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# Investor Update

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Standalone  
Financial Results  
for the quarter  
ended June 2013

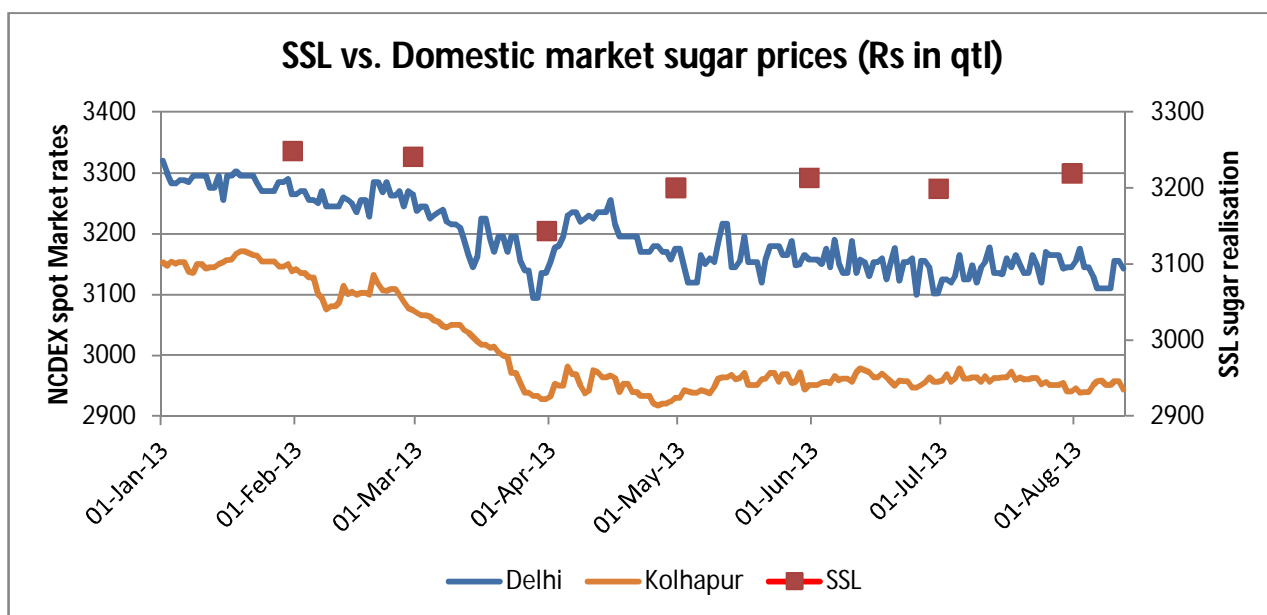
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Simbhaoli Sugars Limited

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## Highlights of the June 2013 quarter (Comparatives over June 2012 quarter)

- ✚ Net sales at Rs 274.2 crore, higher by 79%
- ✚ Loss after tax at Rs 42.55 crore on account of below cost sale of sugar
- ✚ Average realisation of sugar remained at Rs 3239 per qtl, higher than the industry average, as per the chart below
- ✚ Average realisation of rectified spirits improved by 19%
- ✚ No deferment of the off season expenses against last year amount of Rs 11.78 crore
- ✚ After the business reorganisation, revenues from power segment do not exist, against Rs 12.59 crores in the corresponding quarter previous year.



# Highlights of the Standalone Financial Results

## June 2013 Quarter compared with June 2012 Quarter

- Net sale for the quarter, at Rs 274.25 crore, remained higher by 79%. However, the increase in sales volume did not contribute to the bottom line.
- Loss before tax is Rs 42.55 crore, higher by 45%, mainly due to decrease in sugar prices by Rs. 50 per qtl after March 31, 2013.
- Sugarcane crushing for the season ended in the last week of April 2013 in all the sugar units of the Company.
- The average realisation compared to Q1 FY13 is higher by Rs. 249 per qtl. But this increase has not been able to absorb the interest cost and depreciation.
- Closing inventories are valued at the net realisable values.
- Finance charges are higher by 25% on account of higher utilization of limits. Includes Rs 5.5 crore of interest expense pertaining to the previous period.
- An interest income of Rs. 3.6 crore from Simbhaoli Power Limited, the power subsidiary company, on account of business transfer.
- Staff cost has increased marginally by 5% on account of general increments and longer crushing period.
- Depreciation has reduced by 26% on account of hiving off the power assets.
- The alcohol segment of SSL has made a profit of Rs 5.24 crore (last year Rs 2.79 crore) against a sale of Rs 20.35 crore (88% higher), on account of revision in ethanol prices and higher bulk spirit sales.
- All the off-seasonal expenses have been charged during the current quarter, as against Rs 11.78 crore deferred during the Q1 FY13.
- The power operations at Simbhaoli and Chilwaria sugar plants are accounted in Simbhaoli Power Private Limited only. The power operations at Brijnathpur Cogen division, are used for captive consumption only, and now been merged with sugar segment. As such, there is no power segment in the quarter under review.

# Corporate Highlights of the Quarter

## Business and Financial Restructuring

The Indian sugar industry, during the last three years, has been facing financial difficulties on account of lower realization of sugar and higher sugar cane prices particularly in respect of the sugar mills located in Uttar Pradesh. SSL has also incurred cash loss and erosion of its net worth due to these reasons. The State and Central Governments, having recognized the importance of the sugar sector for national economy have initiated steps to strengthen the industry like decontrol of the free sale sugar release mechanism and doing away with the levy quota system. These mechanisms were fallen short of expectations and the gap between the cost of production and sale price has widened. The state governments are actively considering long term measures like linking the sugar cane price with sugar sale values and encouragement of further investment in this sector.

The Company has also initiated a number of measures during the past years which included:

- a) business and financial restructuring of its business divisions comprising of potable alcohol and power undertakings of the Company,
- b) planned disinvestments of the shares in such SPVs,
- c) facilitating growth in the operations of these SPVs,
- d) fresh capital infusion into the Company,
- e) Company foray into Sugar technology consultancy and O & M businesses and
- f) Company's participation in a upcoming sugar refining Unit in a joint venture with a global major etc. to de-risk its businesses and improving its financial position.

On this basis and after considering expected benefits of such initiatives, the management of the Company is confident on the Company's ability to generate sufficient cash flows to meet its future obligations. Accordingly, these financial results have been prepared by the Company on a going concern basis.

## Simbhaoli Power Pvt Limited- Power Business expansion under JV

Simbhaoli Power Pvt Limited, under the Joint venture arrangement with Sindicatum Sustainable Resources Group (Sindicatum), is implementing its expansion project to enhance its aggregate power generation capacity from the existing 54 MW to 92 MW, and for that purpose is working towards achieving the financial closing. The JV partner, Sindicatum has invested ~Rs 38 crores into SPL. The Chilwaria power expansion project has been started and related activities such as vetting/approval of all drawings are being undertaken. The civil work has been completed upto 30%. The order for procurement of plant equipment has been placed. The environmental clearances application has been filed with the concerned authorities.

## Simbhaoli Spirits Limited- alcohol business strengthened

Simbhaoli Spirits Limited is working on its dedicated business plan and accordingly new destinations are being explored for the IMFL products. The Company has started producing the country liquor for Uttar Pradesh after 3 years and produced 3.6 lakh cases during the current quarter. The production of RS and ethanol has also been higher by 50% over the previous period. The Company incurred a loss after tax of Rs 2 crore, due to high interest costs due to high depreciation charges and cost of molasses.

### **Uniworld Sugars Pvt Limited- Kandla sugar refinery project under JV**

The refinery project at Gandhidham, being implemented under the JV Company, Uniworld Sugars Pvt Ltd, is at the advance stage of completion with project work about 90% complete. The Project is expected to be put-up for trial run by November 2013. Due to increase in cost of inputs and some delay in execution, the project cost has shown a major increase.

### **Integrated Casetech Consultants Pvt Limited- the technology vertical**

In continuation of its successful completion of assignments in the technical consultancy in concept to completion of sugar related businesses, Casetech has bagged one more O & M for a factory operation in Uttar Pradesh. It has continued to provide services in the overseas markets.

## **Financial Results at a Glance**

For complete unaudited financial results for the quarter ended June 30, 2013, please refer our website, [www.simbhaolisugars.com](http://www.simbhaolisugars.com). The unaudited financial results for the quarter ended June 30, 2013, were reviewed by the Audit Committee and approved and taken on record by the Board of Directors of the Company at its meeting held on August 12, 2013. The auditors have carried out 'Limited Review' of the above said results and the said Limited Review report is submitted to the stock exchanges.

## Segment wise Performance

### June 2013 Quarter compared with June 2012 Quarter

#### Sugar Segment

(Rs in mn)

Particulars	Qtr June 2013	Qtr June 2012	Change (%)
Total income	2672.8	1400.0	91
EBIDTA	(82.9)	(78.6)	5
EBIDTA (%)	(3.1)	(5.6)	-
Average realisation (Rs per kg)	32.39	29.75	9

- The sale of sugar increased by 8% due to higher free sale realisation and higher quantity of sugar sold
- The loss before interest and depreciation has been on account of higher manufacturing expenses on refining of approx. 1.2 lacs mt of raw sugar in the off season period
- The sales realisation of the Company has been higher than the industry average.

#### Alcohol Segment

(Rs in mn)

Particulars	Qtr June 2013	Qtr June 2012	Change (%)
Total income	203.5	231.8	(12.2)
EBIDTA	63.6	31.8	67%
EBIDTA (%)	31.3	16.4	-
Average Realisation (Rs per BL)*	33.0	27.53	

\*excluding fuel ethanol

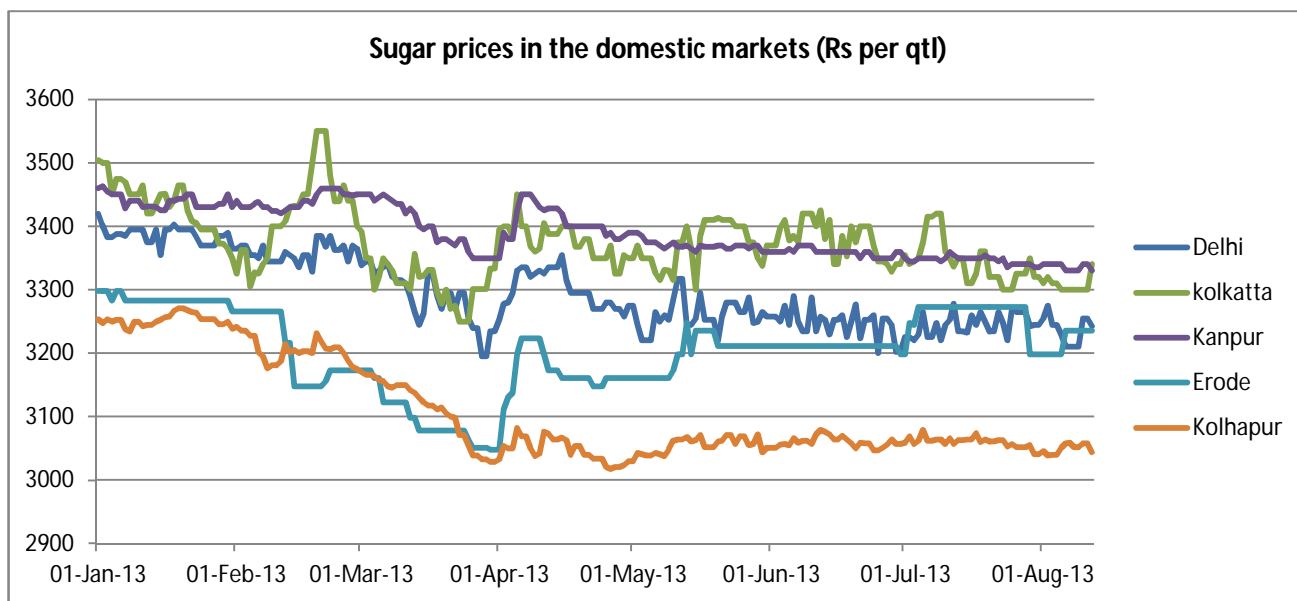
- Net sales decreased by 12.2% due to lower quantities of ethanol (19.3 lacs BL) sold during the quarter
- The alcohol segment earnings have improved as 94% higher quantities of rectified spirit have been sold
- The sales realisation of RS, ENA and ethanol have improved
- Molasses price has increased only marginally.

# Industry Outlook

## Indian Sugar Industry

Sugar production is estimated at 24.5 mmt in the sugar year 2012-13, against the total demand of 23 mmt. India's sugar output in the 2013-14 year beginning October is likely to drop 5.2% to 23.7 mmt, compared with a local demand of around 23 mmt.

## Sugar Prices Trend



## Policy changes and their impact

In May 2013, the Food Ministry has rescinded the control over sugar industry, especially on sugar sale in the open market and public distribution system. Besides, mills have been freed from the mandatory supply of 10% of their sugar production to the government at subsidised price to meet the social security system. After the decontrol the free sale sugar prices have come down as the millers resorted to heavy selling for creating liquidity. In July, the GOI implemented an increase in the sugar import duty to 15% from 10% as the domestic supplies are sufficient to meet the consumption, and the surplus sugar is causing a fall in the sugar prices.

## International Sugar Industry

The sugar supply projections for the 2012-13 sugar year are almost meeting or exceeding expectations, and the balance sheet for the year 2012-13 shows the largest surplus in the last 15 years.

Year 2013-14

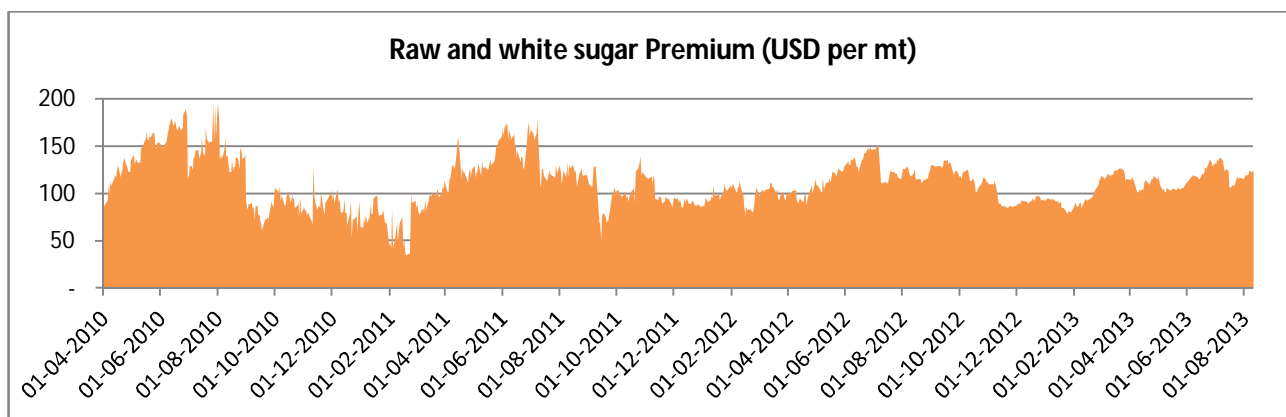
Initial estimates for 2013-14 production indicate to a fourth year of surplus, estimated to be around 3.7 mmt of sugar, much lower than the 10 mmt surplus projected for 2012-13. It implies a further rise in global stock levels and no decline in the global

stocks/consumption ratio. The global markets have already seen the impact of a large harvest in Brazil's Center/South. Out of the northern hemisphere producers only India and China have projected a slightly lower harvest; there is a possible increase in output suggested for Thailand, thereby no prospect of substantial reductions in sugar output.

Meanwhile, the recent strengthening of the U.S. dollar is likely to reduce dollar-denominated commodity prices across the board. The weakening of the Brazilian real versus the U.S. dollar also affects the attractiveness of ethanol in relation to sugar, lowering the level of the world sugar price to a point at which millers begin favoring ethanol over sugar production.

### Sugar prices trends

The global sugar market has been maintaining its downtrend over the last few months. NY No. 11 prices reached 16.21cents/lb in mid June, their lowest since June 2010. A large surplus production is anticipated in major producing areas, notably in Brazil. The declining ethanol prices in Brazil also provided an incentive to convert more sugarcane into sugar instead of ethanol, which put additional downward pressure on international sugar prices. The expectations for the Brazil Centre South cane crop this season has fallen due to damage by frost.





# Simbhaoli Sugars Limited

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## Corporate Office

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Email: info@simbhaolisugars.com

## Subsidiaries

1. Simbhaoli Global Commodities DMCC  
Dubai, UAE
2. Integrated Casetech Consultants Pvt Ltd  
E- 13/29, IIIrd Floor, Harsha Bhawan,  
Connaught Place, New Delhi, India
3. Simbhaoli Spirits Limited  
Simbhaoli, Hapur, Uttar Pradesh, India
4. Simbhaoli Power Limited  
Simbhaoli, Hapur, Uttar Pradesh, India

## Associated Company

5. Uniworld Sugars Private Limited  
Simbhaoli, Hapur, Uttar Pradesh, India

Simbhaoli Sugars Limited (SSL) (BSE SCRIP ID: SIMBHALS, NSE SYMBOL: SIMBHSUGAR), is a 75 year old Indian Company, operating three technologically advanced sugar manufacturing facilities in North India and are capable of manufacturing up to 300,000 metric tons per annum (MTPA) of sugar. In addition; the capacities are capable to refine raw sugar upto 300,000 MTPA. SSL also has three alcohol distilleries alongside its sugar facilities with a combined capacity of 210 kilo liters of alcohol/ ethanol per day (KL/D) and is capable of producing and marketing over two mn cases of quality spirits in Ten Indian States. Simbhaoli and Chilwaria sugar complexes house bagasse- based cogeneration facility of 64 mwh, out of which 34 mwh is surplus and sold to the state power grid. The sugar complexes of the Company have quality control certifications including FSSC 22000:2011, ISO 9001:2008 for the quality management system and ISO 14001:2004 for the environmental management system, which signify that the Company ensures highest product and procedural quality standards.

## Forward Looking Statement

*Certain statements in this document with words or phrases such as "will", "should", etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward-looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company*

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