

## Executive Director's Message

While 2007 turned out to be another difficult year for the sugar industry, there were signs of cautious optimism towards the end.

The Central government has devised a special financial package for early liquidation of cane price arrears by providing interest-free loans to sugar companies based on notional excise duty levied on their last and current season's production. This move will also greatly benefit the farmers.

The recent ruling of the Allahabad High Court has questioned the formula for working out the State Advised Price (SAP), and directed the state government to frame a new SAP in consultation with all the stakeholders. Although this ruling has been stayed in the Supreme Court, I am hopeful of a more rational and fair cane pricing policy in the state.

2008 is a watershed year for our Simbhaoli sugar plant. It's a year in which we are celebrating its 75th birthday. For all of us it's a matter of great pride to look back on its trend-setting, seven decades plus existence.

I take this opportunity to congratulate all our employees and stakeholders on this historic occasion. I am confident that their enthusiasm and work ethic will help the Simbhaoli sugar plant scale greater heights of success in the future.

I also take this opportunity to wish all our employees, business associates, shareholders and their families a very Happy and Prosperous New Year.



Dr. G.S.C. Rao

OVERVIEW

## TECH NEWS

Simbhaoli Technology Systems (STS), the technology division of our Company has inked a knowledge sharing and technology development agreement with Digital Utilities for jointly creating and marketing state-of-the-art, new generation sugar refinery systems. This tie-up will not only help us move up the technology curve, it will also sharpen the skill sets of our employees. Additionally, it will keep the sugar industry abreast of the latest technological developments in the field.

The new crushing season at Simbhaoli was kicked off on 28th November following the traditional Akhand Path ceremony. Mr. Gurmit Singh Mann, CMD and Mr. Gurpal Singh, DMD jointly inaugurated the cane weighing and crushing operations. Senior officials, staff members and farmers were present during the function.



*Simbhaoli Sugar Plant Celebrates  
75 years of Innovation & Excellence*



Simbhaoli sugar plant as it looked in 1933

Our Simbhaoli sugar plant is celebrating its 75th birthday this year. Established in 1933 by Sardar Raghbir Singh Sandhanwalia with an initial capacity of 400TCD, in the village that goes by its name, Simbhaoli was one of the earliest sugar plants to be set up in western Uttar Pradesh.

Over the years, Simbhaoli has set industry standards for technology, product excellence and research and innovation initiatives. Today, it has emerged as India's largest integrated sugar refinery complex.

[More pictures on page-2](#)

## NEW SUGAR SEASON OFF TO A DELAYED START

The new sugar season (2007-08) was delayed by about three weeks on account of delay in fixation of cane price by the state government. Consequently, commencement of crushing operations at Simbhaoli, Brijnathpur and Chilwaria was postponed by three weeks. Since then, all our three plants are running in top gear.





## AUDITED FINANCIAL RESULTS 2006-07

(In Rs. lacs)	(Period ended)	
	September 30, 07 (18 Months)	March 31, 06 (12 months)
Operating Turnover and other income (gross)	98,691	59,771
Profit/(loss) after tax	(6423)	2960
Profit/(loss) available for appropriation	(3094)	4222

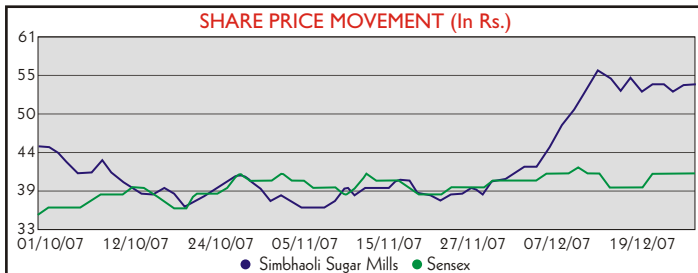
- The financial results were adversely affected on account of below break-even sugar prices and high sugarcane costs.
- A record 24.64 lac MT of sugarcane (highest in the Company's history) was crushed as against 15.42 lac MT in the previous year. The sugar recoveries were lower in all the units on account of agro-climatic reasons and extension of the 2006-07 crushing season into the low recovery period.
- The alcohol segment recorded the highest ever net revenue of Rs. 177 cr.
- Non-sugar income was constant at 52% of gross income.

## TRAINING AND DEVELOPMENT

Regular training programmes were organized for contract labour and regular employees across divisions - production, sales, godown and security. Technical staff, middle management and top management, too, attended the training workshops.

In this quarter, 90 mandays and 428 mandays of training were imparted to executive staff and non-executive staff respectively.

Mr. Arvind Kaul conducted a two day executive development programme for the distillery division executive staff at Simbhaoli.



In the last few months, the share price of Simbhaoli Sugars has gathered strength, touching levels of Rs. 58.50 on December 17, 2007 as against Rs. 46 on October 1, 2007.

## DOWN MEMORY LANE: Simbhaoli Sugar Plant



**Sardar Raghbir Singh Sandhanwalia**  
Founder and First Chairman & Managing Director -  
1933 to 1967



**Major Harinder Singh**  
Second Chairman & Managing Director -  
1967 to 1972



Snapshots of the Simbhaoli sugar plant under construction, circa 1933



## KNOW YOUR SENIOR MANAGEMENT

**Mr. R.K. Singh** graduated from the Chaudhary Charan Singh University, Meerut and received a post-graduate diploma in management studies from Indian Institute of Planning & Management (IIPM), New Delhi.



Mr. R.K. Singh, Unit Head - SDD

He has over 24 years of work experience. Mr. Singh has worked with Balrampur Sugar Mills; Dhampur Sugar Mills and Shakumbari Sugars. He did a short stint at Simbhaoli Sugars, Chilwaria. He re-joined Simbhaoli as AGM (Commercial) on 1st August 2006 in the distillery division. He became DGM (Commercial) on 1st April 2007. Subsequently, in 2007 itself, he was promoted to the position of unit head, Simbhaoli Distillery Division (SDD).



## WORLD SUGAR SCENARIO

During 2007, growth in global sugar production has run ahead of demand. Consequently, sugar balances have swung from deficit to surplus, which has set the tone for the market. Much of the growth in global sugar production has come from Asia, in particular India, which has become a net exporter. Large investments in India and Brazil has seen cane sugar production rise to record levels.

Higher production and stocks have led to a continuous decline in raw and white sugar prices. With rising crude oil prices, Brazil has been diverting its additional sugar cane for manufacturing ethanol. However, the increase in crop was very substantial resulting in softening of world sugar prices. White sugar prices came down to US\$ 300/MT in December, 2007 from a peak level of US\$ 475/MT in May, 2006. Raw sugar prices, too, spiraled down.

Bio-ethanol has become the most important barometer of the sugar scenario. While world consumption has touched 51 billion litres, United States alone consumes over 20 billion litres. USA's

consumption CAGR has exceeded 35% in the last five years. What's more, many countries have taken up ethanol blending programmes ranging from 5% of fuel consumption and above. EU has set up a bio-fuel consumption target of 5.75% of total fuel consumption by 2010. The rise in ethanol consumption in Brazil during 2007 has been spectacular, despite the government mandated reduction in the blending rate for bio-ethanol in gasohol from 25% to 20% at the start of the season.

Looking forward, crude prices which are nearly touching US\$100 levels, will lead to an increase in the consumption of bio-ethanol in the coming years. In addition, the increasing willingness of a number of countries to encourage bio-fuel usage suggests that growth in alcohol/ethanol consumption will continue, which will bring about stability in sugar prices in the future. The raw/white sugar prices contract for March 2008 has crossed 12 cents/pound and US\$ 350/MT during mid-January 2008.

### EXPORTS

During the quarter under review, we contracted to export 4000 metric tonnes of premium sugar at remunerative prices to the European Union.

### SWEET SURPRISE

In the three months period (Oct-Dec 2007), we added a slew of reputed institutional customers for our range of specialty sugars. In the pharma-grade sugar segment, we have commenced supplies

to 20 new customers including Nestle, Novartis, Yakult Danone, Sun Pharma, Mother Dairy, Alkem Laboratories, Marine Biotech and Parnax Laboratories, amongst others.

In the sugar sachet segment, Simbhaoli Sugars is now available at Jet Airways, Barista Coffee Company, Country Inn, Airport Motel, Savanna and Maple.

In the retail category, our Trust brand continues to strengthen its position in markets across northern India.

The biomass-based co-generation plant at Simbhaoli

PROJECT COMPLETED



The new biomass-based co-generation power plant at Simbhaoli is up and running. Dr. G.S.C. Rao, Executive Director inaugurated the turbine on 2nd November 2007.



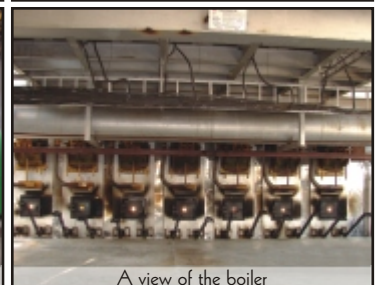
Prayers being offered at the inaugural function



Dr. Rao inaugurating the turbine



A view of the turbine



A view of the boiler





## PROJECT UPDATE Brijnathpur Ethanol Plant



The Brijnathpur ethanol plant, which was delayed due to certain reasons, is back on track. It will produce 18,000 KL of ethanol per year. The plant is likely to be commissioned in March/April 2008.

## AGRICULTURE REPORT

In line with our mission to enhance the income levels of farmers, we are continuing to encourage farmers to adopt intercropping of crops with sugarcane as a regular agricultural activity.

- Potato along with sugarcane was planted in the non-sugarcane growing areas (approx. 200 hectares) of the Brijnathpur command area
- Mustard along with sugarcane crop was planted in all the three mill areas (approx. 1000 hectares)
- License from the Hapur Mandi Samiti for purchasing potato and mustard has been received
- Arrangements for tying up cold storage facilities for potato and oil expellers for mustard will be finalized shortly

## QUALITY CIRCLES

The Simbhaoli sugar plant had initiated the Quality Circle movement in 2004. (Since then, it has been extended to Chilwaria and Brijnathpur plants as well.) The enthusiastic participation of our employees has ensured the success of this initiative. In Simbhaoli we now have 8 fully functional Quality Circles covering the mill house, power house, boiling house, cane department, godown and the boiler.

## CHRISTMAS AND NEW YEAR EVE CELEBRATIONS

Simbhaoli sugar plant celebrated Christmas and New Year eve with great enthusiasm. Members of the Sandhanwalia sports club and corporate office staff participated in these functions and made them a thumping success. Children participated in various events like group dance, solo dance, and skits. Fancy dress show by the kids was one of the main attractions.

## VISITORS

- Mr. Nilanjan Sanyal, Jt. Secy. (Sugar), Ministry of Consumer Affairs visited the Simbhaoli sugar plant.
- Mr. S.D. Agnihotri, DGM and Mr. V.K. Jain, AGM - SBI IFB, New Delhi visited the Brijnathpur sugar plant.

## Welcome on Board!

### New Appointments

Mr. S.K. Sinha, General Manager, Strategy & Marketing (IMFL). Location - Corporate Office



A view of the EGM which was held at Simbhaoli on 29.12.07

## FOOD FOR THOUGHT

Failure doesn't mean you are a failure...it just means you haven't succeeded yet.

Robert Schuller

## 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](mailto:harmmeet@simbhaolisugars.com)



India's largest integrated sugar refinery  
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