

Executive Director's Message

The sugar industry has finally got something to cheer about.

Government of India has given the green signal to a slew of policy measures of great import for the sugar industry: Mandatory 5% blending (to be revised to 10% in October, 2008) of ethanol with petrol, direct manufacturing of ethanol from sugarcane juice and interest free loans against excise duty. These initiatives will go some way to revive the fortunes of the sugar industry.

With the successful implementation of our projects and fine balancing of our revenue streams, we are strongly positioned to face the challenges of the future. In the sugar space, our recent re-positioning and branding efforts are paying off. In the IMFL segment, we continue to move from strength to strength.

Our Chilwaria co-generation plant was commissioned in August and should achieve its full capacity with the start of the new sugar season.

Most significantly, we've taken important steps on our journey to become an eco-friendly enterprise (and add an additional, lucrative revenue stream comprising carbon credits). Our Simbhaoli co-generation plant has got UNFCCC approval for carbon credits. Further, our Chilwaria co-generation facility has filed a carbon credit application with UNFCCC.

Dr. G.S.C. Rao

OVERVIEW

SIMBHAOLI-INDIAN BANK TIE-UP



Indian Bank (IB) has always been very keen to assist farmers in their growth and development. Early this year, IB started disbursing agri loans at concessional terms to farmers in the Simbhaoli region. A large number of farmers including women took advantage of the timely disbursement - using the money to buy quality seeds and other agri-inputs. This will result in an improvement in crop yields and earnings of farmers.

Similar tie-up with PNB in the offing



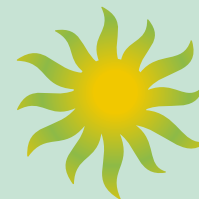
The Simbhaoli management has discussed similar joint initiatives with Dr. K.C. Chakraborty, CMD, and Mr. Garg, ED, Punjab National Bank - who have shown a keen interest in the proposal. This initiative, too, will spread inclusive growth in the Simbhaoli sugarcane region.



Ready to run: A view of the co-generation switchyard at our Chilwaria plant.

First Phase of Chilwaria Co-gen Plant Commissioned

The first phase of the biomass-based power plant at Chilwaria was commissioned in August. Civil work for the second phase has been completed. The second phase (22 MW/HR) is slated for a January 2008 opening. The commissioning of the 11.5 MW condensing TG set and laying of the 14-km long high-tension, power transmission line connecting the generation plant with UPPCL's main station is an achievement to be proud of. ■



CARBON CREDITS

Biomass-based co-generation project accredited by UNFCCC under the Clean Development Mechanism (CDM) programme

Our biomass power project at Simbhaoli has been registered for carbon credits entitlements by the United Nations Framework Convention on Climate Change (UNFCCC) at the 34th meeting of the Executive Board of the Clean Development Mechanism (CDM) held on September 12 - 14, 2007 at Bonn, Germany.

The annual credits of emission reduction from power export have been estimated at 44,682 tonnes of CO₂ over 10 crediting years.

This project involves installation of a 22 MW/HR back-pressure type turbo generator along with a high pressure (87 kg/cm²) 110 TPH capacity boiler. It aims to generate power and steam for the sugar mill, along with export of 16 MW/HR electricity to the Uttar Pradesh Power Corporation Limited (UPPCL) grid. With this, the total installed capacity of biomass/bagasse based co-generated electricity will go up to 32 MW/HR.

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Carbon Credits - Contd. from Page 1

The export of bio-electricity would reduce GHG (carbon dioxide, nitrogen oxide and sulphur oxide) emissions by replacing fossil fuel with a renewable source of electricity. The high pressure boiler will be fired by bagasse (a biomass, produced from the sugar manufacturing process) to generate steam, which in turn, will run the steam turbine for generating electricity.

According to Dr. G.S.C. Rao, "The project will not only reduce global warming, it will also contribute to the environmental health of the areas around the plant and lead to capacity building of the local communities (as electricity displaced by the project activity will be diverted by the regional grid to power starved areas). The project will also reduce ash generation since the ash content in bagasse is lower compared to Indian coal".

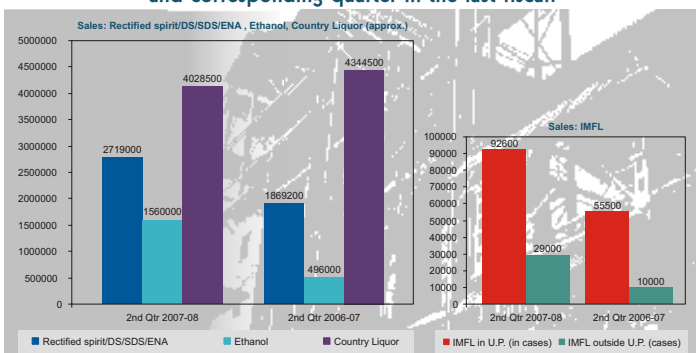
Dr. Rao believes that Simbhaoli will serve as a case example to other sugar mills in the region for switching to an environment-friendly, co-generation configuration, for exporting electricity to the grid.

The revenue from Carbon Emission Rights (CERs) will form an integral part of the project's viability. CER is a marketable product, being sourced by developed countries (EU, for instance) to neutralize their CO₂ emissions. At present, the price of one CER is ranging between Euro 12 and Euro 16. We have already been approached by European Carbon Credit trading companies in this regard.

Simbhaoli Distillery: Vintage stuff!

Simbhaoli is one of the oldest distilleries in the sugar industry. Established some 60-years back, it has earned a reputation for producing quality liquor. Today, it delivers healthy revenues for the company.

Sales figures (approx.) for the quarter under review and corresponding quarter in the last fiscal:



IMFL: IN GOOD SPIRITS!

Our IMFL brands have received a good response in Himachal Pradesh. We have taken new initiatives to strengthen our brands in Rajasthan and Haryana. In the quarter under review, sales have jumped by a whopping 67%.

NCDEX Operations

Our Simbhaoli Global division continues to hedge positions in the domestic commodities and futures market. The objective is to hedge 20% of the production. The division is now offering advisory services in hedging as well.

EXPORTS July-September 2007

We exported around 6000 MT of sugar, valued at around US\$ 1.9 million.

TECH TALK

Simbhaoli and Digital Utilities (DU) have signed an MOU for marketing process technology for converting Double Sulphitation units into fully integrated Refined Sugar plants. What's more, the joint venture will offer complete solutions, enabling Double Sulphitation factories to produce raw sugar for export purposes. The Simbhaoli-DU combine will also offer DRPIE technology consultancy to overseas companies.

TRAINING AND DEVELOPMENT

It is our mission to enhance the knowledge quotient and skill sets of our employees on a continuous basis.

To realize this objective, our HR department regularly conducts training workshops, seminars and motivational lectures for all employees (contract and regular) across the corporation.

In the quarter under review, 243 and 254 man-days of training were imparted to the executive and non-executive staff respectively. Two domain experts, Dr. Jayshree R.K. and Mr. Arvind Kaul conducted special workshops at Simbhaoli.





Strategic Planning Workshop by Dr. Jayshree R.K.

A two-day workshop on 'STRATEGIC PLANNING - A WINNING STRATEGY' was organized on 14th and 15th of September in the board room at Simbhaoli. The workshop was



anchored by Dr. Jayshree R.K., who has over 20 years experience in organisational development, strategic management and change management. 28 senior executives attended the workshop.

Mr. Arvind Kaul conducted a series of workshops on motivation and empowerment for specialty sugar, godown and manufacturing staff.

For specialty sugar division and godown staff: A 3-day training programme was organized for the specialty sugar division between 12 July and 14 July. Along with company employees, all the contractors and contract labour attended the programme. The first two days were devoted to the importance of customers and their requirements, including the importance of their own work. On the third day, activities and responsibilities of all the staff were etched out.

For manufacturing division: A similar session was organized between 5th September and 6th September for the manufacturing staff. All contractors, contract labour, company supervisors and managers attended the programme. The theme of the workshop was 'Cleanliness and hygiene awareness'.

QUALITY CIRCLES ON TRACK!

Quality Circles are running smoothly in all our units. Regular QC and Steering Committee meetings are taking place. In order to give a special identity and encourage their efforts, we have provided special uniforms to all QC members at Simbhaoli plant.



Mr. Arvind Kaul conducted a training programme on 'Quality Circle Awareness' on 6th July at the Simbhaoli plant.



Know your senior management

Mr. Indip S. Bhatia is the General Manager, Simbhaoli Sugars division. He attended St. Johns Convent School, Meerut. He completed his Biological Sciences graduation in Meerut University. He did his post-graduation in Business Administration from IPM, Meerut with specialization in Human Resource Management.



He started his career as a Management Trainee with Mawana Sugars in 1990. He joined Simbhaoli Sugars in May 1998 as Manager (Personnel), was promoted to DGM (P&A) in 2002. In 2005, he was given additional responsibility of the Cane Department and was promoted as GM (Cane and Admin.). In 2006 he became Head of the Simbhaoli Sugars division. Indip married Ms. Harpreet Kaur in 1996. They have one son (Angad - who is two and a half years old).

Other senior executives will be featured in the forthcoming issues of Trust Talk.

ETHANOL REPORT

Simbhaoli Sugars is strongly placed to take full advantage of Government of India's new ethanol policy. At present, we have an ethanol production capacity of 120-KLPD (Simbhaoli plus Chilwaria plants). Our 60-KLPD Brijnathpur plant is expected to commence commercial production by March, 2008. This will hike our total production capacity to 180-KLPD. As the table (given below) indicates, we have a healthy sales track record and a good order position, which should only get bolstered as demand is generated in states like Jharkhand, West Bengal, Orissa and Rajasthan.

Ethanol supplied by Simbhaoli Sugars to oil companies in the last 4 years (approx.)		
Year	Simbhaoli Distillery (Qty in Kilo Litres)	Chilwaria Distillery (Qty in Kilo Litres)
2003-04	4200	Unit not in existence
2004-05	3500	Unit not in existence
2005-06	3100	Unit not in existence
2006-07	3200	1000
2007-08 (Order in Hand)*	4100	3500



PROJECT UPDATE

- The Simbhaoli co-generation plant was energised on 20th September
- Cilwaria co-generation facility has been linked to the national grid



Under construction: The 60-KLD molasses-based distillery, Brijnathpur. The state-of-the-art, multi-pressure distillation plant will produce 18,000 KL of ethanol per annum. Plus, it will produce premium quality ENA and bio manure.

VISITORS

- Mr. N. Shankar, Executive Director, EXIM Bank visited Simbhaoli plant on September 8

Beyond Sugarcane: Farm Development Activities



- At Simbhaoli Sugars, we have a full-fledged farm development department headed by Advisor (Agriculture)
- Sugar recoveries are likely to be around 10%
- Autumn planting of cane will be intercropped with potato, mustard and wheat in the command areas of our three units. More than 5000 acres of land will be intercropped
- Farmers can hope to earn an additional income of Rs. 30,000 to Rs. 75,000 per hectare
- This year, we will actively take up issues of great concern to the farmer: Transport logistics, crop quality, soil health, productivity, etc. Field demonstrations and farmers meetings are also being planned in this regard.



Trust packaging on display in an upmarket store



Independence day celebrations, Simbhaoli



Teej festival celebrations, Simbhaoli



Get together with Prumatech at Brijnathpur



Tree plantation drive, Brijnathpur

INTERNATIONAL MARKETING AND TRADING

Retail Exports: Trust brand continues to spearhead our retail export business in the North American, African, Middle Eastern, and Asian markets. Presently, we are exporting Trust Classic sugar cubes, Trust Classic white crystal sugar, Trust Sunehra natural golden sugar and Trust sugar sachets. In the future, exports will continue to be a key thrust area for us.

Industrial Buyers' Risk Management Model: The international marketing and trading division has successfully developed and initiated a Futures-based Industrial Pricing model. The model provides our esteemed customers the opportunity to buy our sugar on a long term basis while hedging their market price risk. Our advisory desk provides research, analysis and market recommendations to keep our buyers completely informed and updated on sugar market trends and movements.

FOOD FOR THOUGHT

Real integrity is doing the right thing, knowing that nobody's going to know whether you did it or not.

OPRAH WINFREY

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: harmet@simbhaolisugars.com



India's largest integrated sugar refinery

● Simbhaoli Sugar Complex ● Brijnathpur Sugar Complex ● Chilwaria Sugar Complex

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