

# Investor Update

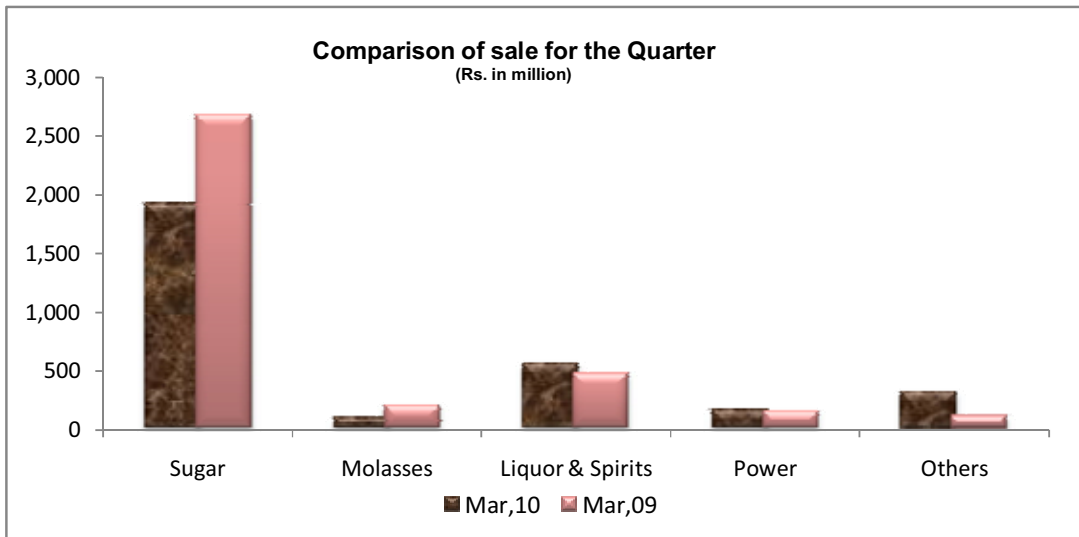
Financial Results

## Simbhaoli Sugars Limited

Quarter/ Half Year ended March 31, 2011

### Highlights of the Financial Results

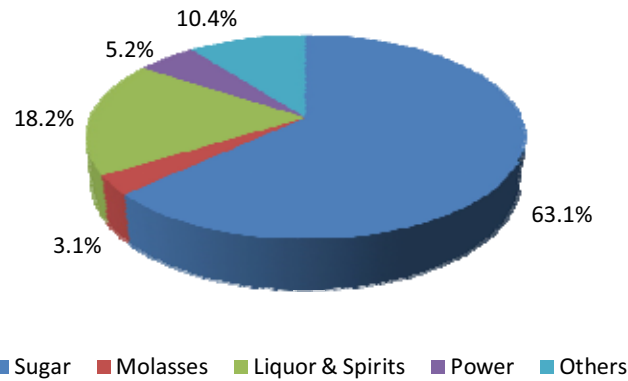
- ✚ Turnover Rs 2.90 bn
- ✚ Sugar Sales at Rs 2.8 bn, decrease by 22%. Lower volume of sugar transacted
- ✚ PAT Rs 13.9 mn
- ✚ Sugar segment profit, Rs 136.5 mn
- ✚ Entire liability under FCCBs maturing March 2011, repaid
- ✚ Total sugar produced, 11.8 lac qtl, with stock in hand 13.3 lacs qtl as on March 31, 2011
- ✚ Total sugar sold, 6.1 lac qtl (export 2.8 lacs qtl) with average realisation Rs 3164 per qtl
- ✚ Supplied over 35% of the committed ethanol to the OMCs
- ✚ High interest costs continued affecting margins
- ✚ Turnaround achieved in Sugar and Alcohol segments.
- ✚ Lower Power sales because of lower cane crushing.



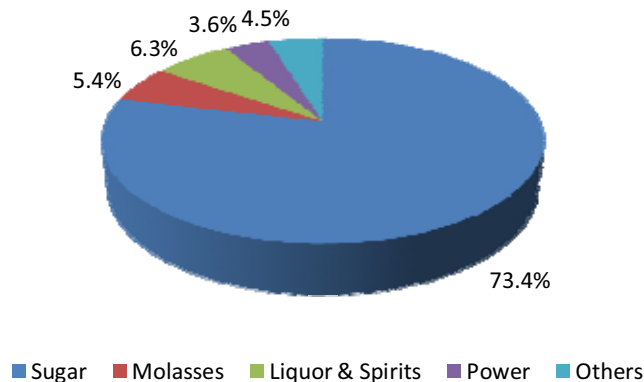
## Salient Features of the Financial Results

- ✚ Produced 11.86 lacs quintals of sugar, including 1.25 lac qtls raw to white compared to 17.46 lacs quintals (including 4.93 lac qtls raw to white) of sugar.
- ✚ Gross Turnover under sugar segment, Rs 2873 mn. Decreased by 22% on account of lower sugar sales by 1.69 lacs qtl and unfavourable free sale price variance of Rs. 295 per quintal.
- ✚ Average realisation of the free sugar sale at Rs. 3163 per qtl as compared to Rs. 3458 per quintal
- ✚ Export of 2.79 lacs qtl of white sugar to meet ALS obligation. Average price Rs 3393 per qtl (FOB)
- ✚ Other expenditure increased to Rs 297 mn mainly on account of freight and forwarding expenses on export of white sugar.
- ✚ Supplied 73 lacs BL of fuel ethanol as compared to 4 lacs BL, at Rs. 27 per bl.
- ✚ 40 lacs BL of Country liquor sold as compared to 27 lacs BL.
- ✚ IMFL sales decreased by 1.4 lacs cases. Sales rationalised in certain loss making markets.
- ✚ Power and fuel expenses decreased by Rs. 55 mn. Improved fuel management in alcohol division. No coal consumption for lower raw sugar processing.
- ✚ Higher finance costs, up by Rs 40 mn. Higher utilization of Credit facilities and interest on ECB loan taken for repurchase of FCCB.
- ✚ Staff cost has increased by 18% by way of annual increments, new appointment and incremental gratuity provisions.
- ✚ Purchase of traded goods/ mainly represents the procurement of white sugar to meet export obligation.
- ✚ Reduction in deferred tax assets by Rs 6.9 mn, against increase of 80 mn in Q2 FY10.

**Product wise share of sale (Q2 FY11)**



**Product wise share of sale (Q2 FY10)**



**Project for setting up of 1000 tpd stand alone refinery near Kandla port, Gujarat, India**

- ✓ Being pursued under the SPV, Uniworld Sugars Private Limited.
- ✓ Pollution and other legal clearances have been received.
- ✓ The proposed financial arrangement for achieving the financial closure of project cost of Rs 2280 mn with a mix of debt and equity in the ratio of 1:1.

## Proposed Business Restructuring

*The Company has proposed to hive off its Simbhaoli Distillery and Power Businesses of the Company to new subsidiary companies as a part of the overall business restructuring exercise being carried out by the Company to improve its financial position, earning capacities and the net worth.*

- ***Hiving off the Simbhaoli Distillery Undertaking by way of slump Sale method***

Presently alcohol manufacturing is carried out in all the three units of the Company namely, Simbhaoli Distillery (90 kld capacity), Brijnathpur Ethanol Division and Chilwaria Ethanol Division, both 60 kld capacity each. The Distillery division of Simbhaoli comprises of potable alcohol, Country Liquor, Ethanol, Rectified Spirits, and ENA. The Simbhaoli Distillery Division achieved a gross turnover of Rs. 3167 mn in FY10.

The main objective behind this exercise is to achieve growth in potable alcohol business by exploring new business and marketing areas for creation of new brands, their promotion and capacity enhancement. The potable alcohol business has an aggressive growth plan with a back drop of 10 to 12% year on year basis growth in domestic drinking alcohol segment.

- ***Spinning off the Power business of the Company***

The Company is also exploring the possibilities to transfer its existing business of power co-generation in to a separate entity. The total power generation capacity of the group at present is 64 mwh and has a potential to increase to 115 mwh in three years time. Two of the sugar mills have over 30 mwh of surplus power for export to the State Grid. The Company is planning to create transmission connectivity to the grid at its Brijnathpur power unit, which is having an existing capacity of 8 mwh and no surplus power at present.

*These measures shall bring in growth stimulus in value added products and insulate the by-product businesses by reducing the impact of the cyclicity of the sugar business. This will improve revenue generation capacity of the Company and the by-products businesses shall grow independently. This will open opportunities for product(s) development and all round growth in their own pursuit and in collaboration with others.*

## Segment wise Results

### Sugar Segment

(Rs in mn)

Parameters	Qtr March 11	Qtr March 10	Change%
Total Income	2,873.2	3674.5	(21.8)
EBIDTA	185.6	44.5	317
EBIDTA %	6.5	1.2	5.3

- Total income under sugar segment has decreased on account of lower quantities of sugar sold. The EBIDTA margins have increased, because of lower cane price.
- Sugar prices, though still at below breakeven levels, remained stable during the quarter.

### Alcohol Segment

(Rs in mn)

Parameters	Qtr March 11	Qtr March 10	Change%
Total Income	575.6	550.7	4.5
EBIDTA	77.2	(18.3)	(520.6)
EBIDTA %	13.4	(3.3)	16.7

- Higher Ethanol supply to the Oil Marketing Companies and improved sales realisation has contributed the positive EBIDTA.

### Power Segment

(Rs in mn)

Parameters	Qtr March 11	Qtr March 10	Change%
Total Income	656.8	918.9	28.5
EBIDTA	120.6	215.2	(44.0)
EBIDTA %	18.4	23.4	(5.1)

- Export of power to the grid increased but the EBIDTA is decreased due to higher input costs.

## Results at a Glance

Extracts of the published unaudited financial results for the quarter /six months ended March 31, 2011. For complete results, please refer our website, [www.simbhaolisugars.com](http://www.simbhaolisugars.com)

Particulars	Quarter ended		Year ended
	March 31, 2011	March 31, 2010	September 30, 2010
	Unaudited	Unaudited	Audited
Net Sales	2,902.4	3,256.9	12,616.6
Exchange fluctuation gain/ (loss)	(10.3)	129.2	221.0
Other operating Income	39.4	24.7	349.6
<b>Total income</b>	<b>2,931.5</b>	<b>3,410.8</b>	<b>13,187.2</b>
<b>Expenditure</b>			
Decrease/(Increase) in stock in trade	(1,467.3)	(2,273.2)	(949.7)
Consumption of raw materials	2,902.6	5,054.0	12,134.1
Consumption of stores, oils & chemicals	222.1	177.4	533.6
Purchase of traded goods	474.5	0.1	5.8
Power and fuel	25.0	80.9	427.2
Employee cost	128.5	109.0	405.9
Depreciation	100.3	98.6	400.9
Other expenditure	296.7	205.7	706.4
<b>Total expenditure</b>	<b>2,682.4</b>	<b>3,452.5</b>	<b>13,664.2</b>
<b>Profit/(loss) from operations before other income, interest and tax</b>	<b>249.1</b>	<b>(41.7)</b>	<b>(477.0)</b>
Other income	30.9	8.8	63.9
<b>Profit/(loss) before interest and tax</b>	<b>280.0</b>	<b>(32.9)</b>	<b>(413.1)</b>
Interest	259.2	218.8	847.2
<b>Profit/(loss) before tax</b>	<b>20.8</b>	<b>(251.7)</b>	<b>(1,260.3)</b>
<b>Tax expense/ (benefit)</b>	<b>6.9</b>	<b>(80.0)</b>	<b>(513.3)</b>
<b>Net Profit/(loss) after tax</b>	<b>13.9</b>	<b>(171.7)</b>	<b>(747.0)</b>
<b>Earnings Per Share</b>	<b>0.55</b>	<b>(7.40)</b>	<b>(32.21)</b>

## Industry Update

### Indian Sugar Industry: Year 2010-11

The Output is expected to increase by 25% to 24.2 mmt for the season 2010-11 vs last year (E).

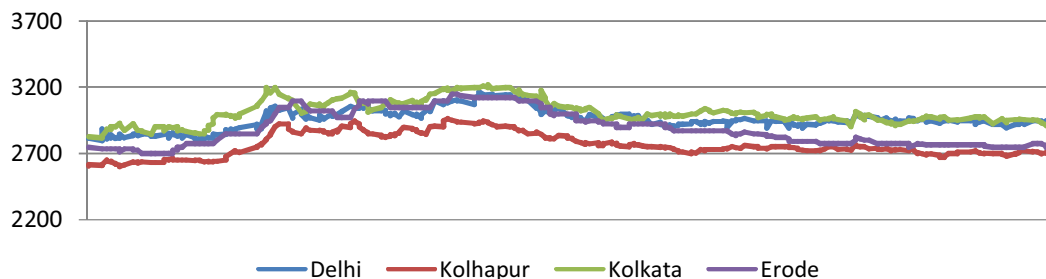
- Maharashtra 9.1 mmt from 6.77 mmt (8.76 mmt till May 9, 2011).
- Uttar Pradesh 5.9 mmt from 5.17 mmt
- Karnataka 3.45 mmt from 2.4 mmt

Against this, the demand is estimated at 22.5 mmt. With exports of 1.5 mmt, there shall be marginal or no improvement in the stocks. GOI has allocated 0.5 mmt of sugar to mills for exports under OGL in April 2011. However, on account of delay in announcement by two weeks, the substantial premium in international market prices could not be availed. Depending on normal monsoon and improvement in cane yield, the crop size for 2011-12 season is likely to be higher by 5 to 8%. This means sufficient sugar would be available for domestic consumption. An export possibility of 1 to 1.5 mmt cannot be ruled out.

### Price Trends

Prices showed a marginally rising trend from Sep'10 onwards till Jan'11 and thereafter reduced to Rs 28-29 per kg and are standing stable in that range in north Indian markets. GOI's policies on the timings of allowing export and imposing of import duty, and expectation of next year's domestic sugar production shall determine the future price trend.

Sugar Season 2010-11 till date (In Rs per qtl)



### Year 2011-12 Crop Estimates

The sugar production may expand to 26 mmt. A growth of 7% in the sugarcane area is expected on account of prompt cane payment in 2009-10 season, fall in the values of alternate crops-wheat and pulses and almost 5% hike in FRP/ high SAP. Monsoon rains are expected on schedule, with a positive recovery rate and hence marginal recovery in sugar output is expected. India will remain net exporter.



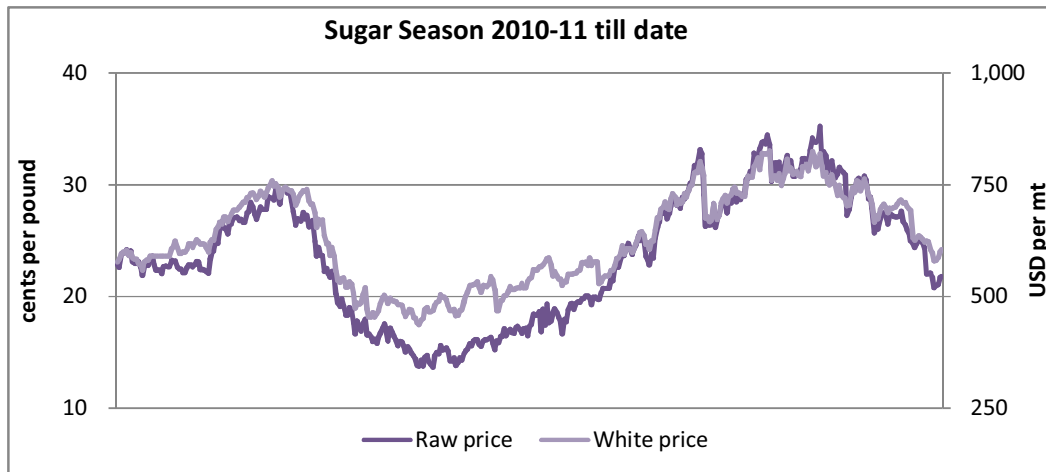
**International Sugar Industry**

Production at 165.6 mmt may exceed demand of 163.2 mmt in the 2010-11 sugar season on account of higher output in Thailand and India. High prices have affected demand and the rise (2 mmt) has been lesser than expected. Thailand is forecast to produce record 9.6 mmt in current 2010-11 harvest. Thai cane production is higher than expected at a record of 93 mmt, prompting the extension of its current 2010-11 sugar crushing season by a month to the end of May. China is likely to remain net importer with 2 mmt purchases in 2010-11 and 2.7 mmt in 2011-12 season. Australia 2011 sugar cane is at 20 year low levels and the 2011 crushing has started four weeks earlier than usual. Mexico has so far produced 4.98 mmt of sugar in the 2010-11 harvest, 11.5% more than in the same period last year.

**Brazilian Sugar Industry**

Brazil sugar production is estimated at 34.6 mmt for 2011-12 season against 33.5 mmt last year. Crushing started in almost 60% mills in Brazil’s CS up to first week of May. Sugar output in Brazil’s center-south in 2011-12 through May 1 fell 69 percent from a year ago, as rains through mid-April hindered cane harvesting and mills prioritized ethanol production. Sugar production totalled 0.8 mmt, down from 2.55 mmt in the same period last season, when harvesting started exceptionally early (as per Unica). The upward movement of international cane prices and tight S&D situation in Brazil, shall continue to keep the production tilt towards ethanol during this season.

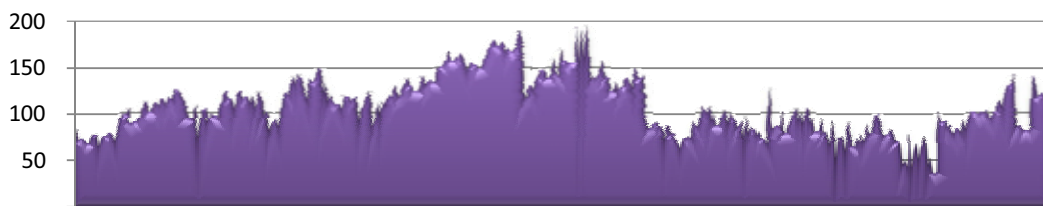
**Raw and White Sugar Prices Trend**



White Prices reached record high to \$857 in Jan 2011, on concerns over tight sugar supply and rising crude prices. It fell to seven months low to \$599 in May 2011 on increase in Thai production estimates and harvesting proceeds in Brazil. Raw sugar upon presently at 20.94 cents, 42% down from 36.08 reached on Feb 2, 2010.

For 2011-12 year, a surplus of 10.5 mmt is estimated owing to higher production in Thailand, and the European Union. The raw-white premium stands at a healthy level of around USD 100 pmt for last few months.

**Sugar Season 2010-11 till date Premium USD pmt**



**Outlook**

Marginal downward trend in sugar prices to continue with high degree volatility (Thai crop estimates already factored in to the prices). World will be watching Brazilian crop size, its despatch abilities, ethanol mix and finally Indian production numbers for the 2011-12 season rezigging the prices.

## Simbhaoli Sugars Limited

### Registered Office

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

### 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, India  
Email: [info@intcasetech.com](mailto:info@intcasetech.com)
3. Uniworld Sugars Private Limited  
Simbhaoli, Ghaziabad, Uttar Pradesh, India
4. Simbhaoli Spirits Limited  
Simbhaoli, Ghaziabad, 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 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  
[harmeet@simbhaolisugars.com](mailto:harmeet@simbhaolisugars.com)