



# SIMBHAOLI SUGARS

## Simbhaoli Sugars Limited

### Corporate Office

C-11, Connaught Place, New Delhi 110001 India  
Tel: +91-11-41510421-23 Fax: +91-11-23413088  
E-mail: info@simbhaolisugars.com  
www.simbhaolisugars.com

Ref: SSL: SE  
March 4, 2011

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai  
Fax No. 022-22721072/2037

The National Stock Exchange of India Limited  
Exchange Plaza, Bandra -Kurla Complex,  
Mumbai- 400051  
Fax No. 022-26598237/38

Ref: Scrip code: BSE - 507446; NSE - SIMBHSUGAR  
Foreign Currency Convertible Bonds (ISIN Code: XS0246465560)

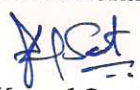
### Sub: Investors' Update

Dear Sir,

We are enclosing herewith the Investors' Update on the un-audited financial results of the Company for the quarter ended December 31, 2010.

This is for your information and record.

Thanking You,  
Yours faithfully,  
For Simbhaoli Sugars Limited

  
Kamal Samtani  
(Company Secretary)



Copy to.

1. Singapore Exchange Limited  
2, Shenton Way, # 19-00,SGX Centre,  
1, Singapore 068804  
Tel (65) 6236 8888 Fax (65) 6535 6994  
Web site: [www.sgx.com](http://www.sgx.com)

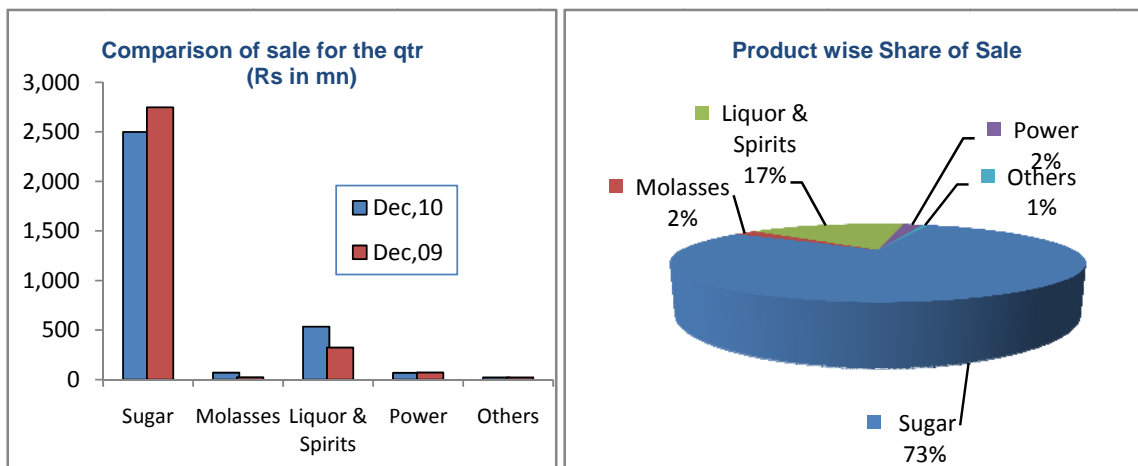
**SIMBHAOLI  
SUGARS  
LIMITED**

## **INVESTOR UPDATE**

Financial Results for the Quarter ended December 31, 2010 (Q1 FY11)

### Highlights of the Quarter ended December 31, 2010

- Profit in alcohol segment Rs 10 mn
- Net loss after tax Rs 169 mn owing to forex fluctuations and old inventory
- Export of sugar, 8500 MT and ENA, 11.27 lacs BL
- Ethanol sale to oil marketing companies, 39.6 lacs BL
- Period end inventory of sugar at 67274 MT
- Average realisation of sugar Rs 2892 per qtl net of excise
- Cost of production Rs 2730 per qtl
- Total Sugar produced 6.09 lacs qtl
- Turnover from the liquor segment has increased whereas the sugar segment revenues have reduced marginally
- Fresh Capital issued by way of preferential allotment, Rs 150 mn
- Joint Venture Agreement signed with ED & F Man Sugar for setting up a 1000 tpd port based refinery at Kandla, Gujarat



Highlights of the Financial Results for  
the Quarter Ended December 31,  
2010

All comparatives with Q1 FY10

- Lower realisation of free sale sugar at Rs 2892 per qtl (down 11.8%) as compared to Rs 3282 per qtl
- Average sugarcane cost at Rs 218 per qtl against Rs 255 per qtl
- Manufacturing expenses, including change in stocks, have gone up by 16% on account of higher volumes
- Alcohol segment shows a profit of Rs 10 mn on account of higher realisation
- Capacity utilization at 90%, 7% higher
- Export price of ENA 4% higher than the domestic sales realisation
- Power turnover at Rs 64 mn, against Rs 67 mn. Profits are static
- Other Operating Income has decreased by Rs. 163 mn as the Dec 2009 quarter included Rs. 168 mn gain on cancellation of raw sugar contracts
- Adverse exchange fluctuation of Rs. 55 mn (Rupee depreciated on the date of payment) on forex liabilities
- Interest cost increased by Rs. 74 mn on account of higher utilization of working capital limits, interest charge on external commercial borrowings taken for repurchase of foreign currency convertible bonds, and increased interest rates.
- Sale of IMFL products intensified with improvement in EBIDTA on account of shifting of brand mixes
- Alcohol turnover, Rs 95 mn has increased by 31% on account of higher sale of country liquor, ethanol and ENA.

Particulars	UOM	Quarter ended Dec, 2010
<b>Cane Crushed</b>	Lacs Qtl	54
<b>Production of Sugar</b>	Lacs Qtl	
- From Cane		4.5
- From Raw Sugar		1.6
<b>Total</b>		<b>6.1</b>
<b>Total Sale of Sugar</b>	Lacs Qtl	8.6
<b>Production</b>		
- RS/ ENA/ Ethanol	Lacs BL	117.03
<b>Sale of Alcohol</b>		
- IMFL	Lacs Cases	1.98
- RS, DS / SDS	Lacs BL	21.7
- ENA	Lacs BL	34.7
- Ethanol	Lacs BL	39.7
- Country Liquor	Lacs BL	45.3

- Sugar plants of the Company commenced their crushing operations for the season 2010-11 in late November:
- The current results include approx one month of operations and two months of soff season

#### *Status of the Kandla Refinery Project*

- Application for pollution clearances and other regulatory approvals are in progress.
- The proposed financial arrangement for achieving the total project cost of 2280 mn with the mix of debt and equity in the ratio of 1:1 is being pursued.
- The commencement is expected to be achieved in 18 months from the financial closure.
- The refinery shall be able to produce 300,000 mt pa of white sugar
- The project is being pursued under joint venture arrangement with ED &F Man Sugar (EDFM), an international sugar major. The Company along with its promoters and affiliates and EDFM shall invest in the ratio of 57.5 and 42.5% in the share capital of Uniworld Sugars Private Limited, an SPV formed for this purpose

## Extracts of financial results for the quarter ended December 2010

(Rs in mn)

Particulars	Qtr Dec 31, 2010	Qtr Dec 31, 2009	Year ended Sept 30, 2010
	Unaudited	Unaudited	Audited
Gross Sales	3,559.6	3,764.0	14,920.6
Excise duty	666.3	681.0	2,304.0
Net Sales	<b>2,893.3</b>	<b>3,083.0</b>	<b>12,616.6</b>
Exchange fluctuation gain/ (loss)	(54.7)	91.9	221.0
Other operating Income	19.2	181.9	349.6
<b>Total income</b>	<b>2,857.9</b>	<b>3,356.8</b>	<b>13,187.2</b>
<b>Expenditure</b>			
Decrease/(Increase) in stock in trade	531.6	(978.4)	(949.7)
Consumption of raw materials	1,783.6	3,029.4	12,134.1
Consumption of stores, oils & chemicals	156.0	128.9	533.6
Purchase of traded goods	(0.0)	0.9	5.8
Power and fuel	85.1	87.4	427.2
Employee cost	103.2	97.1	405.9
Depreciation (net of revaluation reserve)	104.4	97.0	400.9
Other expenditure	122.4	243.4	706.4
<b>Total expenditure</b>	<b>2,886.3</b>	<b>2,705.7</b>	<b>13,664.2</b>
<b>Profit/(loss) from operations before other income, interest and tax</b>	<b>(28.4)</b>	<b>651.1</b>	<b>(477.0)</b>
Other income	5.8	20.8	63.9
<b>Profit/(loss) before interest and tax</b>	<b>(22.6)</b>	<b>671.9</b>	<b>(413.1)</b>
Interest	231.6	157.2	847.2
<b>Profit/(loss) before tax</b>	<b>(254.2)</b>	<b>514.7</b>	<b>(1,260.3)</b>
<b>Tax expense/ (benefit)</b>	<b>(84.4)</b>	<b>76.9</b>	<b>(513.3)</b>
<b>Net Profit/(loss) after tax</b>	<b>(169.8)</b>	<b>437.8</b>	<b>(747.0)</b>
<b>Cash Profit/ (loss)</b>	<b>(65.4)</b>	<b>534.8</b>	<b>1147.9</b>

**Sugar Segment****(Rs in mn)**

Particulars	Qtr Dec 2010	Qtr Dec 2009
Total income	2713.7	3289.6
EBIDTA	(35.0)	694.2
EBIDTA (%)	(1.3)	21.1

- Exports of sugar realization at Rs 31.4 per kg
- Free sale sugar realization Rs 29.3 per kg in domestic markets
- Fall in sugar segment turnover is on account of lower price realisation by 11.8%

**Alcohol Segment****(Rs in mn)**

Particulars	Qtr Dec 2010	Qtr Dec 2009
Total income	398.7	304.1
EBIDTA	27.9	(24.1)
EBIDTA (%)	7.0	(7.9)

- Increasing share of potable alcohol
- Supply of ethanol to OMCs at RS 27 per ltr
- Converted into positive EBIDTA

**Power Segment****(Rs in mn)**

Particulars	Qtr Dec 2010	Qtr Dec 2009
Total income	376.9	491.1
EBIDTA	111.8	114.9
EBIDTA (%)	29.7	23.4

- Power turnover reduced as off season generation was curtailed
- EBIDTA improved as lesser quantities of alternate fuel was used

## Indian Sugar Industry: Sugar Season 2010-11

The sugar season 2010-11 is seeing a slow recovery phase over 2010 in terms of lower cane price, increase in area under cane cultivation and drawl rate. Other features include

- Lower cane competition amongst millers
- Lower sugar prices; positive sugar margins are still missing
- Reduction in levy quota from 20 to 10%
- Improvement in ethanol prices by 25%
- Delay in regulatory approvals with regards to Open General License (OGL) exports and stock limit relaxation
- General pessimism in sugar trade, pipeline stocks dried up

Cane: After the initial impact of late rains on the sugar recoveries, the sugar contents in the cane are showing improvement. The cane crushing in Western Uttar Pradesh (UP) factories are likely to continue up to April end whereas, the Central/ Eastern UP are going to close early.

With the ongoing ethanol program initiated by oil marketing companies, it is expected that the price of the RS/ ENA etc shall remain at remunerative levels.

## Indian Sugar Balancing

Parameter	2010-11 (E)	2009-10	2008-09
Opening Stock	5.8	4.3	10.5
Production	24.5	18.9	14.6
Consumption	23.0	21.3	23.0
Imports	0.2	4.1	2.4
Exports*	1.7	0.2	0.2
Closing stocks	5.8	5.8	4.3
Stocks to use ratio (%)	25.2	26.3	18.7

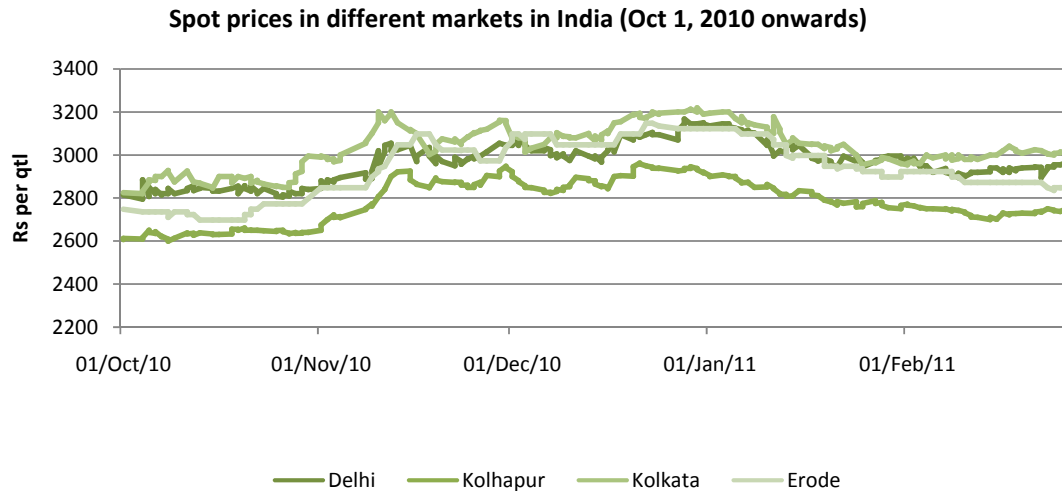
*\*including 0.5 mmt under OGL (SSL estimates)*

Any change in the crop estimates would mean change in the stocks. Exports are viable as the international prices are showing positive arbitrage.



## Prices Trends

After going up in the start of January 2011, the prices started declining. Mills are releasing sugar at a price marginally higher than the Cost of production, attributed to increased domestic supplies, lack of speculative positions and delays in grant of permissions of physical export.



Source: NCDEX

## Outlook for the 2010-11 Season

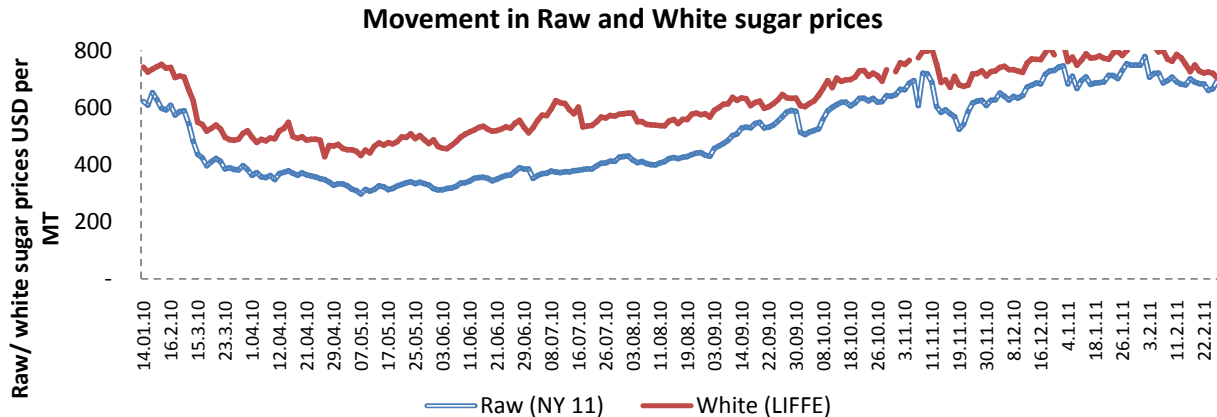
Total sugar production is estimated at 24.5 mmt, up by 29%. UP sugar production is estimated at 6 mmt and Maharashtra 9.5 mmt. With a minimum exportable surplus of 1.5 mmt, Govt is considering to allow only 0.5 mmt of sugar exports under OGL.

## International Sugar Industry: Brazil Sugar Industry

Initial estimates for 2010-11 season commencing from April 2011:

- Cane crop, 560 mmt at the same levels as of 2010-11
- Dry weather impact of previous season continues
- Start of the 11-12 harvesting is expected as per schedule
- Sugar/ ethanol ratio likely to remain at 45:55
- Ethanol production estimated at 26 mmt
- Sugar Production 34 mmt with 24 mmt available for export
- On account of inverse market, the congestion at port is likely to continue this year also
- Higher cost of production and logistic costs will not allow the prices to fall below a particular level

## Prices trends (January 14, 2010 to February 25, 2011)



Raw prices for March delivery peaked at 36.08 cents a pound, the highest in last 3 decades on Feb 2, 2011. Current price are at 30.6 c/lb for May delivery. White prices hit a record high of \$857 pmt on lower crop estimates and natural calamities. Current price are at \$760 per tonne for May delivery.

### Cane Production (2010-11)

Successive estimates are reducing the production forecast. Major shifts are being witnessed

Country	Reduction in Production estimates (MMT)	Reason
EU	0.4	Drought in certain countries
Cuba	0.45	Excessive Rain
Colombia	0.25	Floods
South Africa	0.37	Drought
Argentina	0.45	Drought
Indonesia	0.73	Excess Rain
Japan	0.23	Heat
Philippines	0.35	Excess Rain
Thailand	0.82	Excess Rain
Total	4.06	

### Outlook for the 2011-12 Season

Balanced demand and supply situation with a little surplus on the supply side is forecast. Unfavorable weather in Russia, Australia, Indonesia, the EU and South Africa will impact the cane and sugar production. Extremely vulnerable market to further supply shocks as no pipeline stocks are left in many countries. Australian production is estimated to be in the range of 3.5 to 3.8 mmt on account of adverse climate. Thailand sugar production revised upwards to 7.3 mmtrv. EU expected to open a new duty free quota for imports. Indian production and exports decision is the key to world demand and supply balances. Renewed speculative interest will cause volatility and oil related shocks will continue to affect sugar industry/ currency rates.

**Registered Office**

Simbhaoli, District Ghaziabad, Uttar Pradesh-245207  
Phone: +91-5731-223117-9 Fax: +91-5731-223039  
[www.simbhaolisugars.com](http://www.simbhaolisugars.com)

**Corporate Office**

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

**Subsidiaries**

1. Simbhaoli Global Commodities DMCC  
Dubai, UAE  
Email: [simbhaoli.global@gmail.com](mailto:simbhaoli.global@gmail.com)
2. Integrated Casetech Consultants Pvt Ltd  
E- 13/29, IIIrd Floor, Harsha Bhawan,  
Connaught Place, New Delhi  
Phone: +91 11 41510421  
Email: [info@intcasetech.com](mailto:info@intcasetech.com)  
[www.intcasetech.com](http://www.intcasetech.com)

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 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 34 mwh is surplus and sold to the state power grid. The sugar refineries of the Company have quality control certifications including ISO 9001:2008, ISO 14001:2004 and ISO 22000:2005 and HACCP, which signifies that the Company ensures highest product quality.

**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](mailto:stapriya@simbhaolisugars.com)

Ms. Harmeet Kaur  
Tel: +91 11 43214107, +91 7838777119  
[harmmeet@simbhaolisugars.com](mailto:harmmeet@simbhaolisugars.com)

