

The sugar industry is saddled with excess production. Although the U.P. season ended in early April, production in Maharashtra continued. Sugar production in India is expected to touch 27 million tonnes.

Sugar prices are slowly stabilizing, but the release of 20 lac tonnes buffer stock between May and September has dampened sentiment and checked the trend. Further, the hangover of high carry over inventory is persisting.

Export prices of refined sugar have firmed up on account of a demand and supply gap. However, India's limitations in supplying 45 ICUMSA sugar, logistical constraints, and withdrawal of coastal mills from production of raw sugar, have affected its export potential in the premium sugar segment.

Simbhaoli has two refineries, capable of producing 1100 metric tonnes of refined sugar per day. The high demand and price premium validates our investment philosophy of focussing on raw and refined sugar businesses.

It has been a subdued quarter for Simbhaoli, as the sugar plants closed early on account of lower cane availability and lower cane yield. Alcohol capacity, too, dipped because of the high price of molasses and falling margins in spirit and ethanol. In the IMFL segment, we have strengthened our retail presence by launching our products in new states.

Co-generation at Simbhaoli and Chilwaria plants continued right up to mid-June and added to your company's top and bottom lines.

Co-generation, which is emerging as the most stable business segment in the sugar industry in north India, will be one of the key drivers for Simbhaoli's growth and profitability in the times to come.



Dr. G.S.C. Rao

BUSINESS PLAN MEET

The Annual Business Plan review meeting was held between 6th and 8th June at Simbhaoli. Chairman, deputy managing director, executive director and director (finance) along with unit heads and corporate heads reviewed the previous year's performance. KRAs and objectives for 2008-09 were also presented by all the executives in person. The grueling work sessions were followed by informal discussions.



Business achievements (2007-08)

- **Crushing** (in lac quintals) - SSD: 110; CSD : 55; BSD : 30
- **Unit wise recovery** (in %age) - SSD: 10.23; CSD : 9; BSD: 9.5
- **Power exports** (in lac units) - SSD: 330; CSD : 130
- **Alcohol sale** (in Rs. million) - SED: 3100; CED: 295

Most of the business plan targets have been achieved, with the exception of crushing, which was lower for industry as a whole. Business plan targets for 2008-09 were also finalized, which will be subject to mid-year review.

CO-GENERATION

Simbhaoli: Co-generation operations continued even after the crushing operations ended in early April to cater to our in-house and export needs (for the UPPCL grid). The co-generation activity finally stopped on May 25, earning surplus revenue. Incidentally, bio-mass based power generation entitles us for CER credits under UNFCCC.

With the commissioning of the new 22 MWH co-generation plant at Simbhaoli, power exports crossed 30 million units in 2007-08, as against 17 million units in the previous year.

Chilwaria: Co-generation at Chilwaria also stretched beyond the season till June 22, providing power and steam for the distillery



operations, and for export to the grid. Between April 1 and June over 22 million units were exported.

Second phase of the co-gen power project at Chilwaria is nearing completion. Installation of the second 80 TPH boiler to enhance co-generation capacity for surplus exportable power has commenced.

EXPORTS

Simbhaoli is playing a vital role in popularizing 45 ICUMSA Indian sugar in international markets. For the quarter under review, we have continued to deliver a strong performance on the export front.

- Sold over 3500 MT of EC-II grade sugar which is been well accepted in all markets including Iraq and the U.A.E.
- Achieved freight competitiveness vis-a-vis key competitors like Thailand and Brazil.
- Expanded 'speciality sugars' export business. Taken steps to promote Trust brand outside India.
- Maintained consistent quality standards so as to meet the buyers' needs across the world.

BRAND NEW

In the quarter under review, we launched two new sugar variants under the Trust brand name - **Fine sugar sachets** and **golden brown sugar cubes**.

We have also extended our sugar retail footprint by entering markets in Mumbai, Jaipur and Chandigarh.

Around 50 new institutional customers have been added in the pharmaceutical, coffee shop, hospital, hotel, confectionery and sweet shop segments. Some of our more prominent customers include Apollo Hospital, Costa Coffee, Hotel Ramada Plaza, Nathu Sweets and Kailash Hospital.

IMFL

- In the current quarter, IMFL business has grown by 55% compared to the same quarter last year
- Exceeded 12 months (April 2007-March 2008) sales in just one quarter in Kerala
- Entered new markets in Kerala, Haryana, Rajasthan and Delhi
- First in India to introduce 90 ml packs in Haryana
- Additional bottling arrangements being made in Kerala; Assam to follow in the near future
- Seven Knights, Old Tribute and

Ice Blue Tango continue to grow from strength to strength in different product categories.

EMPLOYEE STOCK OPTION SCHEME

Effective June 20, 2008, employees who had been granted employee stock options last year can now convert the options in to an equivalent number of equity shares. The company had offered 5,94,425 options exercisable in three tranches over a period of three years, at a price of Rs. 39 per option including a premium of Rs. 29.

CHILWARIA SETS DAILY RECORDS!

Co-Generation

Maximum power exported in a day

- Season 155,000 KWH on 1st February
- Off season 120,000 KWH on 13th June

Distillery

Maximum production in a day

- R.S. 75,000 BL on 16th January
- E.N.A. 60,000 BL on 12th January

Maximum dispatched in a day

- R.S. 240,000 BL
- E.N.A. 25,000 BL
- Ethanol 60,000 BL
- Total 325,000 BL** } on 24th April

TRAINING ACTIVITIES

Simbhaoli

- Arvind Kaul, TQM & HR consultant conducted a training workshop for Jagriti Quality Circle on June 6-7 at Simbhaoli.
- Two employees of the distillery attended a 10-day first-aid training programme conducted by a well-known hospital at Hapur.
- Mr. Baldev Mantani, International Copper Promotion Council (India) conducted a seminar on energy conservation including a demonstration of energy-efficient motors at the sugar plant. 13 executives from Brijnathpur and Simbhaoli attended the seminar.





- A 3-day training programme was conducted for speciality sugar employees on May 26-28. The main highlight of the programme was a brain storming session for working out viable solutions for some intractable problems. Discussions were held with supervisors on the first day and with contract labour on the second. On the final day, all issues were discussed jointly with both the groups. In all 41 employees (including company staff and contract labour) participated in the event.
- A 2-day training programme for two quality circle teams in the sugar and distillery divisions was organized on June 6-7. Six employees from the sugar division (4 executives and 2 staff members), along with the distillery team attended the workshop.
- A special programme on 'Security Education and Training' was organized for 58 security personnel on June 5-6.

Chilwaria

- In this quarter, Chilwaria sugar division focused on technical and general training. In-house and external resource persons conducted workshops on subjects as diverse as safety and general cleaning, operation and maintenance of hydraulic systems, mill automation, switch gear automation and improving the working system of the boiling house.
- For the period under review, executives and staff members were imparted training for 18 mandays and 30 mandays respectively.

NEW SUGAR GODOWN, SIMBHAOLI



To keep pace with the demand of customers for 0.5 microgram sugar, a new 180,000 quintal capacity sugar godown has been built. This will enable the refinery to store, segregate and maintain different qualities of refined sugar under hygienic conditions.

ENVIRONMENT SUSTAINABILITY

For better environment management, Simbhaoli distillery has commissioned a 720 m³ per day capacity reverse osmosis (RO) plant at Simbhaoli. Set up at a total cost of Rs. 35 million, the RO plant will treat 50% of



the effluent generated, making it odour free, color less and fit for tea irrigation. This initiative is in addition to other environment sustenance systems already in place - evaporator, bio digester, and bio manure plant.

PROJECT UPDATE

Brijnathpur Ethanol Distillery

- The distillation and fermentation sections are in an advance stage of completion
- The boiler is almost ready
- Erection of 1.2 MWH turbine is under progress
- The bio-manure and bio-digester plants are also nearing completion.



720 KLD capacity Chilwaria evaporator (commissioned on June 8), which will lead to 68% evaporation of spent wash

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As an enlightened corporate entity, we aim at the sustained development of the communities we operate in. The nature of our activities encompass healthcare, education, employment and environmental protection. The focus is on the poor, children and old men and women in the villages.

On an average, about 100 patients from neighbouring villages utilize the free OPD services provided by the company at Simbhaoli. Beside first aid and emergency services, free medicines, diagnostic and consultancy services, are made available to the people, most of whom are poor.

Ambulance services are also provided to the needy for emergency and super specialty referrals.

From time to time, family welfare, ENT and eye check-up camps are also organized.

Free health care services on a limited scale have begun at the company's new unit at Brijnathpur.





CANE DEVELOPMENT ACTIVITIES

Special Rs. 120 million fund: For the 2008-09 planting season (February onwards), we have earmarked a sum of Rs. 120 million for cane development activities in the reserved areas of our plants. The focus of our interventions will be varietal change, soil fertility, ratoon management and integrated pest management. The objective being to achieve higher crop yields and better recovery of sugar from cane.



Kisan goshti

We have been organizing farmers' meets or kisan goshtis regularly in the command areas of Simbhaoli, Chilwaria and Brijnathpur. At these meetings, a multi-disciplinary team of specialists advise farmers on issues that are close to their hearts - autumn planting, producing good quality, planning for higher acreage, etc. This platform is also used by the company to inform them of new policy developments and to get a feedback from them on day to day problems they might be facing. Efforts are made to give solutions on the spot.

CONGRATULATIONS!

- **Mr. I. S. Bhatia**, unit head, SSD has been promoted to vice-president, SSD
- **Mr. Sunil Kumar Gupta**, head, corporate finance has been promoted to general manager (finance)
- **Ms. Gursimran Kaur Mann**, head, international marketing & business development has been promoted to general manager, marketing & business development
- **Mr. R.K. Singh**, unit head, SDD has been promoted to general manager, SDD.

WELCOME BREAK!

Workers' 4-day holiday in Uttarakhand and Himachal Pradesh: Simbhaoli Sugars organized a 4-day trip (June 14-17) for permanent and seasonal employees of its sugar division to Mussoorie, Shri Paonta Sahib, Haridwar, Rishikesh and Kaler Sharif.

Senior executives in Dharamshala: Senior management officials at the corporate office, along with their families (35 people in all) retreated to the picturesque hill station of Dharamshala for a strategy session between 12th and 16th June.



NEW APPOINTMENTS

- **Mr. Ajai Kumar Varma** joined as vice-president & unit head, CSD on 26th April. Mr. Varma is a mechanical engineer, and has 30-years experience in the field. His last job was unit head, Bajaj Hindusthan Ltd.
- **Mr. Bipin Chandra Pandey** joined as assistant general manager (production) at Chilwaria. Mr. Pandey is an ANSI gold medalist and has 25-years experience. His last job was chief chemist, Kichcha Sugar Company.

FOOD FOR THOUGHT



The ability to concentrate and to use your time well is everything, if you want to succeed in business or almost anywhere else for that matter.

Lee Iacocca



We look forward to your participation

Appeal to Employees

Trust Talk is your newsletter. It reflects your aspirations, showcases your achievements and records the challenges you face everyday in the service of your company.

Please contribute a point of view, a joke, a limerick, a recipe or even a story that will inspire others.

We look forward to your participation. Please mail your contributions to Ms. Harmeet Kaur at the Delhi office. E-mail: harmmeet@simbhaolisugars.com



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