity utilization. Two plants of the Company remain closed due to non availability of molasses
- Carrying large stocks of white and raw sugars at the end of year

Raw sugar refining Program of the Company

- Raw-refining model of the Company has been successful. This not only ensures supply of sugar in the time of deficit but also a healthy top and bottom line to the Company
- It has two raw sugar refineries capable to carry out off season refining in most efficient manner
- Capability to refine 1250 mt /day raw in refineries and 600 mt/ day in sugar plant round the year
- Capable to generate and export power during off crop refining
- Imported/contracted 260,000 mt raw for off crop period (already refined 80,000 mt)
- Plan to refine 360,000 mt in 2009-10 season in addition to sugar cane crushing

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Results at a glance

Extracts of audited financial results for the financial year ended September 2009
(Rs in mn)

Particulars	Quarter Ended		Year Ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	Unaudited	Unaudited	Audited	Audited
Gross Sales/Income from operations	3,043.03	1,788.26	10,007.90	6,613.39
Less: Excise duty	660.29	621.94	2,944.66	2,258.88
Net Sales/Income from operations	2,382.74	1,166.32	7,063.24	4,354.52
Other Operating Income	93.99	26.49	121.14	100.92
Total	2,476.72	1,192.81	7,184.38	4,455.43
Expenditure	-	-	-	-
a) Decrease/(Increase) in stock in trade	(15.08)	599.42	(518.06)	(194.00)
b) Consumption of raw materials	1,638.55	77.33	5,091.00	2,671.34
c) Consumption of stores, oils & chemicals	117.26	96.09	538.50	460.39
d) Purchase of traded goods	0.97	0.66	5.62	6.22
e) Employees cost	72.54	67.60	317.40	291.10
f) Depreciation (net of revaluation reserve)	77.75	88.84	365.56	322.02
g) Exchange fluctuation and derivative loss	(25.35)	143.24	(56.72)	211.21
h) Other expenditure	320.44	218.03	862.55	740.73
Total	2,187.08	1,291.20	6,605.84	4,509.02
Profit/ (Loss) from Operations before other income, interest	289.65	(98.39)	578.54	(53.59)
Other Income	111.06	(38.37)	740.70	9.32
Profit/ (Loss) before interest	400.71	(136.76)	1,319.24	(44.27)
Interest	176.47	112.06	631.10	396.37
Profit/(Loss) before tax	224.24	(248.82)	688.14	(440.64)
Tax expense	(11.55)	(174.45)	(29.65)	(149.62)
Net Profit/(Loss) after tax	235.79	(74.36)	717.79	(291.02)
Earnings Per Share (Rs.)	10.47	(3.59)	33.11	(14.65)

Operational highlights of the Year/ quarter ended Sept 09

- Basic cane price paid for 2008-09 season was at Rs 140 per qtl as per SAP announced by UP Govt. Incentives to the tune of Rs. 15 per qtl have been given over and above after January 2009.
- 2008-09 was cane deficient season and cane crushing operations closed before March 31. White sugar is produced from raw processing. Decent quantities of inventories were maintained.
- 80,000 mt raw sugar processing has been carried out very efficiently in Q4.
- The alcohol division performed with lower capacity utilisation. Spirit production was down due to lower availability of captive molasses.
- Power generation has been carried out in the quarter, using alternate fuels. Part of power is exported.
- Price of molasses gone up to Rs 660 per qtl leading to higher cost of production of alcohol and negative margins in the segment
- Average free sugar price for the year was Rs 2405 per qtl, higher by 52%; for the quarter it was Rs 2765 per qtl (57% high). The benefits of the higher price could not be realised fully owing to lower sugar cane crushing and high costs
- One new high pressure cogeneration boiler is ready to be commissioned at Chilwaria plant. This will increase the power generation capacity to 16 mwh and the Company to 34 mwh
- Alcohol division has started supplies of certain brands of its IMFL range to Canteen Stores Department of Armed forces. Exports have also been initiated.
- High interest cost is concern and will be addressed soon

Simbhaoli western UP plants have started the crushing operations for 2009-10 season on Nov 11, 09

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Segment wise results

(Rs in mn)

Share of sugar is higher by 12% on account of higher quantities sold and price

Segments	Year ended September 09	% of total revenue	Year ended September 08	% of total revenue
Sugar	6,797	75	3617	64
Alcohol	1,213	13	1,304	23
Power	1,093	12	724	13
Others	-	-	14	-
Total	9103	100	5659	100

increase. Alcohol share came down by 10% due to lower production.

Sugar Segment

Particulars	Q4 FY 09	Q4 FY 08
Total income	2148	920
EBIDTA	369	51
EBIDTA (%)	17.2	5.5

Income higher by 133%. Increased sale by 6.4 lakh qtl.

Distillery Segment

Particulars	Q4 FY 09	Q4 FY 08
Total income	293	330
EBIDTA	13	21
EBIDTA (%)	4.5	6.4

Sales reduced by 11%. Lower availability of molasses resulted in lower production and sales

Power Segment

Particulars	Q4 FY 09	Q4 FY 08
Total income	144	22
EBIDTA	17	(40)
EBIDTA (%)	11.8	NA

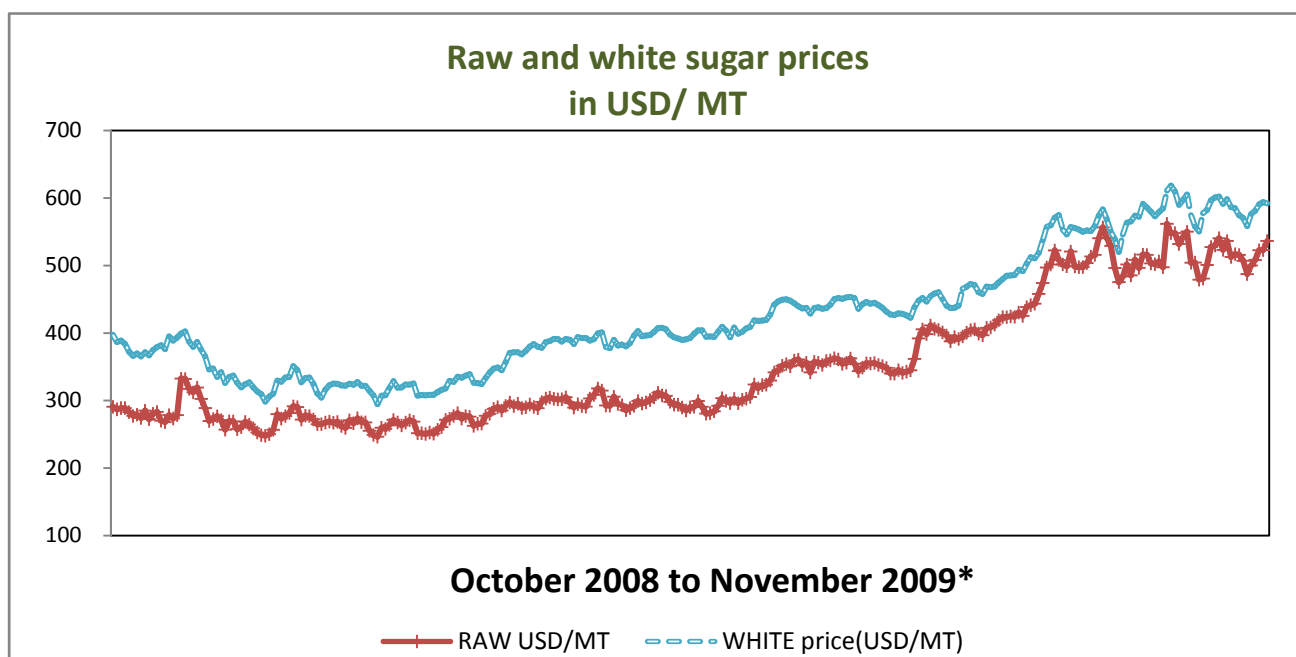
Increased sale with positive Ebidta owing to off season power generation.



Industry Update

Global Sugar Industry

- Supply for 2008-09 is lower at 154.2 mmt raw value (rv) as against the global consumption estimated at 164.6 mmt rv; pointing towards a deficit of over 10 mmt with the stock to use ratio at 37.4% (lowest in 10 years).
- Shortfall in production is attributed to a global decline in planted area in many countries and less than expected growth in Brazil
- India swung from being an exporter to importer during 2008-09 as the domestic balances saw shortfall of around 8 mn tonnes of sugar
- Market prices were strong since the beginning of the year 2009 and remained at high levels due to Indian shortfall and imports; reached to 28 years high in Aug 09,
- For 2009-10, world production is forecasted at 159.04 mmt, raw value (3% higher) against consumption of over 167 mmt (1.7% growth). Projected world statistical deficit at 8.40 mmt for the third year consecutively
- With falling global inventory levels vis-à-vis consumption, this sugar cycle, may be far bigger than any in the recent past.mmt



*Nov till date

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Indian Sugar Industry

YEAR	Op stocks	Production	Import	Dom Cons	Exports	Cl stocks	Stock to use ratio %
2006-07	3.7	28.3	0.0	21.0	1.7	9.2	43.8
2007-08	9.2	26.3	0.0	22.5	4.9	8.0	36
2008-09	10.0#	14.6	2.5	23.0	0.2	2.3	10.0
2009-10(E)	2.3	16.0	6.0	23.5	0.0*	0.08	0.34

(Figures in mn tonnes) (Source: ISMA and SSL estimates)

revised as per Govt data

*assumed that pending ALS obligation of 1.2 mmt will be cancelled or further postponed

- Lower production of sugar, inspite of high carryover stocks at 10 mmt from previous year resulted in an increase in sugar prices in the later part of the year 2008-09.
- Production fell sharply (from 26.3 mmt to 14.6 mmt) owing to fall in cane area, drawal rate, yield and the recovery rate
- The rise in the SMP of cane during the years 2007-08 and 2008-09, being lesser than increase in MSPs of other food crops, leading to loss of interest in the crop
- Due to lower production, India emerged as a net sugar importer in 2008-09 with an import (physical) of 2.5 mmt after a record export of over 5 mmt in 2007-08
- Sugar price started rising from June 2009 quarter onwards, and with a price of Rs 2800 per qtl in Sept 09, overall increase has been higher by 70% over last year
- Price remained volatile, but under check on account of various GOI regulations viz stock limits on trade and consumers, excessive releases of sugar, suspension of forward trading and firm action against hoarders
- For the 2009-10 season, GOI has, changed the mechanism of cane price determination with the replacement of the SMP by Fair and Remunerative Price, at Rs 129.62 per quintal (FRP). This has become a minimum price, payable by the sugar mills across the country. For future levy price fixation, FRP will be the base cane price. SAP and FRP difference is to be paid by the State

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- It promotes effective establishment of a single cane price regime for the entire country and the UP mills in a down cycle from arbitrary fixation of cane prices
- With a production forecast at 16 mmt for, for 2009-10 and opening stock on Oct 1, 2009 at 2.5 mmt, one of the lowest in recent past, the country will continue to operate with thin sugar stocks level throughout next season means higher sugar prices
- Import of sugar in 2009-10 is expected to increase to a record 6 mn tons as the demand and supply gap is widening with low opening balances

Raw sugar import and refining

Sugar year 2008-09 was one of the shortest crushing seasons in the last 25 years and plants operated at 50 to 60% of their capacity. To meet the supply shortfall, import of raws and refining thereof was found to be a better value proposition than import of white sugar. This resulted in savings in foreign exchange, domestic value addition and helped the sugar mills to pay more money to the farmers.

This persuaded certain sugar companies to change their business models to raw refining. However, only a few mills have shown interest in raw refining because of technical issues involved in conversion. Major ones of them are Sri Renuka Sugars, Bajaj Hindustan, Simbhaoli Sugars, Sakthi, Thiru and Dhampur.



About Simbhaoli Sugars



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 upto 300,000 MTPA. SSL also has three alcohol distilleries alongside its sugar facilities with a combined capacity of 210 kilo liters of alcohol/ ethanol per day (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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