

SIMBHAOLI SUGARS LIMITED

Investor update

On financial results

Quarter/ Year ended Sept 30, 2010

Registered Office

Simbhaoli, District Ghaziabad, Uttar Pradesh-245207
Phone: +91-5731-223117-9 Fax: +91-5731-223039
www.simbhaolisugars.com

Corporate Office

C- 11, Connaught Place, New Delhi- 110001
Phone: +91-11-43214100 Fax: +91-11-23413088
Email: info@simbhaolisugars.com

Subsidiaries

Simbhaoli Global Commodities DMCC
Dubai, UAE
Email: simbhaoli.global@gmail.com

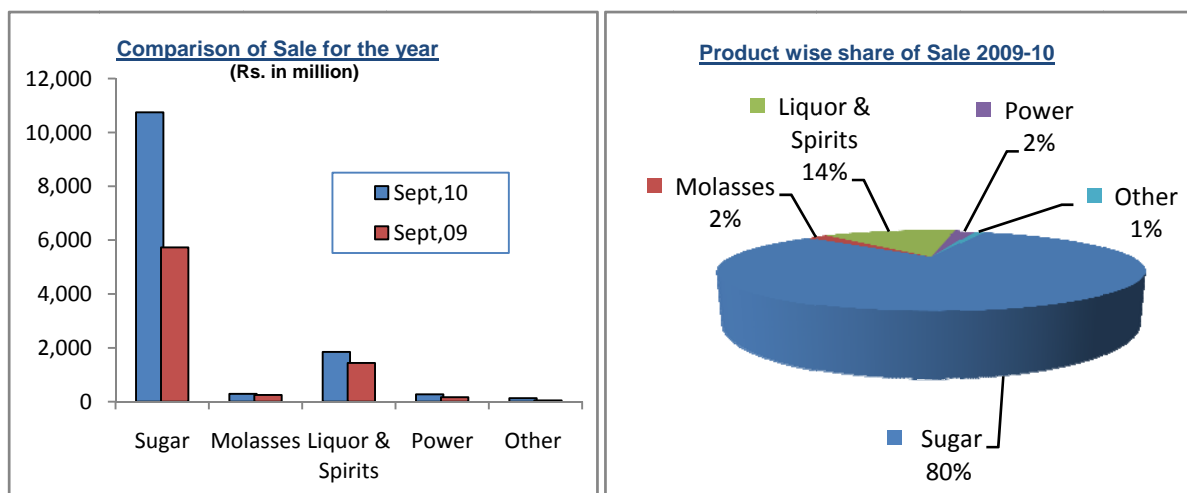
Integrated Casetech Consultants Pvt Ltd
E- 13/29, IIIrd Floor, Harsha Bhawan,
Connaught Place, New Delhi
Phone: +91 11 41510421, 43214100
Email: info@intcasetech.com
www.intcasetech.com

**Highlights of the financial results for the
year ended Sept 30, 2010**

- ⇔ Net sales at Rs 12.62 bn, higher by 79%
- ⇔ 3.82 lacs mt sugar produced during the year from both cane and raw sugar
- ⇔ Profit in power segment, Rs 255 mn, higher by 110%
- ⇔ Net loss after tax at Rs 747 mn, against a net profit after tax of Rs 718 mn
- ⇔ Loss in sugar segment, Rs 508 mn, after marking the value of stock at Rs 480 mn at the net realisation values
- ⇔ Business earnings suffered on account of exceptional fall in sugar prices from January 2010 onwards and the Company carrying large inventories at that time
- ⇔ Loss in alcohol segment Rs 102 mn, higher molasses prices
- ⇔ Sugar prices were low at the end of the period but started rising from the month of October 2010. Present prices, Rs 31 per kg

An investment of Rs 1.8 mn (82% shareholding) made in M/s Integrated Casetech Consultants Private Limited, engaged in technical consultancy services, thereby making it a subsidiary of SSL

Features of the financial results for the year ended Sept 30, 2010



- ⇔ Sugar sale for the FY10, at 3.57 lacs mt, has gone up by 1.02 lacs mt generating a segment revenue of Rs 13,066 mn against Rs 6,859 mn last year
- ⇔ Share of sugar has increased to 80% owing to increased volumes
- ⇔ Alcohol segment revenues at Rs 1833 mn, higher by 51% over FY09. Segment made a loss of Rs 102 mn on account of higher raw material prices and lower realisations. Export of ENA Rs 68.7 mn in Q4 FY10.
- ⇔ Expenses
 - Consumption of raw material includes cane, raw sugars and molasses consumed
 - Power and fuel expenses increased by Rs. 248 mn on account of use of alternate fuels for processing of raw sugar in off season.
 - Staff cost has increased by 27% on account of raw sugar processing in the off season; and additional payment to workers as per sugar wage board agreement etc.
 - Interest cost higher by Rs. 216 mn on account of
 - higher inventory of sugars, higher working capital deployment;
 - interest on ECB loan taken for repurchase of FCCB; and
 - increase in interest rate by 1.25% p.a.
- ⇔ Other income includes gain on buy back of foreign currency convertible bonds, having a book value of USD 1.9 mn and repurchased at a discount of 48% to book value.
- ⇔ Deferred tax assets (net) amounting to Rs. 704.0 million (Rs. 208.8 million during the quarter) has been recognized on the basis of future projections

Reasons for losses for the FY10

- ⇔ Negative margins, Rs 508 mn, on account of lower realisation of free sale sugar as compared to cost of production (COP)
- ⇔ Cost of production of sugar has been at Rs 3050 per qtl, higher by 39% on account of higher costs of raw material. Average net free sale sugar realisation of Rs 3097 per qtl. (previous year Rs 2250 per qtl)
 - Processing of 2.37 lacs mt of raw sugar at higher COP of Rs 3364 per qtl, on account of increase in the price of raw sugar
 - Sugarcane price inclusive of other levies paid at Rs 265 per qtl (Rs 162 per qtl in FY09) against SAP of Rs 165 per qtl
- ⇔ Closing stock of sugar is valued at Rs 2850 per qtl (Rs 1731 per qtl previous year)
- ⇔ Inventories have been written down by Rs 480 mn, on account of marking down at net realisable value
- ⇔ Alcohol segment losses at Rs 102 mn on account of
 - under capacity utilisation at the integrated distilleries due to lower availability of molasses
 - higher molasses price at Rs 4533 per mt
 - lower margins in potable spirits segment

**Financial results for the period ended
September 30, 2010**

**Extracts of financial results for the quarter/ year ended September 2010
(Rs in mn)**

Particulars	Quarter ended		Year ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	Unaudited	Unaudited	Audited	Audited
Gross Sales	2,811.8	3,042.9	14,920.6	10,007.9
Excise duty	505.0	660.2	2,304.0	2,944.7
Net Sales	2,306.8	2,382.7	12,616.6	7,063.2
Exchange fluctuation gain	53.0	25.3	221.0	62.4
Other operating Income	22.2	94.1	349.6	121.1
Total income	2,382.0	2,502.1	13,187.2	7,246.7
Expenditure				
Decrease/(Increase) in stock in trade	911.2	(15.1)	(949.7)	(518.1)
Consumption of raw materials	1,251.3	1,638.6	12,134.1	5,091.0
Consumption of stores, oils & chemicals	113.2	117.3	533.6	538.5
Purchase of traded goods	4.8	1.0	5.8	5.6
Power and fuel	153.3	126.3	427.2	179.2
Employee cost	94.8	73.2	405.9	318.0
Depreciation (net of revaluation reserve)	102.4	77.7	400.9	365.6
Other expenditure	130.3	193.4	706.4	688.4
Total expenditure	2,761.3	2,212.4	13,664.2	6,668.2
Profit/(loss) from operations before other income, interest and tax	(379.3)	289.7	(477.0)	578.5
Other income	18.8	111.0	63.9	740.7
Profit/(loss) before interest and tax	(360.5)	400.7	(413.1)	1,319.2
Interest	239.9	176.5	847.2	631.1
Profit/(loss) before tax	(600.4)	224.2	(1,260.3)	688.1
Tax expense/ (benefit)	(208.6)	(11.6)	(513.3)	(29.7)
Net Profit/(loss) after tax	(391.8)	235.8	(747.0)	717.8
Paid up equity share capital (face value Rs.10/- each)	233.3	233.0	233.3	233.0
Reserves (excluding revaluation reserve)	-	-	760.0	929.2
Earnings Per Share (Basic & diluted) (Rs.)				
Basic	(16.89)	10.47	(32.21)	33.11
Diluted	(16.89)	10.45	(32.21)	33.05

CEO speaks...

Commenting on the performance for the year 2009-10, Dr. G.S.C. Rao, CEO, Simbhaoli Sugars Limited, said:

“During the year under reference, the Company’s performance was adversely impacted by high sugarcane costs, initially and thereafter rising raw prices on world market. The free sale sugar prices were commensurate to the cost of production up to January 2010, but came down very sharply thereafter. However, the costs of raw materials remained at higher levels or have been clearly locked in. These factors led to a sharp decline in overall profitability. Performance of the allied businesses was also adversely affected due to moderate cane availability leading to lower level of operations.

The sugar production for the next season is expected to increase to around 24-25 mmt. With enhanced sugar quantities, the sugar segment is expected to deliver an improved performance in next sugar season. Higher volumes will significantly improve utilization levels in the power and alcohol segments leading to improved earnings from these operations. We are hopeful that the coming sugar season, with higher production levels will play to our advantage across all segments of our integrated operations.”

New Investments

Integrated Casetech Consultants Private Limited is a technology consultancy organization formed in the year 2008. It provides technical services in the areas related to process engineering, operational manpower management, maintenance of sugar mills and refinery plants, process steam reduction and electrical energy conservation, agriculture and sugarcane management services etc. Casetech offers services in various areas ranging from conceptualization to commissioning of sugar and refining plants. It has quite successfully obtained and executed various International and domestic projects including factory supervision, operations and maintenance of sugar mills at Philippines, pre- feasibility study of a sugar refinery project at East Africa, complete operation and off-season maintenance of a sugar mill in Haryana. During the year ended March 31, 2010, it generated gross revenue of Rs 28.6 mn with a pre- tax profit of Rs 5.8 mn. Casetech has developed a team of technical experts to provide such services.

**Operational highlights for the year ended
September 30, 2010**

Sugar Segment**(Rs in mn)**

Particulars	FY 2010	FY 2009
Total income	13065.9	6859.0
EBIDTA	(305.8)	758.5
EBIDTA (%)	(2.3)	11.1

- ⇔ During the year, sugar plants crushed a total of 17.22 lacs mt cane against 14.70 lacs mt last year. While there was a deficit in cane supply, the Company processed 2.37 lacs mt of raw sugar for refining in its two sugar refining plants. This helped in round the year utilisation of capacities.
- ⇔ Rs 271 mn (previous year Rs 17 mn) on cancellation/ modification of sugar contracts
- ⇔ Total sugar production of 3.82 lacs mt (2.39 mt in the last year) including 2.25 mt from processing of raw sugar.
- ⇔ Average free sale sugar realisation at Rs 3097 per qtl (Rs 2355 in per qtl previous year).
- ⇔ Commenced exports of white sugar under existing advance licensing scheme (ALS) obligations. 6000 mt sugar has been exported.

Alcohol / ethanol segment

Particulars	FY 2010	FY 2009
Total income	1832.9	1212.7
EBIDTA	(32.0)	55.8
EBIDTA (%)	(1.7)	4.6

- ⇔ The alcohol divisions produced 47.77 mn litres of alcohol including ethanol and rectified spirits against a total of 24.2 mn litres last year.
- ⇔ Potable spirit segment sale, at 8.64 lacs cases, has been lower against 10.8 lacs cases last year. Supplies reduced in the state of UP because of change in policies. During the year, the Company has launched three new brands, namely Carnival Grande rum, Board Verdict whiskey and Hunters White rum in select states. It has restarted supplies to canteen and stores department of armed forces.
- ⇔ Fuel ethanol units could not operate at the optimum capacities because of lower availability of captive molasses.
- ⇔ The Company exported 72 lacs BL of ENA to twelve countries during the year. It has created new marketing area.

Power segment

Particulars	FY 2010	FY 2009
Total income	1848.5	1093.3
EBIDTA	377.9	232.0
EBIDTA (%)	20.4	21.2

- ⇔ Power exported during the year, 68.4 mn kwh, 31% higher (last year 16.8 mn kwh).
- ⇔ Average realisation of Rs 3.97 per kwh against Rs 3.21 per kwh last year

Segment wise results for the quarter ended September 30, 2010

(Rs in mn)

Sugar Segment

Particulars	Q4 FY 10	Q4 FY 09
Total income	2405	2148
EBIDTA	(206.1)	369
EBIDTA (%)	(8.6)	17.2

- Negative EBIDTA in the Q4 FY10 is on account of the lower realizations of free sale sugar at Rs 2715 per qtl (Rs 2710 per qtl in the Q4 FY09).
- Higher cost of production on account of expensive raw refined in the off season

Distillery Segment

Particulars	Q4 FY 10	Q4 FY 09
Total income	442	293
EBIDTA	(37.8)	13
EBIDTA (%)	(8.5)	4.5

- The ENA export of 2.1 mn BL during the quarter
- Average realization of Rs 24.6 per BL (Rs 28 per BL last quarter)
- Revenues from the segment increased by 51%
- 20% lower realizations on sale of Rectified Spirits
- 1.42 lacs cases of IMFL sold against 2.52 lacs sold in the Q4 FY09

Power Segment

Particulars	Q4 FY 10	Q4 FY 09
Total income	193	144
EBIDTA	(5.2)	17
EBIDTA (%)	(2.7)	11.8

- Negative EBIDTA is attributable to lower export of power, and plant remained closed during the off season
- 3.01 mn kwh of power was sold at an average price of Rs 4.03 per kwh against 6.15 mn kwh in previous quarter at an average price of Rs 3.10 per kwh

Insurance claim

A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009 for which an insurance claim for Rs. 478.0 million has been filed with the insurance Company. Following the repudiation of insurance claim by Cargo insurers, recently in an arbitrary manner, the Company has initiated legal proceedings against this decision. Simultaneously, in the London arbitration proceedings against the vessel owner/shipping company, an undertaking has been obtained from the P&I club of vessel owner for the compensation to the extent of USD 14.5 million, in case proceedings are decided in favour of the Company. Based on expert advice, management is confident that the insurance claim would be settled in the favour of the Company and no loss would arise in this regard.

Going ahead
Sugar year 2010-11

- ⇔ For 2010-11 season, UP Government has announced SAP of Rs 205 per qtl (previous year Rs 165 per qtl). Aggrieved by this 24% increase in sugarcane price, in a single year, the industry including SSL has approached to Hon'ble Allahabad High Court for suitable relief.
- ⇔ The Company has got an allocation to supply 225 lakh BL of ethanol to the OMCs by Sept 30, 2011, which is expected to bring positive contribution towards income.
- ⇔ Sugar prices are showing upward movement and reached to Rs 31 per kg in the north Indian markets by Nov 2010 end, in anticipation of balanced demand and supply situation.
- ⇔ New brands have been introduced in the premium segments under potable spirits segment

Industry update

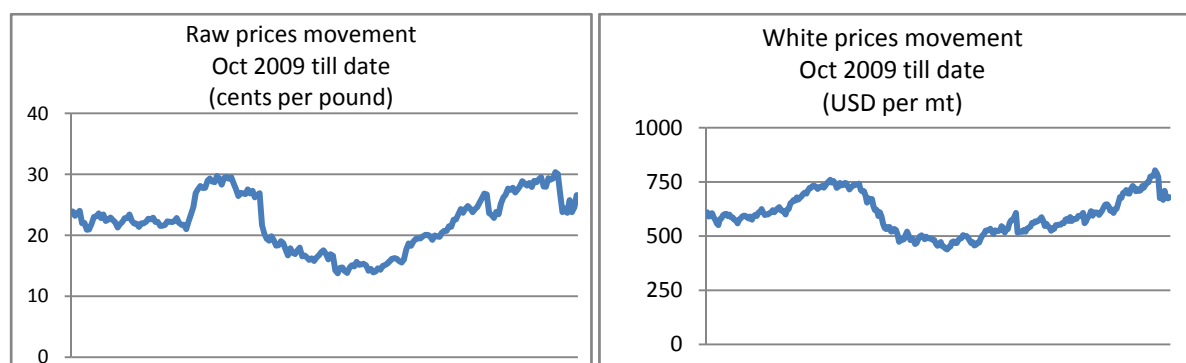
International sugar industry

Latest balances

Particulars	2010-11 P	2009-10 E	2008-09	Change % (2009-10 over 2008-09)	
Production	168.9	160.5	150.0	7.5	4.9
Consumption	167.7	164.3	164.6	0.0	0.0
Surplus / (Deficit)	1.3	(3.8)	(10.3)	15.1	
Import demand	50.1	52.9	50.9	4.7	9.7
Export availability	50.7	52.9	50.9	4.6	9.4
End Stocks	58.1	57.3	61.6	-3.4	-5.6
Stocks/ Consumption ratio in%	34.6	34.8	37.4	7.5	4.9

- ⇔ After two years of deficits, global market is likely to have a meager surplus of 1.3 mmt for the year 2010-11 (revised estimates). But the increase in the production may not be able to replenish the inventory levels which have been utilized over past two years. *This surplus may vanish, if any of the crop assumption goes wrong*
- ⇔ The global sugar prices and supply have been impacted by weather and crop conditions in Brazil and India. Any deviation in Indian production will impact the world prices. Thus a very volatile sugar price scenario is predicted for remaining 2010-11 season.
- ⇔ 2011-12 season is also expected to be balanced with no sizeable appreciation from Brazil and India
- ⇔ Expected sugar cane production in Brazil for the year 2010-11, 637 mmt, with an ATR of 143 kg per mt. Sugar output is estimated at 37.5 mmt, lower than the production of 41.2 mmt in the sugar year 2009-10.

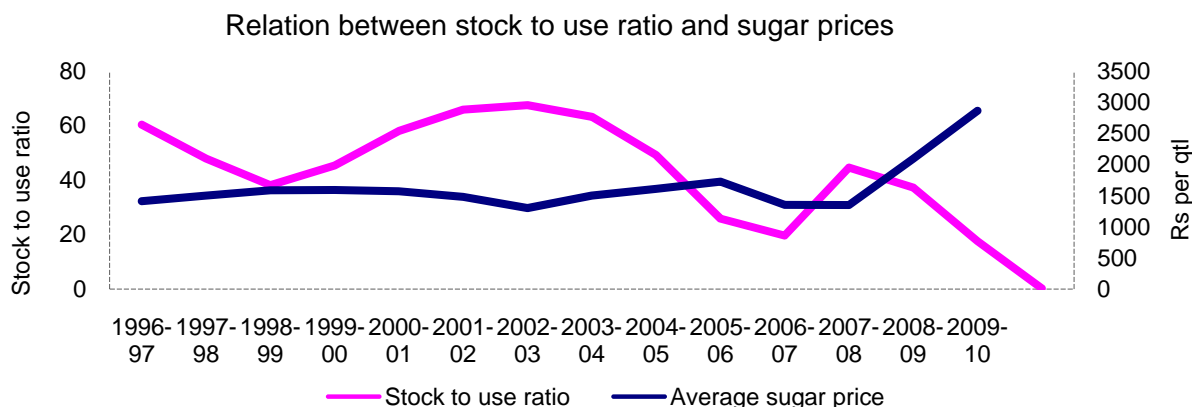
Prices movement



- ⇔ International raw and white sugar prices followed a steeply declining trend after raw touching 29 years' high above 30 cents in Feb 2010. August 2010 onwards, prices started rebounding and touched their peak at 33 cents per pound on Nov 9, 2010.
- ⇔ White sugar prices, followed the trend, but the raw- white premium came down, with the expectation of Indian exports and curtailment/ postponement of demand

Indian sugar industry

- ⇔ After two years, India is likely to be in a state of a small surplus in the year 2010-11. With a production estimate of around 25 mmt, exportable surplus will be below 2 mmt including pending ALS obligation.
- ⇔ The sugar inventories as on Sept 2010 stood at around 5.8 mmt, with a stock to use ratio of 26%, much lower than the last ten years average
- ⇔ Any change in the estimates would mean further reduction in the stocks in hand
- ⇔ Free sale sugar prices have started showing a rising trend after the year end and are presently ruling at Rs 31 per kg.
- ⇔ Delay in 2010-11 production by three months after a wet summer and late rains, means a lower sugar production.
- ⇔ Exports are viable as the international prices are showing an increasing trend with strong regional premium



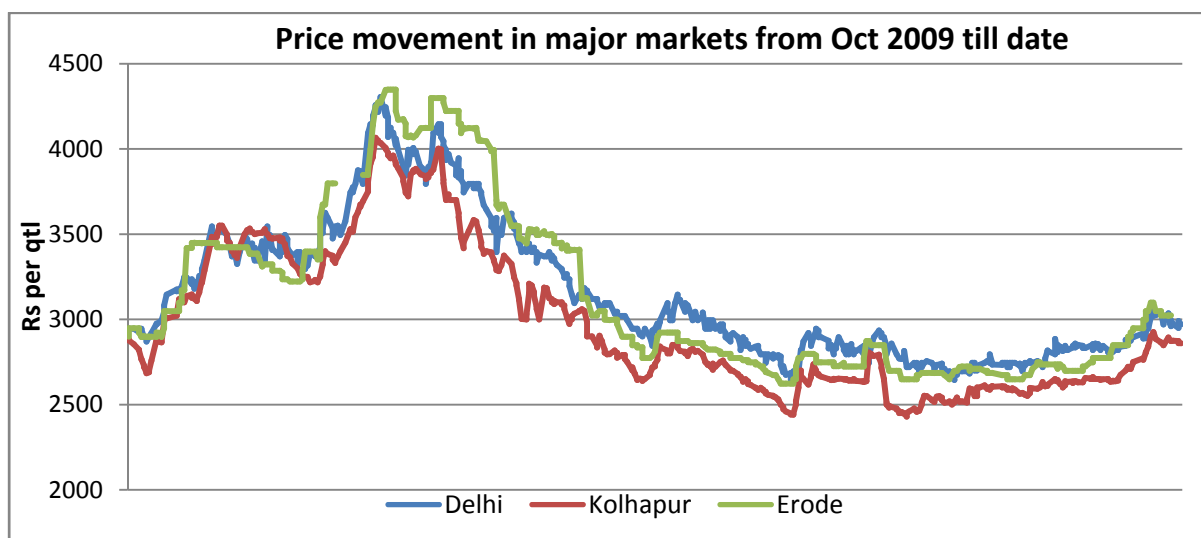
Latest Government regulations

- ⇔ Stockholding limits on bulk sugar consumers relaxed for 90 days of their usage from the 15 days limit announced in May and 10 days in February 2010.
- ⇔ The GOI allowed sugar exports from September 2010 onwards and approved
 - 0.5 mmt of white sugar exports under advance license scheme (ALS).
 - around 0.3 mmt of raw and white sugar previously imported but still lying in the different ports has been permitted to be re-exported

There is a balance export obligation under ALS of 0.4 mmt and majority of that is to be exported by March 2011.

For the sugar season 2010-11

- ⇔ Levy sugar obligation brought down from 20 to 10%
- ⇔ UP- SAP of Rs 205 per qtl, which is being opposed by the mills in courts of law
- ⇔ Selected decontrol is under consideration. A committee is formed to look into concerns of all stakeholders



For the September quarter, the prices showed an upward trend in line with the international prices. There has been some relaxation in the measures by the GOI based upon the improved sugar availability forecasts for the sugar year 2010-11. Due to the increase in the stock holding limits by the bulk consumers and exports for the first time in two years, prices started rising in the month of August as a consequence of the free market forces of demand and supply.

About Simbhaoli Sugars

Simbhaoli Sugars Limited

Simbhaoli Sugars Limited (SSL) (BSE SCRIP ID: SIMBHALS, NSE SYMBOL: SIMBHSUGAR), is a 75 year old Indian Company, operates 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 toll 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) is capable of producing and marketing a million cases of quality spirits in Ten Indian States. Simbhaoli and Chilwaria sugar complexes house bagasse- based cogeneration facility of 64 mwh, out of which 33 mwh is surplus and sold to the state power grid.

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

For any Investor Relations queries please contact:

Mr. Sanjay Tapriya
Tel: +91 11 43214100
stapriya@simbhaolisugars.com

Ms. Harmeet Kaur
Tel: +91 11 43214107, +91 7838777119
harmeet@simbhaolisugars.com