

CEO's Message

The sugar industry is in the throes of extreme volatility.

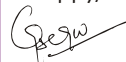
A plethora of severe government controls on stocks and excessive releases have artificially kept the sugar prices under check prior to the quarter ending December, 2009. Quite clearly, this situation cannot be sustained indefinitely given the dynamics of the demand-supply situation in India and the world.

The high retail price of sugar has whetted the appetite of farmers, who are now demanding unreasonable cane prices. This has led to agitations by the Uttar Pradesh farmers and delay in the start of the crushing operations in the new season. Cane shortage, which is a reality, will further harden cane prices and adversely impact the capacity utilization of plants.

Simbhaoli's carefully crafted strategy of a multiple-revenue business model and timely foray into raw sugar refining is paying dividends. Despite a perceptible slowdown in the potable liquor segment, your Company has achieved an annual turnover of Rs. 10 bn and a net profit of Rs. 718mn for the first time in its 75-years plus history.

Looking forward, raw sugar processing will not only be a key driver of growth for your Company, it will also be an important means to overcome the sugar shortage in the country.

By the time this issue is printed, we all would have stepped into the New Year. I take this opportunity to wish you and your family a Happy, Healthy and Prosperous 2010.



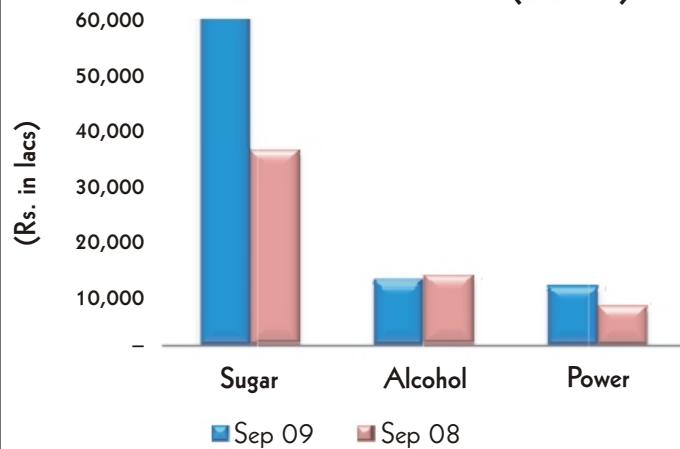
Dr. G.S.C. Rao

O V E R V I E W

Financial Results (year ended September 09)

- Gross sales of over Rs. 10 bn (Rs. 6.61 bn last year).
- PAT at Rs. 718 mn (loss of Rs. 291 mn last year). Cash profit at Rs. 1.05 bn (Rs. 31 mn last year).
- Sugar sales at over 2.5 lac MT are higher by 64,000 MT and the average realization has improved by over Rs. 7310 per MT compared to previous year.
- A successful off-season refining programme. Processed 80,000 MT raw sugar and purchased/contracted further 260,000 MT for year-round refining operations.
- Bought back FCCBs worth \$31.11 mn (94% of total liability) at an average discount of 53.70 per cent.
- Alcohol segment margins reduced on account of higher prices of molasses, lower capacity utilization. Two plants of the Company remained closed in the off-crop period. However, IMFL sales crossed one million cases in 2008-09.
- Year-end sugar inventory: White sugar – 72,000 MT; Raw sugar – over 87,000 MT.
- DMCC Simbhaoli Global Commodities, a subsidiary company: Income of Rs. 20.47 mn; Net profit of Rs. 1.68 mn.

Consolidated Sales (Annual)



Financial Results (quarter ended September 09)*

- Net sales shot up by 104% – from Rs. 1.16 bn to Rs. 2.38 bn.
- Off-season power export – Rs. 19 mn. Use of alternate fuels helped reduce raw refining costs significantly.
- EBT of Rs. 235 mn as against loss before tax of Rs. 248 mn in corresponding quarter of last year – a growth of 194%. EBIDTA at 19.3% as against 4% in the corresponding quarter of last year.

Foreign Currency Convertible Bonds (FCCBs)

The Company has completed buy back of USD 31.11 mn FCCBs (94% of the total FCCB liability of USD 33 mn), at an average discount of 53.7% by utilizing external commercial borrowings (ECB). As a result, the FCCB liability stands reduced to Rs. 113.1 mn, comprising Rs. 88.8 mn (USD 1.9 mn) on principal account and balance on account of premium. The buy-back has improved the net worth of the Company by Rs. 1.23 bn and reduced the long term debt by this amount.

New Sugar Season



Like earlier years, this year too, Simbhaoli Sugars was amongst the first sugar mills to usher in the new sugar season (2009-10) in Uttar Pradesh. (This has given us an early-mover advantage in procuring cane. Recoveries, too, are better by 4 to 5 points compared to last year.) The happy occasion drew a huge gathering comprising Company directors, senior executives, employees and farmers. Mr. Gurmit Mann and Mr. Gural Singh led the gathering to offer prayers and invoke divine blessings at Simbhaoli plant. Similar ceremonies were also held at Chilwaria and Brijnathpur. Subsequently, crushing operations commenced at all the three units.

* Detailed results and annual report is available on www.simbhaolisugars.com



Annual General Meeting (AGM)



The 73rd Annual General Meeting (AGM) of Simbhaoli Sugars Ltd. was held at Simbhaoli plant on 17th December, 2009. L to R: Mr. S.C. Kumar, Dr. G.S.C. Rao, Mr. Gurmit Mann, Mr. Sanjay Tapriya, Mr. Ganguly

Co-generation report

- Second phase of the boiler capacity expansion at Chilwaria (80 tonne/hr, 87 kg/cm² pressure and 515^o) has been placed on trial operations.
- Selling price of power has been increased from Rs. 3.10 per unit to Rs. 4.04 per unit at Chilwaria and to Rs. 3.99 at Simbhaoli w.e.f 1st October, 2009, which means higher margins.

Stop Press! In order to promote consumer awareness and generate trials of Trust Specialty sugars, we participated in the 2009 India International Trade Fair at Pragati Maidan, New Delhi. The Trust stall drew large crowds.

TRUST SPECIALTY SUGARS, A BIG DRAW AT TRADE FAIR

The 13-day India International Trade Fair (IITF), which was held recently at Pragati Maidan, Delhi, was a great opportunity for us to showcase Trust Sunehra mineral sugar and other specialty sugars in our brand basket. Our stall at the fair drew a tremendous response from the visiting public. Over 2700 families purchased the introductory packs. Free samples were also distributed to the visitors.

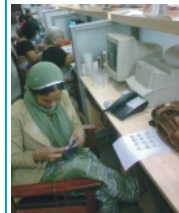


RAW REFINING – A SUCCESS STORY

- The core elements of our raw-refining strategy – multi-fuel boilers, consistent buying and high capacity utilization (relative to industry) – has proved to be successful. It has ensured supply of sugar at a time of severe shortage in the country and contributed to a healthy top and bottom line.
- Our two raw sugar refineries are capable of undertaking off-season refining in the most cost-efficient manner.
- We now have a 1250 MT/day capacity for raw sugar in the refineries and an additional 600 MT/day capacity for white sugar for the Company as a whole.
- We can now generate and export power during the off-season.
- We have imported/contracted 260,000 MT of raw sugar for refining (already refined 80,000 MT).
- 2009-10 raw sugar refining target is 360,000 MT.

SUGAR NEWS

Knitting Competition: Sponsored 'Knitting Competition' in collaboration with Delhi Press Group, publishers of women focused magazines such as Greha Shobha, Sarita and Woman's Era. Over 100 women participated in the event.



The winners were given Trust sugar hampers as prizes. The other participants were gifted 100g Trust Sunehra pouches. Trust Sunehra sugar sachets sweetened the tea of the participants. The event is expected to be covered in the magazines of the Delhi Press Group.



Annual QC Meeting

The Annual Quality Circle (QC) meeting was organized on 17th December, 2009 at the Sandhanwalia Sports Club, Simbhaoli. Chairman and Managing Director, other directors and senior executives reviewed the 17 QC projects which were completed in 2009.

Amongst all the Quality Circles, the Udhey QC (workshop) conducted the maximum number (51) of meetings.

After the presentations, Dr. Rao addressed the gathering and appreciated the work and efforts of the different Quality Circles.

Mr. Mann, CMD distributed prizes to the Quality Circles who had successfully completed the projects.



L: Dr. Rao, Mr. Mann and Mr. S.C. Kumar at the Annual Quality Control meeting.
R: Members of the prize winning Quality Circles with Mr. Mann.

Associated Company: Casetech Consultancy

Integrated Casetech continues to grow from strength to strength!

- Casetech has picked up its maiden power project advisory contract. The project is a 5 mwh bio-mass based power plant in West Bengal.
- Universal Rubina, Philippines, an existing Casetech client has awarded Casetech the contract for the relocation of its factory and design of a new sugar mill.
- Casetech has been registered as a consultant with the Asian Development Bank. This should help it to acquire new consultancy projects around the world.



A lunch was organized at the corporate office to celebrate the New Year.



POTABLE ALCOHOL NEWS

- Export orders for 13,000 cases of Hunter rum received from Russia.
- Confirmed orders for exporting ENA to 8 countries. Supplies will commence from January 2010.
- **Bihar and Orissa:** 10,000 cases of Old Tribute, Xing and Ice Blue Tango sold in December, 2009.
- **West Bengal:** Xing Ultra Smooth and Green Apple vodkas are now available in more than 300 outlets in the state. Xing has a 5% market share.
- **Kerala:** Around 30,000 cases sold in December, representing a sharp turn around when compared to the sales situation in earlier months.
- **CSD:** Started supplies to canteens in Jammu, West Bengal and Assam. Supplies to the canteen in Kerala will commence from January.
- **IMFL Division scores a first!** Simbhaoli has won the tender for supplying liquor to the paramilitary forces in Delhi and Bihar. The paramilitary forces include CRPF, Jharondakalan, Delhi; Bihar Military Force and Sashastra Bal, Patna. Next year, the plan is to extend supplies to 10 more paramilitary centres in the country.

The 60-KLD capacity Brijnathpur distillery has started manufacturing ethanol/RS/ENA in 2009-10. The Company has also entered into a contract for exporting 2.5 mn litres of ENA.

Training and Development



A training programme was organized for executives at the corporate office on 14th December, 2009.



Press & Analyst Meet, Mumbai



Mr. Sanjay Tapiya and Dr. G.S.C. Rao at the Press & Analyst Meet held at Mumbai on 12th November, 2009. Over 150 analysts and journalists attended the meeting to discuss the Company's financial results and future business plans.

The Brain Factory

Our brain-the human mind – is a thought factory: it's a busy place, producing innumerable thoughts every day. Scientists, who tried to recreate a human brain, found that it required a space equal to New York's Empire State Building and a total estimated investment of US \$10 million! The total power required for running the brain was equal to the power required by a town. We have received this enormous factory, known as the human mind, free of cost from our creator. Production in this factory is under the charge of two foremen – one called Mr. Positive and the other, Mr. Negative. Mr. Positive is in-charge of manufacturing positive thoughts. Mr. Negative is responsible for the reasons why we can't. Mr. Positive steps forward and begins his work, while a negative signal brings Mr. Negative forward. The more work we give to either of these foremen, the stronger that foreman becomes. If Mr. Negative is given more work, he brings into action more personnel of his own and takes up more space in our mind. The only wise thing to do, therefore, is to fire Mr. Negative as we don't need him. We don't want him around to tell us that we can't, that we are not up to it, that we will fail. On the other hand, we must utilize Mr. Positive's services all the time. When any thought enters your mind, ask Mr. Positive to get down to work and he will guide you to success.

Contributed by **Mr. Sunil Gupta**, GM (Finance), Corporate Office

Simbhaoli India Foundation (SIF)



Mr. Guralp Singh, DMD formally launched the Simbhaoli India Foundation in the presence of Dr. G.S.C. Rao, Mr. Sanjay Tapiya, other senior executives, employees and farmers at the Simbhaoli sugar plant.

- SIF, in partnership with Bhartiya Health Foundation held its first health camp on 11th October, 2009.
- On 17th December, 2009 the chairman announced a special scholarship for gifted students from financially weak families.

Know your Business Head

Shiv Kumar Sinha, Head (Liquor Business)

A qualified mixologist, Mr. Sinha is an economics and law graduate from Delhi University and Agra University respectively. He has over 25 years sales and marketing experience with companies such as Unilever, McDowell & Co., Foster's India, White & Mackay and South African Beverages. He has had extensive professional training in Scotland, Sweden and France. Mr. Sinha has handled high profile brands such as Johnny Walker, Black Label, Red Label, Vat 69, Black & White, Black Dog, Foster's, Castle Lager, Absolut, Remy Martin and Louis XIII.

Mr. Sinha is married to Seema, a commerce post graduate. They have a nine-year-old daughter, who studies at DPS, Gurgaon.



Tea with the Chairman



To celebrate the start of the 2009-10 sugar season, the workers and staff had high-tea with Mr. Mann at the Sandhwalia Sports Club, Simbhaoli. This is an annual feature, one that has been going on for decades. The chairman always makes it a point to attend these functions and interact with the employees at the plant.

Birthday boy Chetan!

The birthday of Chetan Barick, who has been with the company for 18 years was celebrated with great enthusiasm by all the employees at the corporate office.

We wish Chetan a happy life and successful career.



India's largest integrated sugar refinery

● Simbhaoli ● Brijnathpur ● Chilwaria

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

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