

Executive Director's Message

The business cycle of the sugar industry is becoming unpredictable on account of rising demand, changing farmer preferences (away from cane – towards other food and cash crops) and globalization of Indian markets. Last season, India exported over 4.5 MT of sugar (including 2.2 MT of raw sugar). Simbhaoli continues to maintain its position as the pre-eminent exporter of 45 ICUMSA grade sugar. Our three sugar plants are gearing up for the new crushing season, which will be a challenging one, in view of larger milling capacities and tight cane availability. The cane price issue, pending with the judiciary will determine sustainability in cane supply, and be the key to future profitability of sugar companies.

Given the expanded use of alcohol, the prices of alcohol and molasses have gone through the roof; and the industry is hard put to find a new demand-supply equilibrium. As a result, we had to cut down production and are now operating in cost plus segments only.

The projects are progressing as per schedule, and I am confident that all our capacities will be fully available in the 08-09 season.

I take this opportunity to wish you all a very Happy Festival Season.



Dr. G.S.C. Rao

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Simbhaoli Sugars going global

Historically, we have had strong links with international trading houses such as Cargill, ED&F Man, Sucden, Bunge and Agrocorp, and manufacturers in important sugar producing countries like Brazil and Thailand.

To leverage our trading strengths and expand our international business, we are now planning to set up an associate company outside India for marketing and trading in sugar and other commodities in the overseas market. Dubai in the Middle East, with its superior infrastructure is an ideal location for business in international markets.

Steps have been initiated for incorporating an associate company proposed to be named Simbhaoli Global Commodities DMCC, with the Dubai Multi Commodities Centre Authority in the Free Trade Zone of Dubai, United Arab Emirates.

We would be engaged in trading, warehousing and hedging activities in the Indian and international markets. We will create depots, move sugar from surplus to deficit areas, and take advantage of arbitrage opportunities in the physical and futures markets. We will also import and export raw, white and specialty sugars. We intend to provide

innovative solutions on commodity risk management using futures and forward contracts and pricing to meet the complex requirements of large industrial consumers.

** The company will be sufficiently capitalized for carrying out business at the global level.

Q3 PERFORMANCE

Key financial highlights

(Rs. Million)

Particulars	Quarter Ended June 30, 08	Quarter Ended June 30, 07	% shift
Net revenue	1079.01	1123.76	4
PBIDT	88.69	(135.49)	165
PBT	(113.71)	(263.11)	57
PAT	(124.32)	(133.39)	7

Segment wise business review

Segments	Quarter ended June, 08	% of total revenue	Quarter ended June, 07	% of total revenue
Sugar	816.29	60	811.89	58
Alcohol	374.82	28	383.34	27
Power	164.04	12	142.32	10
Others	0.15	-	68.10	5
Total	1355.30	100	1405.65	100

- Sugar, one of our major businesses, is a seasonal industry. Therefore, the results of the quarter are not indicative of the likely performance of the full accounting year.
- The lower free sale sugar price continues to affect the business operations. The EBDITA margins at Rs. 88.69 million turned positive, but overall profitability remained negative.
- In the current quarter, we have incurred a net loss before tax of Rs. 113.7 million (Rs. 23 million cash loss) as against loss of Rs 263 million (Rs. 212 million cash loss) in corresponding quarter of previous year.
- 90% increase in PBIT from sugar business at Rs. 38.3 million in this quarter as compared to Rs. 397.6 million in the corresponding quarter last year.
- 35% increase in revenue from power to Rs. 57.6 million in Q3 FY08 as against Rs. 42.7 million in the corresponding quarter of last fiscal.



PAPERS PRESENTED AT STAI

The Simbhaoli team presented five papers at the 69th annual convention of STAI (August 20-23) at Aurangabad. The papers (details given below) were widely appreciated by the audience.

1. Improved Earnings of Sugar Cane Farmers - An Inter-Crop Alternative
● Dr. G. S. C. Rao, Executive Director ● Mr. S. C. Reddy, Agriculture Advisor
2. A Case Study of Integrated Sugar Refinery
● Mr. Anil Srivastava, VP (Technical) ● Mr. I. S. Bhatia, VP (SSD)
● Mr. U. S. Mishra, Sr. DGM (Engg.) ● Mr. S. P. Tripathi, Sr. DGM (Production)
3. Water - A New By-Product of Sugar Industry by Vapor Condensate
● Mr. Anil Srivastava, VP (Technical) ● Mr. S. P. Tripathi, Sr. DGM (Production) ● Mr. Manoj Goyal, Sr. Manager (Production)
4. An Overview of Mill Maintenance
● Mr. U. S. Mishra, Sr. DGM (Engineering)
5. Reducing Manufacturing Cost by Adopting Viable Technologies and Better Efficiencies for Co-generation and Alcohol
● Mr. Dilip Jain, General Manager (Project Development)

EGYPTIAN CONFERENCE

Dr. G.S.C. Rao and Mr. Sanjay Tapriya attended an international conference on "Meeting the challenges of sugar crops and integrated industries in developing countries" at Al Arish, Egypt on September 11-14. Their presentation on intercropping was appreciated by the participants.

STAI CONFERENCE

Ms. Nidhi Goel, international marketing division, corporate office, presented a paper on the "Impact of Quality Parameters of Indian Sugar on International Trade" at the Sugar Technologists Association of India (STAI) conference held at Srinagar.

SAFETY COMMITTEE, CHILWARIA

A Safety Committee has been constituted at Chilwaria. Helmets have been made compulsory in both the sugar and distillery units. Different coloured helmets have been provided: White for executives, yellow for staff, green for contract labour and blue for visitors.



CARBON CREDITS

Following SGS verification, the UNFCCC has been requested to issue CERs, a process that is expected to be completed within two months. Once the CERs are issued, we will be free to sell them in the open market.

PROJECT UPDATE

New Brijnathpur co-generation plant

A detailed project report for the installation of the 22 Mw/h co-generation plant has been prepared, which is being put up for financial closing. Implementation will start once we receive consent from the financial institutions.

Second phase of Chilwaria co-generation plant

Erection work of the second phase of the 20 Mw/h co-generation unit has been completed. Testing and commissioning is under progress. The unit is likely to start functioning in the first week of October, to coincide with the start of the new crushing season.

FESTIVAL CELEBRATIONS



Independence day function, Simbhaoli



Independence day function, Chilwaria



Teej celebrations, Chilwaria



Vishwakarma Puja was organised at the Simbhaoli complex on September 17. Tributes were offered to Vishwakarma, God of Creation by way of prayers, cleaning and giving rest to the machine tools. The function was attended by the CMD, VP (Sugar), VP (Technical), Sr. DGM (Engineering), Sr. DGM (Production), Sr. DGM (Cane) and other employees.

Vishwakarma Puja, Simbhaoli



NEWS FROM SIMBHAOLI COMPLEX

Visit to Sugar Asia 2008

Twelve executives, including VP (SSD) and 3 executives from Corporate Office visited the Sugar Asia 2008 conference held at Delhi on July 26. The conference showcased the latest technologies and equipments pertaining to sugar, ethanol and power generation. New varieties of sugar cane and new patterns of harvesting and cane cleaning were the other highlights.

Family trip to Nainital

A 3-day vacation was organized for executives along with their families to Nainital from 11th to 13th July.



Successful ISO Audits

The periodic audits for ISO 9001, ISO 14000 and HACCP certifications were conducted by DNV on July 17-18 at the Simbhaoli sugar and distillery plants.

Sugar exports

During July, we exported 3094 MT of sugar to countries in the Middle East.

We also exported 78 MT of molasses sugar (a specialty sugar product), to the Middle East. There has been a tremendous response to our sugar, resulting in escalating demand. Incidentally, Simbhaoli is the only manufacturer of such sugar in India.

TRAINING NEWS

- Mr. Arvind Kaul conducted a 2-day training workshop at Simbhaoli on July 3-4 for 2 executives and 14 staff members.
- Mr. K .K. Tyagi, DGM, Corporate HR conducted an intensive training programme on "Systematic Problem Solving" for 19 middle level executives.
- Mr. Arvind Kaul conducted a 3-day training programme on problem solving tools for the task forces including 18 executives at Chilwaria on September 18-20. Mr. R.K. Sirohi, Leader, Sankalp Quality Circle made a special presentation.
- Mr. Arvind Kaul held a workshop on 'Management Skills Development' for 22 executives at Simbhaoli on September 11-12.



LIQUOR NEWS

Exports thrust

Exports are a key focus area. We have received an export order from an African nation for the entire range of IMFL products.



New office in Uttar Pradesh

We have opened a branch office in Lucknow, Uttar Pradesh to strengthen our distribution and retail infrastructure in the state. A senior manager has been posted there.

Promotion scheme for retailers

A sales promotion scheme had been introduced by Mondal & Co. at Behrampur (West Bengal), in which the retailers were offered coupons on purchase of a certain quantity of cases. During this quarter, a lucky draw was organized (prizes included a home theatre system).

SUGAR NEWS

- Re-launch of Golden Brown and Icing Sugar: Given the mushrooming of coffee cafes and escalating demand for confectionery items, Trust Golden Brown and Icing Sugar are being re-introduced in the Delhi National Capital Region.
- Trust-Indian Railways co-branding scheme: The next time you travel in a train, look out for Trust sugar sachets which are now being served with tea and coffee on many routes.
- Sunehra sampling drive: As part of a special scheme to motivate retailers, free samples are being offered with 20 kg cartons of Trust Sunehra sugar.
- Special scheme for staff members: Simbhaoli employees can now pick up Trust sugar at attractive prices. For details, please contact the reception in your plant/office.
- Sachet packs: Trust sugar is now available in sachets as well.



Simbhaoli employees pitch in for Bihar flood relief: Employees across plants and offices have donated one-day's wages towards mitigating the calamitous effects of the Kosi flood in Bihar. A sum of Rs. 10 lac has been deposited with the Chief Minister's Relief Fund.



VISITORS

Japanese delegation



A delegation from Japan's largest alcohol company, Suntory visited our Simbhaoli plant on July 8, to explore exclusive bottling arrangements with us in North India. Suntory chief general manager -India business, Mr. Masato Handa and his team met with Mr. S.K. Sinha, GM-Marketing (Alcohol Products) along with other HODs at Simbhaoli.

The Japanese delegation included Gensei Murakami, Executive GM (Corporate Division); Taguchi, Executive GM (Plant); Hiroyoshi Miya Moto, Executive GM (Distillery); Hiyoroshi Takemoto, GM (Spirits); Masato Handa, Exec GM (Corporate Division, India Business) and Yasutoshi Tobe, DGM (Corporate Division).

Bank of Baroda team

Mr. S. K. Bhargava, General Manager (North Zone) and Mr. Subhash C. Ahuja, Dy. General Manager visited the Simbhaoli plant on September 11.

Simbhaoli Technology Services

Simbhaoli Technology Services, the technology division of SSL, has been contracted to set up a 250 TPD state-of-the-art refinery on a turn-key basis with a co-operative in Maharashtra.

The proposed refinery will be integrated with the existing sugar plant and have the option to operate as an autonomous unit, if required. This will be the country's first ion exchange, decolourisation technology-based refinery in the co-operative sector. This initiative is proof of Simbhaoli's prowess in coming up with innovative solutions.



NEW TRUST FESTIVAL PACKS!

This festive season, you can pick up the full range of Trust sugar in attractively designed packs. For bulk orders, we are offering attractive prices. To place your order, please e-mail Mr. Rajeev Bhatia at rajeevbhatia@simbhaolisugars.com
Hurry! Limited period offer.

NEW APPOINTMENTS

Mr. Dilip Jain joined as General Manager (Project Development) at the corporate office on August 6. A postgraduate in chemical engineering, Mr. Jain has expertise in sugar manufacturing, bagasse-based power generation and fuel ethanol. Before joining us, he was working as a full time consultant for Government of India on their Sugar Technology Mission, under the Department of Science and Technology.



BOILER FIRING CEREMONY, SIMBHAOLI SUGAR PLANT



FARMERS MEET, DATIYANA, SIMBHAOLI SUGAR PLANT



Food For Thought

☞ Whenever an individual or business decides that success has been attained, progress stops. ☞
Thomas J. Watson Jr.



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

C-11, Connaught Place, New Delhi 110001 India
Tel: +91-11-41510421/2/3 Telefax: +91-11-23413088
E-mail: info@simbhaolisugars.com Website: www.simbhaolisugars.com