

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SIMBHAOLI SUGARS LIMITED

1. We have reviewed the accompanying statement of Unaudited Consolidated Financial Results ("the Statement") of **SIMBHAOLI SUGARS LIMITED** ("the Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group") for the quarter and nine months ended December 31, 2012 disclosed under columns I and IV respectively of the Statement. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an opinion.
3. The Statement includes the results of the following entities:  
Subsidiaries: Simbhaoli Global Commodities DMCC, Integrated Casetech Consultants Private Limited, Simbhaoli Power Limited and Simbhaoli Spirits Limited  
Jointly controlled entity: Uniworld Sugars Private Limited (Formerly known as Uniworld Sugars Limited).
4. The un-reviewed financial results of the subsidiaries and jointly controlled entity which reflect Group's share of Revenue of Rs. 3,032 lacs and Rs. 15,421 lacs for the quarter and fifteen months ended December 31, 2011 respectively and Loss after Tax of Rs. 102 lacs and Rs. 320 lacs for the quarter and fifteen months ended December 31, 2011 respectively has been considered in the Consolidated Financial Results for the quarter and fifteen months ended December 31, 2011 respectively. (Refer Note 7)

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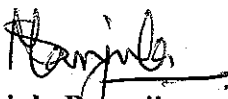
5. The Statement reflects the Group's share of Revenues of Rs. 411 lacs and Rs. 1,183 lacs for the quarter and nine months ended December 31, 2012 respectively and Profit after Tax of Rs. 39 lacs and Rs. 154 lacs for the quarter and nine months ended December 31, 2012 respectively relating to subsidiaries whose results have been reviewed by the other auditors. Accordingly, our assurance on the Statement in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of such other auditors which have been furnished to us.
6. Without qualifying our report,
  - (a) attention is invited to Note 2 which sets out the position regarding repudiation by the insurance company of the Company's insurance claim amounting to Rs. 769 lacs on account of sinking of ship carrying raw sugar purchased by the Company. Pending completion of legal proceedings in the matter, the effect thereof in these accounts cannot be determined at this stage.
  - (b) attention is invited to Note 3(a) regarding the Company's net worth being eroded and preparation of financial results of the Company on a going concern basis for the reasons stated therein. The ability of the Company to continue as a going concern is dependent upon the successful completion of its business and financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company's ability to generate sufficient cash flows to meet its future obligations.
7. (a) Attention is invited to Note 3(c) wherein it is stated that deferred tax assets (net) amounting to Rs. 7,394 lacs has been recognised in the books by the Company on the basis of future projections prepared based upon the restructuring plans under implementation and taken on record by the Board of Directors that there is a virtual certainty that sufficient future taxable income will be available against which these assets would be realised. However, in our opinion, recognition of such deferred tax credit is not in line with the virtual certainty requirement of Accounting Standard 22 "Accounting for Taxes on Income". Had such deferred tax credit not been recognised, loss after tax would have been higher by Rs. 1,014 lacs and Rs. 2,647 lacs for the quarter and nine months ended December 31, 2012 respectively and debit balance in profit and loss account as at December 31, 2012 would have been higher by Rs. 7,394 lacs and deferred tax asset would have been lower by Rs. 7,394 lacs.
- (b) Attention is invited to Note 4 wherein it is stated that the Company has deferred off-season expenditure amounting to Rs. 661 lacs and Rs. 2,855 lacs for the quarter and nine months ended December 31, 2012 respectively for inclusion in the cost of sugar to be produced in the remaining part of the financial year. Had the Company charged expenditure so incurred to the accounting period in which such expenses were incurred, changes in inventories of finished goods, work-in-progress and stock-in-trade would have been higher by Rs. 661 lacs and Rs. 2,855 lacs for the quarter and nine months ended December 31, 2012 respectively and loss after tax would have been higher by Rs. 443 lacs and Rs. 1,931 lacs for the quarter and nine months ended December 31, 2012 respectively.

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8. Based on our review and read with our comments in paragraphs 5 and 6 above and subject to our comments in paragraphs 4 and 7 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
9. Further, we also report that we have traced the number of shares as well as the percentage of shareholdings in respect of the aggregate amount of public shareholdings and the number of shares as well as the percentage of shares pledged/encumbered in respect of the aggregate amount of promoter and promoter group in terms of Clause 35 of the Listing Agreements from the details furnished by the Management and the particulars relating to the undisputed investor complaints from the details furnished by the Registrars.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)

  
**Manjula Banerji**  
Partner  
(Membership No. 086423)

 Gurgaon, 12<sup>th</sup> February 2013

**SIMBHAOLI SUGARS LIMITED**

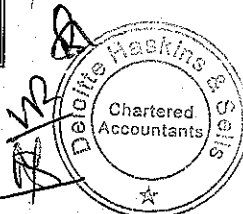
Regd. Office : Simbhaoli- 245207 Dist. Ghaziabad (U.P.)

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED  
DECEMBER 31, 2012**

(Rs. in lacs)

Particulars	Three months ended			Nine months ended	Fifteen months ended	Eighteen months ended
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
	I	II	III	IV	V	VI
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1 Income from operations</b>						
Gross Sales of products	29,051	24,447	22,408	71,759	143,757	166,108
Excise duty	817	992	3,761	2,743	30,595	31,557
Net Sales/ income from operations	28,234	23,455	18,647	69,016	113,162	134,551
Other operating Income	134	70	290	270	1,405	1,608
<b>Total income from operations</b>	<b>28,368</b>	<b>23,525</b>	<b>18,937</b>	<b>69,286</b>	<b>114,567</b>	<b>136,159</b>
<b>2 Expenses</b>						
(a) Cost of materials consumed	23,143	1,631	23,949	28,649	77,866	114,085
(b) Purchase of stock-in-trade	44	78	-	192	4,334	4,887
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(507)	16,202	(11,790)	25,561	(789)	(22,388)
(d) Employee benefits expense	1,441	1,267	1,214	3,940	5,799	7,374
(e) Depreciation and amortisation expense (net of revaluation reserve)	981	1,082	1,044	3,077	5,188	6,207
(f) Consumption of stores, oils & chemicals	1,032	725	1,421	2,482	7,690	9,203
(g) Power and fuel	214	469	323	1,016	2,985	3,126
(h) Exchange fluctuation loss/(gain)	(65)	104	119	(6)	811	959
(i) Other expenses	3,102	1,335	3,453	6,075	9,779	11,855
(j) Own Expenses capitalised	(34)	(24)	(25)	(80)	(25)	(386)
<b>Total expenses</b>	<b>29,351</b>	<b>22,869</b>	<b>19,708</b>	<b>70,906</b>	<b>113,638</b>	<b>134,922</b>
<b>3 Profit/(loss) from operations before other income, finance costs; exceptional items and tax</b>	<b>(983)</b>	<b>656</b>	<b>(771)</b>	<b>(1,620)</b>	<b>929</b>	<b>1,237</b>
<b>4 Other income</b>	<b>134</b>	<b>89</b>	<b>116</b>	<b>1,587</b>	<b>654</b>	<b>2,135</b>
<b>5 Profit/(loss) from ordinary activities before finance costs, exceptional items and tax</b>	<b>(849)</b>	<b>745</b>	<b>(655)</b>	<b>(33)</b>	<b>1,583</b>	<b>3,372</b>
<b>6 Finance cost</b>	<b>2,483</b>	<b>3,048</b>	<b>2,637</b>	<b>8,629</b>	<b>13,248</b>	<b>16,358</b>
<b>7 Profit/(Loss) from ordinary activities before exceptional items and tax</b>	<b>(3,332)</b>	<b>(2,303)</b>	<b>(3,292)</b>	<b>(8,662)</b>	<b>(11,665)</b>	<b>(12,986)</b>
<b>8 Exceptional item</b>						
Differential cane price for sugar season 2007-08	-	-	2,511	-	2,511	2,511
<b>9 Profit/(loss) from ordinary activities before tax</b>	<b>(3,332)</b>	<b>(2,303)</b>	<b>(5,803)</b>	<b>(8,662)</b>	<b>(14,176)</b>	<b>(15,497)</b>
<b>10 Tax expense/ (benefit)</b>	<b>(712)</b>	<b>(721)</b>	<b>(1,163)</b>	<b>(2,415)</b>	<b>(4,337)</b>	<b>(4,096)</b>
Current tax	38	55	18	115	53	476
Deferred tax (benefit)/ charge	(750)	(776)	(1,181)	(2,530)	(4,390)	(4,572)
<b>11 Net Profit/(loss) from ordinary activities after tax before minority interest</b>	<b>(2,620)</b>	<b>(1,582)</b>	<b>(4,640)</b>	<b>(6,247)</b>	<b>(9,839)</b>	<b>(11,401)</b>
<b>12 Minority interest</b>	<b>8</b>	<b>14</b>	<b>7</b>	<b>29</b>	<b>20</b>	<b>33</b>
<b>Net Profit/(loss) from ordinary activities after tax and minority interest</b>	<b>(2,628)</b>	<b>(1,596)</b>	<b>(4,647)</b>	<b>(6,276)</b>	<b>(9,859)</b>	<b>(11,434)</b>
<b>13 Paid up equity share capital (face value Rs.10/- each)</b>	<b>2,836</b>	<b>2,836</b>	<b>2,770</b>	<b>2,836</b>	<b>2,770</b>	<b>2,770</b>
<b>14 Reserves (excluding revaluation reserve)</b>						<b>2,544.0</b>
<b>15 Earning Per Share (of Rs. 10 each) (not annualized)</b>						
Basic and diluted EPS before exceptional item (Rs.)	(9.31)	(5.70)	(11.12)	(22.46)	(32.01)	(37.68)
Basic and diluted EPS after exceptional item (Rs.)	(9.31)	(5.70)	(17.51)	(22.46)	(38.66)	(44.24)
<b>(A) PARTICULARS OF SHAREHOLDING</b>						
1) Public shareholding						
- Number of shares	15,319,941	16,035,429	16,035,429	15,319,941	16,035,429	16,035,429
- Percentage of shareholding	54.27	56.81	58.16	54.27	58.16	58.16
2) Promoters and promoter group shareholding						
a) Pledged/ Encumbered						
- Number of shares	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	17.43	18.45	19.50	17.43	19.50	19.50
- Percentage of shares (as a % of the total share capital of the Company)	7.97	7.97	8.16	7.97	8.16	8.16
b) Non - encumbered						
- Number of shares	10,658,869	9,943,381	9,285,881	10,658,869	9,285,881	9,285,881
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	82.57	81.55	80.50	82.57	80.50	80.50
- Percentage of shares (as a % of the total share capital of the Company)	37.76	35.22	33.68	37.76	33.68	33.68

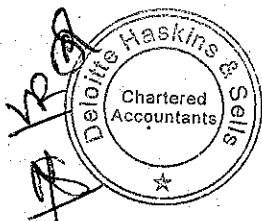
Particulars	Three months ended December 31, 2012
<b>(B) INVESTOR COMPLAINTS</b>	
Pending at the beginning of the quarter	-
Received during the quarter	1
Disposed off during the quarter	1
Remaining unsolved at the end of quarter	-



**CONSOLIDATED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER  
CLAUSE 41 OF THE LISTING AGREEMENT.**

(Rs. in lacs)

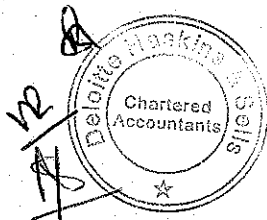
Particulars	Three months ended			Nine months ended	Fifteen months ended	Eighteen months ended
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
	I	II	III	IV	V	VI
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>(A). Segment Revenue</b>						
(a) Sugar	27,930	17,869	19,599	59,244	102,450	124,958
(b) Distillery	3,505	5,271	2,976	13,306	22,038	25,883
(c) Power	4,604	21	5,508	5,884	16,712	25,211
(d) Others	601	422	472	1,371	1,085	1,701
<b>Total</b>	<b>36,640</b>	<b>23,583</b>	<b>28,555</b>	<b>79,805</b>	<b>142,285</b>	<b>177,753</b>
Less: Inter Segment Revenue	8,272	58	9,618	10,519	27,718	41,594
<b>Net sales/ income from operations</b>	<b>28,368</b>	<b>23,525</b>	<b>18,937</b>	<b>69,286</b>	<b>114,567</b>	<b>136,159</b>
<b>(B). Segment Results</b>						
Profit/(loss) before finance costs, unallocated expenditure, exceptional items and tax from each segment						
(a) Sugar	(1,783)	68	(3,158)	(2,990)	(2,431)	(3,835)
(b) Distillery	(66)	1,302	1,669	1,519	2,791	2,280
(c) Power	1,442	(545)	1,333	885	2,108	4,191
(d) Others	(85)	198	(22)	165	73	272
<b>Total</b>	<b>(492)</b>	<b>1,023</b>	<b>(178)</b>	<b>(421)</b>	<b>2,541</b>	<b>2,908</b>
Less: (i) Finance cost	2,483	3,048	2,637	8,629	13,248	16,358
(ii) Other un-allocated expenses (net of income)	357	278	477	(388)	958	(464)
(iii) Exceptional items - Differential cane price for sugar season 2007-08	-	-	2,511	-	2,511	2,511
<b>Total Profit/(loss) from ordinary activities before tax</b>	<b>(3,332)</b>	<b>(2,303)</b>	<b>(5,803)</b>	<b>(8,662)</b>	<b>(14,176)</b>	<b>(15,497)</b>
<b>(C). Capital Employed</b>						
(a) Sugar	11,457	14,380	23,328	11,457	23,328	20,319
(b) Distillery	17,343	16,825	16,820	17,343	16,820	16,665
(c) Power	17,555	17,697	19,625	17,555	19,625	20,219
(d) Others	312	618	394	312	394	381
(d) Unallocated assets/(liabilities) (net)	4,305	8,722	6,649	4,305	6,649	7,508
<b>Total Capital Employed</b>	<b>50,972</b>	<b>58,242</b>	<b>66,816</b>	<b>50,972</b>	<b>66,816</b>	<b>65,092</b>



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## Notes to Consolidated Results:

1. The above results for the quarter/nine months ended on December 31, 2012, as reviewed by the audit committee were taken on record by the Board of Directors at its meeting held on February 12, 2013 at New Delhi.
2. A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009. The Company, in the arbitration proceedings against the vessel owner in London has accepted and received a compensation of USD 9.8 million (Rs. 5,515 lacs) towards the cost of raw sugar, interest loss and legal costs. However, the Company is continuing to pursue its ongoing legal proceedings against the cargo insurer for balance amount of claim of Rs. 769 lacs and interest thereon. Based on expert advice, management is confident that the proceedings against insurer would be settled in favour of the Company and no loss would arise in this regard. (Refer to paragraph 3 (i) of Auditor's Report for the period ended March 31, 2012).
3. (a) During the last few years Indian sugar industry had faced difficulties on account of higher sugar cane prices particularly in Uttar Pradesh and excess sugar production during the last two sugar season, lower sugar realization compared to cost of production and higher finance cost leading to operating/cash losses for the Company and consequent erosion of its' net worth. The Company has taken a number of measures, including business and financial restructuring and transferred its potable alcohol and power undertakings to separate SPVs with planned disinvestment programs in such SPVs, fresh capital infusion and Company's foray into sugar refining business in joint venture with a global major etc. to de-risk its businesses and improving its financial position. The positive impact of all these steps is expected to flow to the Company in due course. The free sale sugar prices are projected to be stable owing to change in sugar cycle, balanced supply and demand situation and steps actually been considered by the state/central governments to take long term policy measures to strengthen the sugar industry and considering these steps, which will bring long term business viability to the sector and correction in free sugar prices, these financial results are prepared on going concern basis.  
  
(b) The Company has transferred its existing power business situated at Simbhaoli and Chilwaria on slump sale basis as going concern to Simbhaoli Power Limited (SPL), a special purpose vehicle set up for this purpose. The transfer, which is conditional upon arranging finance from the lenders within a given time frame, has taken place with effect from January 26, 2013 at a fair market valuation of Rs. 15,990lacs. SPL will implement an expansion plan to enhance its aggregate power generation capacity from 52 MW to 85 MW and is working to achieve financial closure with its banks. The Company has entered into an arrangement with a global developer and operator of clean energy projects, which has agreed to acquire 49% of the share capital in SPL. The effect of such hiving off would be considered in the next financial quarter of the Company and would improve its net worth position.  
  
(c) Relying upon the future projections prepared based upon the Business restructuring plans under implementation, changing sugar cycle and improved sector scenario, taken on record by the Board of Directors, deferred tax assets (net) amounting to Rs. 7,394 lacs (Rs. 1,014 lacs provided during the quarter) has been recognized as there is a virtual certainty that sufficient future taxable income will be available against which these assets would be realized. (Refer to paragraph 5(e) of auditor's report for the period ended March 31, 2012).



4. In accordance with the accounting policy consistently followed by the Company, the off-season expenditure aggregating to Rs. 661 lacs for the quarter and Rs 2,855 lacs for the nine months ended December 31, 2012 {corresponding previous quarter Rs. 625 lacs and fifteen months Rs. 2278 lacs}, has been deferred for inclusion in the cost of sugar to be produced in the remaining part of the financial year and is considered as 'Inventory' for these results.
5. In the financial statements for the 18 months period ended March 31, 2012, which were adopted by the Board of Directors on September 25, 2012, the effect of the Scheme of Arrangement (SOA) for transferring and vesting the Simbhaoli Distillery Division (SDD) Alcohol Undertaking to a subsidiary company has been considered.
6. The standalone results are available on the Company's website [www.simbhaolisugars.com](http://www.simbhaolisugars.com). The particulars in respect of standalone results are as under:

Rs. In lacs



Particulars (Standalone)	Quarter ended			Nine months ended	Fifteen months ended	Eighteen months ended
	(Unaudited)			(Unaudited)	(Unaudited)	(Audited)
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Net sales	25,617	20,936	16,570	61,900	100,722	1,19,953
Profit/(Loss) before tax	(3,095)	(2,115)	(5,710)	(8,179)	(1,922)	(2,531)
Profit/(Loss) after tax	(2,081)	(1,436)	(4,530)	(5,532)	2,305	1,546

7. The consolidated results for corresponding previous quarter ended December 31, 2011 and fifteen months ended December 31, 2011 have been prepared by the Company after consolidating the reviewed standalone results of the Company and the un-reviewed management accounts of the Company's subsidiaries and joint venture company for that period.
8. Sugar, one of the major businesses of the Group (Company, its subsidiaries and jointly controlled entity), is a part of seasonal industry. The results may vary from quarter to quarter.
9. The previous period's figures have been regrouped/rearranged wherever necessary.

Limited Review:

The Limited Review, as required under Clause 41 of Listing Agreement has been completed by the Statutory Auditors. The Limited Review Report for the quarter/nine months ended December 31, 2012 does not have any impact on the above results and notes in aggregate except notes no. 3(c), 4 and 7 above.

For SIMBHAOLI SUGARS LIMITED

  
  
 Gurpreet Singh  
 Deputy Managing Director

Place: New Delhi

Date: February 12, 2013

Company Website: [www.simbhaolisugars.com](http://www.simbhaolisugars.com)

